

CHEMICAL & MINING CO OF CHILE INC  
Form 6-K  
October 26, 2010

UNITED STATES OF AMERICA

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER  
PURSUANT TO RULE 13A-16 OR 15D-16  
OF THE SECURITIES AND EXCHANGE ACT OF 1934

Includes financial statements and their related notes for the six-month period ended June 30, 2010 filed by Sociedad Química y Minera de Chile S.A. before the Superintendencia de Valores y Seguros de Chile on August 31, 2010.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.  
(Exact name of registrant as specified in its charter)

CHEMICAL AND MINING COMPANY OF CHILE INC.  
(Translation of registrant's name into English)

El Trovador 4285, Santiago, Chile (562) 425-2000  
(Address and phone number of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ x

Form 40-F ☐ ..

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

Yes ☐ ..

No ☒ x.

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

On August 31, 2010, the Registrant filed with the Superintendencia de Valores y Seguros of Chile (the "SVS") a report that included information as to the Registrant's consolidated financial condition and results of operations for the six-month period ended June 30, 2010. Attached is a summary of such consolidated financial information included in the summary and in the report filed with the Superintendencia de Valores y Seguros of Chile. This financial information was prepared on the basis of International Financial Reporting Standards ("IFRS").

THIS REPORT IS AN ENGLISH TRANSLATION OF, AND AN INTERNATIONAL FINANCIAL REPORTING STANDARDS PRESENTATION OF, THE SIX-MONTH PERIOD ENDED JUNE 30, 2010 REPORT FILED WITH THE SUPERINTENDENCIA DE VALORES Y SEGUROS (SVS) IN CHILE, AND UNLESS OTHERWISE INDICATED, FIGURES ARE IN US DOLLARS.

---

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended

as of June 30, 2010

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

Thousands of U.S. dollars

---

This document is composed of:

- Report of Independent Auditors
  - Interim Consolidated Statement of Comprehensive Income by function.
  - Interim Consolidated Statement of Comprehensive Income
  - Interim Consolidated Statement of Cash Flows
  - Interim Statements of Changes in Net Shareholders' Equity
  - Explanatory Notes to the Interim Financial Statements
-

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

## CONSOLIDATED CLASSIFIED STATEMENT OF FINANCIAL POSITION

		As of June 30, 2010 ThUS\$	As of December 31, 2009 ThUS\$	As of January 1, 2009 ThUS\$
ASSETS	Note			
<b>Current assets</b>				
Cash and cash equivalents	6.0	386,933	530,394	303,799
Other current financial assets	9.1	159,525	75,537	21,720
Other non-financial current assets	25	25,243	34,375	41,971
Trade and other receivables	9.2	379,983	325,823	334,791
Trade and other receivables due from related parties, current	8.6	40,705	68,656	51,027
Inventories	7.0	618,071	630,763	540,877
Current tax assets	28.1	41,058	41,825	1,695
<b>Total current assets</b>		<b>1,651,518</b>	<b>1,707,373</b>	<b>1,295,880</b>
<b>Non-Current Assets</b>				
Other financial assets	9.1	106	113	101
Other non-financial assets	25	29,276	30,880	26,444
Non-current rights receivable	9.2	3,718	4,208	766
Trade and other receivables due from related parties, non-current	8.7	-	-	2,000
Investments accounted for using the equity method	11.0	61,823	55,185	36,934
Intangible assets other than goodwill	13.1	3,072	2,836	3,525
Goodwill	13.1	38,388	38,388	38,388
Property, plant and equipment	14.1	1,338,535	1,300,546	1,076,531
Investment property	14.4	1,389	1,405	1,436
Deferred tax assets	28	195	870	1,969
<b>Total Non-Current Assets</b>		<b>1,476,502</b>	<b>1,434,431</b>	<b>1,188,094</b>
<b>Total Assets</b>		<b>3,128,020</b>	<b>3,141,804</b>	<b>2,483,974</b>

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

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

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

## CONSOLIDATED CLASSIFIED STATEMENT OF FINANCIAL POSITION , continued

		As of June 30, 2010 ThUS\$	As of December 31, 2009 ThUS\$	As of January 1, 2009 ThUS\$
Liabilities and Equity	Note			
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Other current financial liabilities	9.4	82,762	268,855	159,120
Trade and other payables	9.5	144,747	184,195	110,802
Trade payables due to related parties. current	8.8	3,602	3,892	178
Other current provisions	18.1	12,917	18,222	9,551
Current tax liabilities	28.2	10,958	1,298	89,142
Current provision for employee benefits	16.1	37,596	16,375	22,112
Other non-financial liabilities. current	18.3	56,795	52,205	115,682
Total current liabilities		349,377	545,042	506,587
<b>Non-current liabilities</b>				
Other non-current financial liabilities	9.4	1,094,410	1,024,350	511,342
Non-current liabilities	9.5	26	187	398
Other long-term provisions	18.2	3,500	3,500	3,181
Deferred tax liabilities	28.4	71,328	53,802	27,188
Non-current provisions for employee benefits	16.1	24,000	50,473	35,059
Total non-current liabilities		1,193,264	1,132,312	577,168
Total Liabilities		1,542,641	1,677,354	1,083,755
<b>Equity</b>				
Issued capital		477,386	477,386	477,386
Retained earnings		1,069,167	951,173	888,369
Other reserves		(6,379)	(9,806)	(12,077)
Equity attributable to the owners of the controlling entity		1,540,174	1,418,753	1,353,678
Non-controlling interest		45,205	45,697	46,541
Total Equity		1,585,379	1,464,450	1,400,219
Total liabilities and equity		3,128,020	3,141,804	2,483,974

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

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com



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

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME BY FUNCTION

		From January to June		From April to June	
	Note	2010 ThUS\$	2009 ThUS\$	2010 ThUS\$	2009 ThUS\$
Revenue	20	865,267	668,388	476,745	347,245
Cost of sales		(562,066)	(392,026)	(305,042)	(212,968)
Gross profit		303,201	276,362	171,703	134,277
Other income by function	27	3,660	2,482	2,035	1,326
Administrative expenses		(36,067)	(35,204)	(18,292)	(19,206)
Other expenses by function	27	(9,911)	(15,992)	(4,867)	(6,816)
Other gains (losses)	27	(6,569)	57	577	6
Finance income		2,854	7,860	585	3,947
Finance expenses	22	(17,907)	(15,750)	(10,122)	(7,808)
Equity in gains (losses) of associates and joint ventures accounted for using the equity method		4,999	1,522	1,940	1,615
Foreign currency translation differences	23	(5,352)	(6,269)	(2,218)	(556)
Profit (loss) before income tax		238,908	215,068	141,341	106,785
Income tax expense	28.4	(56,028)	(42,193)	(35,332)	(21,365)
Profit (loss) from continuing operations		182,880	172,875	106,009	85,420
Profit (loss)		182,880	172,875	106,009	85,420
Gain (loss) attributable to Gain (loss) attributable to the owners of the parent		181,522	174,199	105,029	85,810
Gain (loss) attributable to non-controlling interest		1,358	(1,324)	980	(390)
Profit (loss) for the period		182,880	172,875	106,009	85,420

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

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com





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

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME BY FUNCTION, continued

	From January to June		From April to June	
	2010	2009	2010	2009
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Earnings per share				
Common shares				
Basic earnings per share (US\$ per share)	0.6897	0.6619	0.3991	0.3260
Basic earnings per share (US\$ per share) from continuing operations	0.6897	0.6619	0.3991	0.3260
Diluted common shares				
Diluted earnings per share (US\$ per share)	0.6897	0.6619	0.3991	0.3260
Diluted earnings per share (US\$ per share) from continuing operations	0.6897	0.6619	0.3991	0.3260

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

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

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

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income	From January to June		From April to June	
	2010	2009	2010	2009
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Profit (loss) for the period	182,880	172,875	106,009	85,420
Other comprehensive income components before foreign currency translation difference				
Gains (losses) from foreign currency translation differences. before tax	(355)	1,032	(176)	443
Other comprehensive income before taxes and foreign currency translation differences	(355)	1,032	(176)	443
Cash flow hedges				
Gains (losses) from cash flow hedges before tax	4,557	11,225	(6,242)	835
Other comprehensive income before tax and cash flow hedges	4,557	11,225	(6,242)	835
Other comprehensive income components. net of tax	4,202	12,257	(6,418)	1,278
Income tax related to other comprehensive income				
Income tax related to other comprehensive income cash flow hedges	(775)	(1,908)	1,061	(142)
Addition of income tax related to other comprehensive income components	(775)	(1,908)	1,061	(142)
Other comprehensive income	3,427	10,349	(5,357)	1,136
Total comprehensive income	186,307	183,224	100,652	86,556
Comprehensive income attributable to				
Comprehensive income attributable to the parent's owners	184,949	184,548	99,672	86,946
Comprehensive income attributable to non-controlling interest	1,358	(1,324)	980	(390)
Total comprehensive income	186,307	183,224	100,652	86,556

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

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

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

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Statement of cash flows	6/30/2010 ThUS\$	6/30/2009 ThUS\$
Cash flows provided by (used in) operating activities		
Profit (loss)	182,880	172,875
Adjustment due to reconciliation of profit (loss)		
Adjustment for decreases (increases) in inventories	16,353	(97,192)
Adjustment for decreases (increases) in trade receivables	(35,360)	(24,059)
Adjustment for decreases (increases) in other receivables from operating activities	(12,170)	22,178
Adjustment for decreases (increases) in trade payables	(40,191)	(21,805)
Adjustment for decreases (increases) in other payables related to operating activities	(15,588)	(113,889)
Adjustment for depreciation and amortization	67,678	65,714
Adjustment for provisions	2,075	48,500
Adjustments for unrealized gains (losses) in foreign translation	5,352	6,269
Adjustment for loss (gain) in fair value		
Adjustment for undistributed gains from equity-accounted associates	(4,999)	(1,522)
Other adjustments for entries other than cash	100,716	74,542
Other adjustments for which the effects on cash are cash flows from investing or financial activities	(3)	(193)
Total gains (losses) reconciling adjustments	83,863	(41,457)
Interest paid	(9,442)	(10,899)
Income taxes reimbursed (paid)	-	-
Net cash flows provided by (used in) operating activities	257,301	120,519
Cash flows provided by (used in) investing activities		
Other payments to acquire interest in joint ventures	(3,500)	-
Proceeds from the sale of property, plant and equipment	915	1,772
Purchases of property, plant and equipment	(142,734)	(151,140)
Cash advances and loans granted to third parties	706	(1,816)
Payments from future, forward, option and financial swap derivative contracts	(122,739)	-
Proceeds from future, forward, option and swap financial contracts	15,043	-
Net cash flows provided by (used in) investing activities	(252,309)	(151,184)

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

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

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

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS, continued

## Cash flows provided by(used in) financing activities

Amounts received from the issuance of other equity instruments	250,000	372,347
Amounts received from long-term loans	79,500	199,500
Amounts received from short-term loans		
Total amounts received from loans	79,500	199,500
Payments of loans	(403,540)	(130,000)
Dividends paid	(65,190)	(243,962)
Other cash inflows (outflows)	(6,696)	(7,234)
Net cash flows provided by (used in) financing activities	(145,926)	190,651

Net increase (decrease) in cash and cash equivalents before the effect of changes in exchange rates	(140,934)	159,986
---	-----------	---------

## Effects of variation in exchange rate on cash and cash equivalents

Effects of variation in exchange rate on cash and cash equivalents	(2,527)	16,256
Net increase (decrease) in cash and cash equivalents	(143,461)	176,242
Cash and cash equivalents at beginning of the period	530,394	303,799
Cash and cash equivalents at the end of the period	386,933	480,041

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

SQM  
 Los Militares 4290.  
 Las Condes. Santiago. Chile  
 Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)

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

## INTERIM STATEMENT OF CHANGES IN EQUITY

	Issued capital	Foreign currency translation difference reserves	Cash flow hedge reserves	Other reserves	Subtotal Other reserves	Retained earnings	Equity attributable to the Parent Company's owners	Non-controlling interest	Total equity
Beginning balance, current period: January 1, 2010	477,386	1,234	(7,984)	(3,056)	(9,806)	951,173	1,418,753	45.697	1.464.450
Profit for the period	-	-	-	-	-	181,522	181,522	1.358	182.880
Other comprehensive income	-	(355)	3,782	-	3,427	-	3,427	-	3.427
Comprehensive income	-	-	-	-	-	-	184,949	1.358	186.307
Dividends	-	-	-	-	-	(63,528)	(63,528)	-	(63.528)
Increase (decrease) for transfers and other changes	-	-	-	-	-	-	-	(1.850)	(1.850)
Changes in equity	-	(355)	3,782	-	3,427	117,994	121,421	(492)	120.929
Ending balance, current period: June 30, 2010	477,386	879	(4,202)	(3,056)	(6,379)	1,069,167	1,540,174	45.205	1.585.379

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

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

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

## INTERIM STATEMENT OF CHANGES IN EQUITY

	Issued capital	Foreign currency translation difference reserves	Cash flow hedge reserves	Other reserves	Subtotal Other reserves	Retained earnings	Equity attributable to the Parent Company's owners	Non-controlling interest	Total equity
Beginning balance, January 1, 2009	477,386	-	(7,891)	(4,186)	(12,077)	888,369	1,353,678	46,541	1,400,219
Profit for the period	-	-	-	-	-	174,199	174,199	(1,324)	172,875
Other comprehensive income	-	1,032	9,317	-	10,349	-	10,349	-	10,349
Comprehensive income	-	-	-	-	-	-	184,548	(1,324)	183,224
Dividends	-	-	-	-	-	(175,492)	(175,492)	-	(175,492)
Increase (decrease) for transfers and other changes	-	-	-	-	-	-	-	(2,708)	(2,708)
Changes in equity	-	1,032	9,317	-	10,349	(1,293)	9,056	(4,032)	5,024
Ending balance, June 30, 2009	477,386	1,032	1,426	(4,186)	(1,728)	887,076	1,362,734	42,509	1,405,243

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

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

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

Index of Interim Consolidated Financial Statements

Note		Page
	Interim Consolidated Classified Statements of Financial Position	2
	Interim Consolidated Statement of Comprehensive Income by function	4
	Interim Consolidated Statement of Comprehensive Income	6
	Interim Consolidated Statements of Cash Flows	7
	Interim Statements of Changes in Net Equity	9
	Notes to the Interim Consolidated Financial Statements	
1	Company's Identification and Activity	17
2	Bases of presentation of the Interim Consolidated Financial Statements and accounting criteria applied	
2.1	Accounting period	20
2.2	Basis of preparation	21
2.3	Transactions in foreign currency	23
2.4	Basis of consolidation	24
2.5	Basis of conversion	28
2.6	Responsibility for the information and estimates made	30
2.7	Financial information by operating segment	31
2.8	Property, plant and equipment	31
2.9	Investment properties	33
2.10	Inventories	34
2.11	Trade and other receivables	35
2.12	Revenue recognition	36
2.13	Investments recognized using the equity method	37
2.14	Corporate taxes	38
2.15	Earnings per share	39
2.16	Impairment in the value of non-financial assets	40
2.17	Financial assets	41
2.18	Financial liabilities	42
2.19	The environment	44
2.20	Minimum dividend	44
2.21	Financial debt obligations	44
2.22	Trade payables	45
2.23	Statement of cash flows	45
2.24	Staff severance indemnity liabilities	46
2.25	Financial derivatives and hedging	47
2.26	Lease	49
2.27	Prospecting expenses	50
2.28	Other provisions	50
2.29	Compensation plans	51

SQM

Los Militares 4290.

Las Condes, Santiago, Chile



Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)

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

## Index of Interim Consolidated Financial Statements, continued

Note		Page
	2.30 Good and service insurance expenses	52
	2.31 Intangibles assets	52
	2.32 Research and development expenses	53
	2.33 Classification of balances under current and non-current	54
3	First adoption of International Financial Reporting Standards	
	Application of IFRS	55
	Reconciliation of net equity from Generally Accepted Accounting Principles in Chile to International Financial Reporting Standards as of January 1, 2009	57
	Reconciliation of net equity from Generally Accepted Accounting Principles in Chile to International Financial Reporting Standards as of December 31, 2009	57
	Reconciliation of profit for the period from Generally Accepted Accounting Principles in Chile to Information reporting Financial Standards as of December 31, 2009	58
	Explanation of the transition to IFRS	59
4	Financial risk management	
	4.1 Risk management policy	63
	4.2 Risk factors	64
	4.3 Risk measurement	67
5	Changes in estimates and accounting policies (uniformity)	68
6	Cash and cash equivalents	
	6.1 Classes of cash and cash equivalent	69
	6.2 Other cash and cash equivalents	69
	6.3 Information on cash and cash equivalents by currency	70
	6.4 Amount of significant cash balances not available	71
	6.5 Detail of time deposits	72
7	Inventories	73
8	Related parties: disclosures	
	8.1 Information for disclosure on related parties	74
	8.2 Relationships between the parent company and the entity	74
	8.3 Intermediate parent company and companies controlled by SQM S.A. which publicly issue financial statements	75
	8.4 Detailed identification of the link between the parent company and the subsidiary subsidiary	75
	8.5 Detail of related parties and transactions with related parties	76
	8.6 Trade and other receivables due from related parties, current	78
	8.7 Trade and other receivables due from related parties, non-current	78
	8.8 Trade and other payables due to related parties, current	79
	8.9 Board of Directors and senior management	79

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

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

## Index of Interim Consolidated Financial Statements, continued

Note		Page
9	Financial instruments	
	9.1 Classes of other financial assets	83
	9.2 Trade and other receivables	83
	9.3 Current hedging assets	86
	9.4 Financial liabilities	87
	9.5 Trade and other payables	98
	9.6 Financial liabilities at fair value through profit or loss	99
	9.7 Financial asset and liability categories	100
	9.8 Financial assets pledged as guarantee	101
	9.9 Estimated fair value of financial instruments and derivative financial instruments	101
	9.10 Nature and scope of risks arising from financial instruments	103
10	Investments and information for disclosure on investments in subsidiaries	103
11	Investments in associated companies	
	11.1 Investments in associates recognized using the equity method of accounting	110
	11.2 Assets, liabilities, revenues and of associates	111
	11.3 Detail of investments in associates	112
12	Joint ventures	
	12.1 Policy for the accounting for joint ventures in a Parent Company's separate financial statements	114
	12.2 Disclosures on interest in joint ventures	114
	12.3 Detail of assets, liabilities and profit or loss of significant investments in joint ventures by company	116
	12.4 Detail of the amount of gain (loss) net of investments in significant joint ventures by company	117
13	Intangible assets and goodwill	
	13.1 Balances	118
	13.2 Disclosures on intangible assets and goodwill	118
14	Property, plant and equipment	
	14.1 Classes of property, plant and equipment	122
	14.2 Reconciliation of changes in property, plant and equipment by class	123
	14.3 Detail of property, plant and equipment pledged as guarantees	125
	14.4 Additional information	126
15	Leases	
	15.1 Disclosures on finance leases, lessee	127
	15.2 Investment property in finance leases	127
	15.3 Reconciliation of finance lease minimum payments, lessee	127

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

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

## Index of Interim Consolidated Financial Statements, continued

Note		Page
16	Employee Benefits	
16.1	Provisions for employee benefits	128
16.2	Policies on defined benefit classes	129
16.3	Other long-term benefits	130
16.4	Employee post-retirement obligations	132
17	Disclosures on net equity	
17.1	Disclosures on issued capital	134
17.2	Disclosures on preferred share capital	134
17.3	Dividend policy	136
17.4	Provisional dividends	137
18	Provisions and other non-financial liabilities	
18.1	Classes of provisions	137
18.2	Description of other provisions	138
18.3	Other liabilities	139
18.4	Movements in provisions	140
18.5	Detail of main classes of provisions	141
19	Contingencies and restrictions	
19.1	Lawsuits or other relevant events	142
19.2	Restrictions	145
19.3	Commitments	145
19.4	Restricted or pledged cash	145
19.5	Sureties obtained from third parties	146
19.6	Indirect guarantees	147
20	Revenue	148
21	Earnings per share	148
22	Loan costs	149
23	Effect of variations in foreign currency exchange rates	150
24	The Environment	151
24.1	Disclosures on disbursements related to the environment	151
24.2	Detail of information on disbursements related to the environment	152
24.3	Description of each project indicating whether these are in process or have been finished	126
25	Other current and non-current non-financial assets	167

Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)

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

Index of Interim Consolidated Financial Statements, continued

Note		Page
26	Operating segments	169
26.1	Operating segments	169
26.2	Statements of comprehensive income classified by operating segment based on product groups	170
26.3	Assets and liabilities by operating segment based on product groups	172
26.4	Disbursements of the segment's non-cash assets	174
26.5	Information on products and services for external customers	175
26.6	Information on geographical areas	177
26.7	Revenue from external customers, classified by geographical area	177
26.8	Non-current assets classified by geographical area	178
26.9	Information on the main customers	179
26.10	Property, plant and equipment classified by geographical areas	180
27	Other revenue, other expenses by function and other gains or losses	182
28	Income and deferred taxes	
28.1	Current tax receivables	183
28.2	Current tax payables	183
28.3	Tax earnings	183
28.4	Income and deferred taxes	184
29	Disclosures on the effects of variations in foreign currency exchange rates	195
30	Asset value impairment	201
31	Events occurred subsequent to the reporting date	202

SQM

Los Militares 4290.

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com



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

Notes to the Interim Consolidated Financial

Statements

as of June 30, 2010

Sociedad Química y Minera de Chile S.A.

and Subsidiaries

SQM  
Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 1. Identification and business of Sociedad Química y Minera de Chile S.A. and Subsidiaries

Historical Background

Sociedad Química y Minera de Chile S.A. (the “Company”) is an open stock corporation organized under the laws in the Republic of Chile. The Company was constituted by public deed issued on June 17, 1968 by the Notary Public of Santiago Mr. Sergio Rodríguez Garcés. Its existence was approved by Decree No. 1.164 of June 22, 1968 of the Ministry of Finance, and it was registered on June 29, 1968 in the Business Registry of Santiago, on page 4,537 N° 1,992. The Parent Company is located at El Trovador 4285, 6th Floor, Las Condes, Santiago, Chile. Its phone No. is (56-2) 425-2000.

The Company is registered with the Securities Registry of the Chilean Superintendence of Securities and Insurance (SVS) under No. 0184 dated March 18, 1983 and is subject to the inspection of the SVS.

Our products are divided into five main categories, as follows:

**Specialty Plant Nutrition:** Products in this business line are niche fertilizers, used in specialty crops. This business is characterized by being closely related to its customers to which it has specialized staff who provide expert advisory in best practices for fertilization according to each type of crop, soil and climate. Potassium derived fertilizers, and in particular potassium nitrate, play an important role in crop development, and they also improve post-harvest shelf life, quality, flavor and fruit color. Products in this business line include potassium nitrate, which is sold in multiple grades and as a part of other specialty mixtures, sodium nitrate and potassium sodium nitrate, and more than 200 specialty blends.

**Iodine:** SQM is the largest global producer of iodine, a product widely used in a variety of industries such as pharmaceutical, technological and health/nutrition. During the 8 years prior to the economic crisis, demand for iodine grew between 6% and 7% per year mainly due to its use in x ray contrast media and polarizing film for LCD displays. This growth trend should return to the industry in the medium-term.

**Lithium:** SQM’s Lithium is widely used in rechargeable batteries for cell phones, cameras and laptops. The sale of lithium grew at an average rate of 7% to 8% in the 10 years leading up to the financial crisis. During the financial crisis, overall consumption fell significantly. SQM is the worldwide leader in the production and sale of lithium. Demand growth should return to pre-crisis rates in the short term. Through the development of lithium-based products, SQM provides important resources to face modern challenges such as the efficient use of energy and raw materials. Lithium is not only used in rechargeable batteries and in technologies for electric vehicles, but also used in industrial applications to lower melting temperature, helping to save energy and reduce costs.

**SQM**

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 1. Identification and business of Sociedad Química y Minera de Chile S.A. and Subsidiaries, continued

**Industrial Chemicals:** Industrial chemicals include various products that are as inputs in a number of production processes. SQM has participated in this business segment for more than 30 years producing sodium nitrate, potassium nitrate, boric acid and potassium chloride. In recent years a new, important application has developed in the field of renewable energy; sodium nitrate and potassium nitrate are being used in new solar energy plants to store thermal energy. There are currently projects being developed in countries such as Spain and the United States, as these countries aim to reduce their CO2 emissions.

**Potassium:** Potassium is an essential macro-nutrient that, although not part of a plant's structure, has a significant role in the development of its basic functions. Potassium increases post-harvest shelf life, improves flavor, vitamin content and physical appearance. In this business line, SQM produces and sells potassium chloride and potassium sulfate, both produced from brines extracted from the Salar de Atacama salt flat in the north of Chile. In this business line SQM has focused a significant part of its investments plan, allowing a significant increase in the Company's production levels in the last 2 years.

## Employees

As of June 30, 2010 and December 31, 2009 we had employees as detailed below:

	6/30/2010	12/31/2009
Employees in Chile	3,893	4,161
Employees elsewhere	234	226
Permanent employees	4,127	4,387

## SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 1. Identification and business of Sociedad Química y Minera de Chile S.A. and Subsidiaries, continued

## Majority shareholders

The table below establishes certain information about the beneficial property of Series A and Series B shares of SQM as of June 30, 2010 and as of December 31, 2009. In respect to each shareholder which has interest of more than 5% of outstanding Series A or B shares. The information below is taken from our records and reports registered by the individuals indicated below with the Superintendence of Securities and Insurance (SVS) and the Chilean Stock Exchange.

Shareholder 6/30/2010	Number of Series A shares with ownership	% of Series A shares	Number of Series B shares with ownership	% of Series B shares	Total % of shares
Sociedad de Inversiones Pampa Calichera S.A. (*)	57,934,256	40.56%	8,643,774	7.18%	25.30%
Inversiones El Bolder Limitada	44,679,453	31.28%	17,643,419	14.66%	23.68%
The Bank of New York	-	-	49,072,914	40.77%	18.64%
Inversiones RAC Chile Limitada	19,200,242	13.44%	2,699,773	2.24%	8.32%
Inversiones Global Mining (Chile) Limitada (*)	9,927,168	6.95%	-	-	3.77%
Banchile Corredores de Bolsa S.A.	187,514	0.13%	4,921,472	4.09%	1.94%
Bolsa de Comercio de Santiago (the Santiago Stock Exchange)	3,805,371	2.66%	692,654	0.58%	1.71%
Inversiones La Esperanza Limitada	3,693,977	2.59%	-	-	1.40%
AFP Provida S.A. Fdo. Pensión C	-	-	2,393,750	1.99%	0.91%
Banco Itau on behalf of investors	-	-	2,217,001	1.84%	0.84%
(*) Total Pampa Group 28.68%					

Shareholder as of 12/31/2009	Number of Series A shares with ownership	% of Series A shares	Number of Series B shares with ownership	% of Series B shares	Total % of shares
Sociedad de Inversiones Pampa Calichera S.A. (*)	57,934,256	40.56%	7,544,215	6.27%	24.88%
Inversiones El Bolder Limitada	44,679,453	31.28%	17,643,419	14.66%	23.68%
The Bank of New York	-	-	55,734,253	46.30%	21.18%
Inversiones RAC Chile Limitada	19,200,242	13.44%	2,699,773	2.24%	8.32%
Inversiones Global Mining (Chile) Limitada (*)	9,993,168	7.00%	-	-	3.80%
Banchile Corredores de Bolsa S.A.	123,318	0.09%	5,326,662	4.42%	2.07%
Bolsa de Comercio de Santiago (the Santiago Stock Exchange)	3,805,371	2.66%	729,421	0.61%	1.72%
Inversiones La Esperanza Limitada	3,693,977	2.59%	-	-	1.40%
AFP Provida S.A. Fdo. Pensión C	-	-	2,900,035	2.41%	1.10%

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

Banco Itau on behalf of investors	-	-	2,242,292	1.86%	0.85%
(*) Total Pampa Group 28.68%					

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied

2.1 Accounting period

These interim consolidated financial statements cover the following period:

- Interim consolidated statements of financial position for the period ended as of June 30, 2010 and the year ended as of December 31, 2009.
- Interim consolidated statements of changes in net equity for the period ended as of June 30, 2010 and 2009.
- Interim consolidated statements of comprehensive income for the period between January 1 and June 30, 2010 y 2009, respectively
- Interim consolidated statements of cash flows, indirect method for the period ended as of June 30, 2010 and 2009.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

2.2 Basis of preparation of interim consolidated financial statements

Interim and annual consolidated financial statements of Sociedad Química y Minera de Chile S.A. and Subsidiaries, have been prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) and requirements of the Superintendence of Securities and Insurance.

These interim and annual consolidated financial statements reflect fairly the Company’s equity and financial position and the results of its operations, changes in the statement of recognized revenue and expenses and cash flows, which have occurred during the periods then ended.

IFRS establish certain alternatives for their application. Those applied by the Company and its subsidiaries are included in detail in this Note.

The accounting policies used in the preparation of these consolidated interim and annual accounts comply with each IFRS in force at their date of presentation.

For comparative purposes, the Company’s statement of financial position as of 12/31/2009 and the Company’s Income statement as of 6/30/2009 haven been converged from Chilean GAAP to IFRS.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

a) Accounting pronouncements

At the date of these interim consolidated financial statements, the following accounting pronouncements had been issued by the IASB but their application was not compulsory:

New standards, improvements and amendments	Mandatory application beginning on
IFRS 9 Financial Instruments	January 1, 2013
IFRS 3 Business Combinations	January 1, 2011
IFRS 7 Financial Instruments: Disclosures	January 1, 2011
IAS 1 Presentation of Financial Statements	January 1, 2011
IAS 27 Consolidated and Separate Financial Statements	January 1, 2011
IAS 32 Financial Instruments: Presentation	January 1, 2011

The Company's management believes the adoption of these standards, amendments and interpretations described above will not have any significant impact on the Company's interim consolidated financial statements in their first-application period.

SQM

Los Militares 4290.

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com



Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

2.3

Transactions in foreign currency

(a) Functional and presentation currency

The Company's interim consolidated financial statements are presented in United States dollars, which is the Company's functional and presentation currency and is the currency of the primary economic environment in which it operates.

Consequently, the term foreign currency is defined as any currency other than U.S. dollar.

The interim consolidated financial statements are presented in thousands of U.S. dollars with no decimals.

(b) Transactions and balances

Transaction balances denominated in a currency other than the functional currency (U.S. dollar) are converted using the exchange rate in force of the functional currency at the trade date. Monetary assets and liabilities denominated in a foreign currency are converted at the exchange rate of the functional currency prevailing at the closing date of the consolidated statement of financial position. All differences are recorded with a charge or credit to profit for the period, except if they are deferred in net equity.

Changes in the fair value of monetary titles denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the title and other changes in the amount of the title in the accounting records. Translation differences are recognized in profit or loss for the year or period, as applicable and other changes in the amount in the accounting records are recognized in net equity.

Foreign currency translation differences on non-monetary entries such as equity instruments held at fair value through profit or loss are presented as part of the gain or loss in fair value. Foreign currency translation differences on non-monetary entries are included in net equity in the revaluation reserve.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

(c) Group entities

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

- Assets and liabilities are converted at the closing date exchange rate on the date of the statement of financial position.
- Revenue and expenses in each profit or loss account are converted at average exchange rates.
- All resulting foreign currency exchange differences are recognized as a component separate from net equity.

In consolidation, foreign currency exchange differences which arise from the conversion of a net investment in foreign entities and of loans and other instruments denominated in foreign currency designated as hedging for those investments are taken to net equity. At the disposal date, these exchange differences are recognized in the statement of comprehensive income as part of the loss or gain from the sale.

2.4 Basis of Consolidation

(a) Subsidiaries

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

In order to recognize the acquisition of an investment, the Company uses the acquisition method. Under this method, the acquisition cost is the fair value of assets delivered, of equity instruments issued and of liabilities incurred or assumed at the exchange date plus costs directly attributable to acquisition. Identifiable assets acquired and identifiable liabilities and contingencies assumed in a business combination are initially stated at their fair value at the acquisition date regardless of the scope of minority interest. The excess in acquisition cost over the fair value of the participation in identifiable net assets acquired is recognized as goodwill.

SQM  
Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

Companies included in consolidation:

TAX ID No.	Foreign subsidiaries	Country of origin	Functional currency	Direct	Ownership interest		6/30/2009 Total
					6/30/2010 Indirect	Total	
Foreign	Nitratos Naturais Do Chile Ltda.	Brazil	Brazilian Real	0.0000	100.0000	100.0000	100.0000
Foreign	Nitrate Corporation Of Chile Ltd.	UK	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM North America Corp.	USA.	US\$	40.0000	60.0000	100.0000	100.0000
Foreign	SQM Europe N.V.	Belgium	Euro	0.8600	99.1400	100.0000	100.0000
Foreign	Soquimich S.R.L. Argentina	Argentina	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Soquimich European Holding B.V.	The Netherlands	Euro	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Corporation N.V.	Dutch Antilles	US\$	0.0001	99.9999	100.0000	100.0000
Foreign	SQI Corporation N.V.	Dutch Antilles	US\$	0.0159	99.9841	100.0000	100.0000
Foreign	SQM Comercial De México S.A. De C.V.	Mexico	Mexican Peso	1.0000	99.0000	100.0000	100.0000
Foreign	North American Trading Company	USA	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Administración Y Servicios Santiago S.A. De C.V.	Mexico	Mexican Peso	0.0200	99.9800	100.0000	100.0000
Foreign	SQM Peru S.A.	Peru	US\$	0.9800	99.0200	100.0000	100.0000
Foreign	SQM Ecuador S.A.	Ecuador	US\$	0.0040	99.9960	100.0000	100.0000
Foreign	SQM Nitratos Mexico S.A. De C.V.	Mexico	Mexican Peso	0.0000	51.0000	51.0000	51.0000
Foreign	SQMC Holding Corporation L.L.P.	USA.	US\$	0.1000	99.9000	100.0000	100.0000
Foreign	SQM Investment Corporation N.V.	Dutch Antilles	US\$	1.0000	99.0000	100.0000	100.0000
Foreign	SQM Brasil Limitada	Brazil	Brazilian Real	3.0100	96.9900	100.0000	100.0000
Foreign	SQM France S.A.	France	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Japan Co. Ltd.	Japan	US\$	1.0000	99.0000	100.0000	100.0000
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	US\$	1.6700	98.3300	100.0000	100.0000
Foreign		Australia		0.0000	100.0000	100.0000	100.0000

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

	SQM Oceania Pty Limited		Australian dollar				
Foreign	Rs Agro-Chemical Trading A.V.V.	Aruba	US\$	98.3300	1.6700	100.0000	100.0000
Foreign	SQM Indonesia	Indonesia	Indonesian rupee	0.0000	80.0000	80.0000	80.0000
Foreign	SQM Virginia L.L.C.	USA	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Venezuela S.A.	Venezuela	Venezuelan Bolivar	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Italia SRL	Italy	Euro	0.0000	100.0000	100.0000	100.0000
Foreign	Comercial Caiman Internacional S.A.	Cayman Islands	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Africa Pty.	South Africa	South African Rand	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Lithium Specialties LLC	USA.	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Fertilizantes Naturales S.A.	Spain	Euro	0.0000	66.6700	66.6700	66.6700
Foreign	Iodine Minera B.V.	The Netherlands	Euro	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Agro India Pvt. Ltd.	India	US\$	0.0000	100.0000	100.0000	0.00000
Foreign	SQM Beijin Comercial Ltd.	China	US\$	0.0000	100.0000	100.0000	0.00000

SQM

Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

Companies included in consolidation:

TAX ID No.	Domestic subsidiaries	Country of origin	Functional currency	Direct	Ownership interest		6/30/2009 Total
					6/30/2010 Indirect	Total	
96801610-5	Comercial Hydro S.A.	Chile	Chilean peso	0.0000	60.6382	60.6382	60.6382
96651060-9	SQM Potasio S.A.	Chile	US\$	99.9974	0.0000	99.9974	99.9974
96592190-7	SQM Nitratos S.A.	Chile	US\$	99.9999	0.0001	100.0000	100.0000
96592180-K	Ajay SQM Chile S.A.	Chile	US\$	51.0000	0.0000	51.0000	51.0000
86630200-6	SQMC Internacional Ltda.	Chile	Chilean peso	0.0000	60.6382	60.6382	60.6382
79947100-0	SQM Industrial S.A.	Chile	US\$	99.9954	0.0046	100.0000	100.0000
79906120-1	Isapre Norte Grande Ltda.	Chile	Chilean peso	1.0000	99.0000	100.0000	100.0000
79876080-7	Almacenes y Depósitos Ltda.	Chile	Chilean peso	1.0000	99.0000	100.0000	100.0000
79770780-5	Servicios Integrales de Tránsitos y Transferencias S.A.	Chile	US\$	0.0003	99.9997	100.0000	100.0000
79768170-9	Soquimich Comercial S.A.	Chile	US\$	0.0000	60.6383	60.6383	60.6383
79626800-K	SQM Salar S.A.	Chile	US\$	18.1800	81.8200	100.0000	100.0000
78602530-3	Minera Nueva Victoria S.A.	Chile	US\$	99.0000	1.0000	100.0000	100.0000
78053910-0	Proinsa Ltda.	Chile	Chilean peso	0.0000	60.5800	60.5800	60.5800
76534490-5	Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	Chile	Chilean peso	0.0000	100.0000	100.0000	100.0000
76425380-9	Exploraciones Mineras S.A.	Chile	US\$	0.0100	99.9900	100.0000	100.0000
76064419-6	Agrorama Callegari Ltda. (*)	Chile	Chilean peso	0.0000	42.4468	42.4468	0.0000

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

Subsidiaries are consolidated using the global integration method, including in the interim financial statements all their assets, liabilities, revenue, expenses and cash flows upon making the respective adjustments and eliminations of intragroup operations.

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

Interest of minority partners or shareholders represents the part which can be assigned to them of own funds and of results as of June 30, 2010 and as of December 31, 2009 of those companies which are consolidated using the global integration method and are presented as “Net equity from minority shareholders” in total net shareholders’ equity of the attached interim consolidated statement of financial position and in line “Profit or loss from minority shareholders” in the attached consolidated statement of comprehensive income.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

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

- Assets and liabilities using the exchange rate prevailing on the closing date of the interim consolidated financial statements.
- Profit or loss account entries using the average exchange rate for the year.
- Net equity is stated at the historical exchange rate prevailing at acquisition date (or at the average exchange rate for the period in which it was generated both for the case of retained earnings and for contributions made), as applicable.

Foreign currency translation differences which arise from the conversion of financial statements are recorded in the account "Foreign currency translation differences" within net equity.

Foreign currency translation differences generated prior to January 1, 2009 have been transferred to the account "Reserves" in equity when the Company at the date of the first application of IFRS has invoked the exception included in IFRS 1 for the convergence of the financial statements prepared in accordance with generally accepted accounting principles in Chile to IFRS.

All balances and transactions between companies consolidated using the global integration method have been eliminated during the consolidation process.

(b) Affiliated or associated companies

The affiliated or associated companies are all those entities on which significant influence is exercised but which are not controlled by the Company, which is, in general, accompanied by participation between 20% and 50% of voting rights. Investments in affiliated or associated companies are recognized in accounting using the equity method and are initially recognized at cost. The Group's investment in affiliated or associated companies includes goodwill (net of any loss from accumulated impairment) identified in acquisition.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

The equity in losses or gains subsequent to the acquisition of its affiliated or associated companies is recognized in profit or loss on an accrual basis and its participation in movements subsequent to the acquisition in reserves is recognized under Other reserves within Equity. When the equity in losses of an affiliated or associated company is equal to or greater than its equity in this affiliated or associated company no additional losses are recognized unless the company has incurred obligations or made payments in the name of the affiliated or associated company.

Unrealized gains from transactions with affiliated or associated companies are eliminated in consideration of the ownership percentage which the Company has on these. Unrealized losses are also eliminated except if the transaction provides evidence of loss from the impairment of the asset which is transferred.

(c) Joint ventures

Joint ventures are contractual agreements by virtue of which the Company has agreed with other companies, outside the SQM Group, the performance of economic activities which are subject to joint control. As established in IAS 31 paragraph 38 the Company has adopted the equity method to recognize interest in those entities jointly controlled.

2.5 Basis of conversion

Domestic subsidiaries:

Assets and liabilities denominated in Chilean pesos and other currencies other than the functional currency (U.S. dollar) as of June 30, 2010, January 1 and as of December 31, 2009, have been converted to U.S. dollars at the exchange rates prevailing at those dates (the corresponding Chilean pesos were converted to Ch\$547.19 per US\$1.00 as of June 30, 2010, Ch\$507.10 per US\$1.00 as of December 31, 2009 and \$636.45 per US\$1.00 as of January 1, 2009.)

The values of UF (a Chilean peso-denominated, inflation-indexed monetary unit) used to convert to Chilean pesos (United States dollars) the assets and liabilities expressed in this adjustable unit as of June 30, 2010 amounted to Ch\$21,202.16 (US\$38.75) as of December 31, 2009 amounted to \$20,942.88 (US\$41.30) and as of January 1, 2009 amounted to \$21,452.57 (US\$33.71.)

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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



Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

Foreign subsidiaries:

The exchange rates used to convert the monetary assets and liabilities expressed in foreign currency at the closing date of each period in respect to U.S. dollar are detailed as follows:

	6/30/2010 US\$	12/31/2009 US\$	1/1/2009 US\$
Brazilian Real	1.80	1.74	2.34
New Peruvian Sol	2.83	2.88	3.14
Argentinean Peso	3.94	3.83	3.47
Japanese Yen	88.48	92.10	91.03
Euro	0.81	0.69	0.72
Mexican Peso	12.84	13.04	13.77
Australian Dollar	1.19	1.12	1.45
Pound Sterling	0.66	0.62	0.67
South African Rand	7.64	7.40	9.28
Ecuadorian Dollar	1.00	1.00	1.00

SQM  
 Los Militares 4290.  
 Las Condes. Santiago. Chile  
 Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

2.6 Responsibility for the information and estimates made

The information contained in these interim consolidated financial statements is the responsibility of the Company's management who expressly indicate that it has applied all the principles and criteria included in IFRS issued by the International Accounting Standard Board (IASB.)

In the Company's interim consolidated financial statements judgments and estimates have been made by management to quantify certain assets, liabilities. Income, expenses and commitments recorded therein. Basically these estimates refer to the following:

- The useful lives of material and intangible assets and their residual values.
- Impairment losses of certain assets, including trade receivables.
- Hypotheses used for the actuarial calculation of commitments related to pensions and staff severance indemnities.
- Provisions for commitments acquired with third parties and contingent liabilities.
- Accrued expenses based on technical studies which cover the different variables which affect products in stock (density, humidity, among others) and allowances on slow-moving spare parts in inventories.
- Future costs for the closure of mining facilities.
- The determination of fair value of certain financial and non-financial assets and derivative instruments.
- The determination and allocation of fair values in business combinations.

Although these estimates have been made considering the best possible information available on the date of preparation of these interim financial statements it is possible that events which may occur in the future obligate their modification (increases or decreases) in the next few years, which would be performed prospectively, recognizing the effects of change in estimates on the respective future consolidated financial statements.

SQM

Los Militares 4290.

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

2.7 Financial information by operating segment

IFRS 8 requires that companies adopt “the management approach” to disclose information on the result of its operating segments. In general, this is the information that management uses internally for the evaluation of segment performance and making the decision on how to allocate resources for this purpose.

A business segment is a group of assets and operations responsible for providing products or services subject to risks and performance different that those of other business segments. A geographical segment is responsible for providing products or services in a given economic environment subject to risks and performance different that those of other segments which operate in other economic environments.

Accordingly, the following business segments have been identified for the Company:

-	Specialty plant nutrients
-	Industrial chemicals
-	Iodine and derivatives
-	Lithium and derivatives
-	Potassium
-	Other products and services

2.8 Property, plant and equipment

Tangible fixed assets are stated at acquisition cost, net of the related accumulated amortization and impairment losses which they have experienced.

In addition to the price paid for the acquisition of tangible fixed assets, the Company has considered the following concepts as part of the acquisition cost, as applicable:

1. Accrued financial expenses during the construction period which are directly attributable to the acquisition, construction or production of qualifying assets, which are those that require a substantial period prior to being ready for use. The interest rate used is that related to the project’s specific financing or, should this not exist, the average financing rate of the investor company. The amount capitalized for this concept was ThUS\$12,366 as of June 30, 2010 and ThUS\$7,507 as of June 30, 2009

SQM  
 Los Militares 4290.  
 Las Condes. Santiago. Chile  
 Tel: (56 2) 425 2000  
 www.sqm.com

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

2. The present value of future costs to which the Company will have to experience related to the closure of its facilities, are included in the asset's value at restated cost.

Work-in-progress is transferred to property, plant and equipment in operation once they are available for use beginning the related amortization on that date.

Extension, modernization or improvement costs which represent an increase in productivity, ability or efficiency or an extension of the useful lives of property, plant and equipment are capitalized as a higher cost of the related assets. All the remaining maintenance, preservation and repair expenses are charged to income as cost of the year in which they are incurred.

The replacement of full assets which increase the asset's useful life or its economic capacity, are recorded as a higher value of property, plant and equipment with the related derecognition of replaced or renewed elements.

Based on the impairment analysis conducted by the Company's management has been considered that the carrying value of assets do not exceed the net recoverable value of these assets.

Property, plant and equipment, net in the case of their residual value, are amortized through the straight-line distribution of cost among the estimated technical useful lives which constitute the period in which the Company expects to use them. When portions of a property, plant and equipment item have different useful lives, these are recorded as separate items. The useful life is reviewed on a regular basis.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

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

Classes of property, plant and equipment	Life or minimum rate	Life or maximum rate
Life or rate for buildings	3	80
Life or rate for plant and equipment	3	35
Life or rate for information technology equipment	3	10
Life or rate for fixed facilities and accessories	3	35
Life or rate for motor vehicles	5	10
Life or rate for other property, plant and equipment	2	30

The gains or losses which are generated in the sale or disposal of property, plant and equipment are recognized as income for the period and calculated as the difference between the asset's sales value and its net carrying value.

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

## 2.9

## Investment properties

The Company recognizes as investment properties the net values of land, buildings and other constructions which are held to exploit them under lease agreements or to obtain proceeds from their sale as a result of those increases which are generated in the future in the respective market prices. These assets are not used in the activities and are not destined for own use.

They are initially stated at their acquisition cost, which includes the acquisition price or production cost plus directly assignable expenses. Subsequently, investment properties are stated at their acquisition cost less accumulated depreciation and the possible accumulated provisions for value impairment.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

2.10 Inventories

The Company states inventories for the lower of cost and net realizable value. The cost price of finished products and products in progress includes direct costs of materials and; as applicable, labor costs, indirect costs incurred to transform raw materials into finished products and general expenses incurred in carrying inventories to their current location and conditions. The method used to determine the cost of inventories is weighted average cost.

The net realizable value represents the estimate of the sales price less all finishing estimated costs and costs which will be incurred in commercialization, sales and distribution processes.

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

The Company conducts an evaluation of the net realizable value of inventories at the end of each year recording an estimate with a charge to income when these are overstated. When the circumstances, which previously caused the rebate ceased to exist, or when there is clear evidence of an increase in the net realizable value due to a change in the economic circumstances or prices of main raw materials, the estimate made previously is modified.

The valuation of obsolete, impaired or slow-moving products relates to their net estimated net realizable value.

Provisions on the Company's inventories have been made based on a technical study which covers the different variables which affect products in stock (density, humidity, among others.)

Raw materials, supplies and materials are recorded at the lower of acquisition cost or market value. Acquisition cost is calculated according to the annual average price method.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

2.11 Trade and other receivables

Trade and other receivables relate to non-derivative financial assets with fixed payments which can be determined and are not quoted in any active market. These arise from sales operations involving the products and/or services which the Company commercializes directly to its customers with no intention of negotiating the account receivable and are not within the following categories:

- Those which the Company has the intention of selling immediately in the near future and which are held-for-sale.
- Those designated at their initial recognition as available-for-sale.
- Those through which the holder does not intend to partially recover substantially its entire investment for reasons other than credit impairment and, therefore, must be classified as available-for-sale.

These assets are initially recognized at their fair value (which is equivalent to their face value, discounting implicit interest for installment sales) and subsequently at amortized cost according to the effective interest rate method less a provision for impairment loss. When the face value of the receivables does not significantly differ from its fair value, it is recognized at face value. An allowance for impairment loss is established for trade receivables when there is objective evidence that the Company will not be able to collect all the amounts which are owed to it according to the original terms of receivables.

Implicit interest in installment sales is recognized as financial income when interest is accrued over the term of the operation.

SQM

Los Militares 4290.

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

2.12 Revenue recognition

Revenue includes the fair value of considerations received or receivable or the sale of goods and services during performance of the Company's activities. Revenue is presented net of value added tax, returns, rebates and discounts and after the elimination of sales among subsidiaries.

Revenue is recognized when its amount can be stated reliably. it is possible that the future economic rewards flow to the entity and the specific conditions for each type of activity -related revenue are complied with, as follows:

(a) Sale of goods

Sales of goods are recognized when the Company has delivered products to the customer, the customer has total discretion on the distribution channel and the price at which products are sold and there is no obligation pending compliance which may affect the acceptance of products by the customer. The delivery does not occur until products have been shipped to the customer or confirmed as received by customers when the related risks of obsolescence and loss have been transferred to the customer and the customer has accepted products in accordance with the conditions established in the sale, the acceptance period has ended or there is objective evidence that those criteria required for acceptance have been met.

Sales are recognized in consideration of the price set in the sales agreement, net of volume discounts and estimated returns at the date of the sale. Volume discounts are evaluated in consideration of annual foreseen purchases and in accordance with the criteria defined in agreements.

(b) Sales of services

Revenue associated with the provision of services is recognized considering the degree of completion of the service at the date of presentation of the Statement of financial position provided that the result from the transaction can be estimated reliably.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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



Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

(c) Interest income

Income is recognized as and when interest is accrued in consideration of the principal which is pending payment using the effective interest rate method.

(d) Income from royalties

Income from royalties is recognized based on the accrual in accordance with the economic substance of the related agreements.

(e) Income from dividends

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

2.13 Investments recognized using the equity method

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

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

Changes in equity of the associates are recognized proportionally with a debit or credit to "Other reserves" and classified according to their origin and, if applicable, these are disclosed in the Statement of changes in equity.

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

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

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

If the resulting amount according to the equity method were negative, interest is reflected as zero in the Consolidated Financial Statements unless the Company commits to resolve its equity position. In this case, the respective provision for risks and expenses is recorded.

Dividends received in these companies are recorded reducing the equity value and proportional profit or loss recognized in conformity with their interest, are included in the consolidated profit or loss under the caption "Equity gain (loss) in companies using the equity method."

2.14 Corporate tax

Corporate income tax for the year is determined as the addition of current tax from the different companies which is the result of the application of the type of tax on the taxable income for the year upon application of deductions which can be admitted for tax purposes plus the variation in deferred tax assets and liabilities and fiscal credits both for negative tax bases and deductions. Differences between the book value of assets and liabilities and their tax basis generate the balance of deferred tax assets or liabilities which are calculated using the tax rates which are expected to be applicable when assets and liabilities are realized.

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

Tax on companies and variations on deferred tax assets or liabilities which are not the result of business combinations are recorded in profit or loss statement accounts or net equity accounts in the Consolidated Statement of Position considering the origin of the gains or losses which have generated them.

At the date of these statements of financial position, the carrying value of deferred tax assets is reviewed and reduced as long as it is possible that there is no sufficient taxable income to allow the recovery of all or a portion of the deferred tax asset. Likewise, at the date of the statement of financial position deferred tax assets not recognized are revalued and recognized as long as it has become possible that future taxable income will allow the recovery of the deferred tax asset.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

With respect to temporary differences deductible associated with investments in subsidiaries, associated companies and interest in joint ventures, deferred tax assets are recognized solely provided that there is a possibility that temporary differences are reversed in the near future and that there will be taxable income with which they may be used.

The deferred income tax related to entries directly recognized in equity is recognized with an effect on equity and not with an effect on profit or loss.

Deferred tax assets and liabilities are offset if there is a right legally receivable of offsetting tax assets against tax liabilities and the deferred tax is related to the same tax entity and authority.

2.15 Earnings per share

The net benefit per share is calculated as the ratio between the net benefit for the period attributable to the Parent Company and the weighted average number of common shares of the Parent Company in circulation during this period.

The Company has not conducted any type of operation of potential diluted effect which assumes a diluted benefit per share other than the basic benefit per share.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

2.16 Non-financial asset value impairment

Assets subject to amortization are subject to test for impairment provided that an event or change in the circumstances indicates that the amounts in the accounting records may not be recoverable. An impairment loss is recognized for the excess of amount in books of the asset over its recoverable amount.

The recoverable amount of an asset is the higher between the fair value of an asset or cash generating unit ("CGU") less costs of sales and its value in use and is determined for an individual asset unless the asset does not generate any cash inflows which are clearly independent from other assets or groups of assets.

When the carrying value of an asset exceeds its recoverable amount the asset is considered an impaired asset and is reduced to its net recoverable amount.

In evaluating value in use, estimated future cash flows are discounted using a discount rate before taxes which reflects current market evaluation on the time value of money and specific asset risks.

An appropriate valuation model is used to determine the fair value less selling costs. These calculations are confirmed by valuation multiples, quoted share prices for subsidiaries quoted publicly or other available fair value indicators.

Impairment losses from continuing operations are recognized with a debit to profit or loss in the categories of expenses associated with the impaired asset function, except for properties reevaluated previously where the revaluation was taken to equity. In this case impairment is also recognized with a debit to equity up to the amount of any previous revaluation.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

For assets other than the goodwill acquired, an annual evaluation is conducted of whether there are impairment loss indicators recognized previously which might have already ceased to exist or decreased. The recoverable amount is estimated if such indicators exist. An impairment loss previously recognized is reversed only if there have been changes in estimates used to determine the asset's recoverable amount from the last time in which an impairment loss was recognized. If this is the case, the carrying value of the asset is increased to its recoverable amount. This increased amount cannot exceed the carrying value which would have been determined net of depreciation if an asset impairment loss would have not been recognized in prior years. This reversal is recognized with a credit to profit or loss unless an asset is recorded at the revaluated amount. Should this be the case, the reversal is treated as an increase in revaluation.

2.17 Financial assets

SQM S.A. and subsidiaries classify their financial statements under the following categories: at fair value through profit or loss, loans and receivables, financial assets held-to-maturity and financial assets available-for-sale. The classification depends on the purpose with which financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired mainly with the purpose of being sold in the short-term. Derivatives are also classified as acquired for trading unless they are designated as hedge accounting. Assets under this category are classified as current assets and variations generated in fair value are directly recognized in profit or loss.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

(b) Loans and receivables

Loans and accounts receivable are non-derivative financial assets with fixed payments or payments which can be determined and are not quoted in any active market. These are included in current assets, except for those with expiration dates which exceed 12 months from the closing date which are classified as non-current assets. Loans and receivables are included under the caption "Trade and other receivables" in the Statement of financial position and are stated at amortized cost.

(c) Financial assets held-to-maturity

Financial assets held-to-maturity are non-derivative financial assets with fixed payments or payments which can be determined and fixed expiration dates which management has the positive intention and ability of holding to maturity. If an amount which was not insignificant of financial assets held to maturity was sold, the full category would be reclassified as available for sale. Assets in this category are stated at amortized cost.

(d) Financial assets available for sale

Financial assets available for sale are non-derivative instruments which are designated in this category or are not classified in any of the other categories. They are included in non-current assets unless the Company intends to dispose of the investment in the 12 months following the closing date. These assets are stated at fair value recognizing in equity those variations in fair value.

At each reporting date, the Company evaluates whether there is objective evidence that a financial asset or a group of assets may have experienced impairment losses.

2.18 Financial liabilities

The Company classifies its financial liabilities under the following categories: at fair value through profit or loss, trade payables, interest-bearing loans or derivatives designated as hedging instruments.

The Company's management determines the classification of its financial liabilities at the time of initial recognition.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

Financial liabilities are derecognized when the obligation is repaid, settled or it expires.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities are classified at fair value when these are held for trading or designated in their initial recognition at fair value through profit or loss. This category includes derivative instruments not designated for hedge accounting.

(b) Trade payables

Trade payables to suppliers are subsequently stated at their amortized cost using the effective interest rate method.

(c) Interest-bearing loans

Loans are subsequently stated at amortized cost using the effective interest rate method. Amortized cost is calculated considering any premium or discount from the acquisition and includes costs of transactions which are an integral part of the effective interest rate.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

2.19 The Environment

In general, the Group companies follow the criterion of considering amounts destined to environmental protection and improvement as environmental expenses. However, amounts of elements included in facilities, machinery and equipment destined to the same purpose are considered property, plant and equipment.

2.20 Minimum Dividend

As required by the Shareholders' Company Act unless otherwise decided by the shareholders through unanimous vote of the holders of those shares issued and subscribed, a public shareholders' company must distribute a minimum dividend of 30% of its profit for the period, except in the event that the Company has losses not absorbed in prior years.

2.21 Financial debt obligations

Financial debt obligations are recognized at their face value as non-current when their expiration date exceeds twelve months and as current when the expiration occurs in a period lower than that indicated above. Interest expense is calculated in the year in which it is accrued following a financial criterion.

In accordance with IAS 32 and 39, expenses incurred in the assumption of debt are recognized in the attached Consolidated Statement of Financial Position discounting the associated debt and are charged to profit for the period over the term of the debt using the effective interest rate method.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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



Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

2.22 Trade payables

Trade payables are initially recognized at their fair value and are subsequently stated at amortized cost using the effective interest rate method. When the face value of the balance payable does not significantly differ from its fair value, it is recognized at face value.

2.23 Consolidated statement of cash flows

Cash equivalents relate to short-term highly liquid investments which are readily convertible into known amounts of cash are subject to low risk of change in their value and expire in less than three months.

For the purposes of the preparation of the statement of cash flows, cash and cash equivalents have been defined as cash and cash equivalents net of pending bank overdrafts.

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

In these statements of cash flows, the following expressions are used in the sense which is shown as follows:

- Cash flows: cash and financial asset equivalent inflows and outflows understanding as such those short-term highly-liquid investments with low risk of change in their value.
- Operating activities: common activities related to the operation of the Group's business as well as other activities which cannot be classified as investing or financing activities.
- Investing activities: investing activities relate to the acquisition, disposition or disposal related to other long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities which generate changes in the size and composition of net equity and of liabilities which are not part of operating activities.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

2.24 Obligations related to staff severance indemnities and pension commitments

Obligations with the Company's employees are in accordance with that established in the collective bargaining agreements in force formalized through collective employment agreements and individual employment contracts. For the case of the United States, this is performed in accordance with the related pensions plan.

These obligations are valued using the actuarial calculation, which considers such hypotheses as the mortality rate, employee turnover, interest rates, retirement dates, effects related to increases in employees' salaries, as well as the effects on variations in services derived from variations in the inflation rate.

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

Actuarial losses and gains have their origin in deviations between the estimate and the actual behavior of actuarial hypotheses or in the reformulation of those actuarial hypotheses established.

The discount rate used by the Company for the calculation of the obligation was 6% for the periods ended as of June 30, 2010 and as of December 31, 2009.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

2.25 Financial derivatives and hedging transactions

Derivatives are recognized initially at fair value at the date in which the derivatives contract has been signed and subsequently they are valued again at fair value. The method for recognizing the resulting loss or gain depends on whether the derivative has been designated as an accounting hedging instrument and, if so, it depends on the type of hedging, which may be as follows:

(a) Fair value hedge of assets and liabilities recognized (fair value hedges);

(b) Hedging of a single risk associated with an asset or liability recognized or a highly possible foreseen transaction (cash flow hedge);

At the beginning of the transaction, the Company documents the relationship existing between hedging instruments and those entries hedged, as well as their objectives for risk management purposes and the strategy to conduct different hedging operations.

The Company also documents its evaluation both at the beginning and the end of each period of whether derivatives which are used in hedging transactions are highly effective to offset changes in the fair value or in cash flows of hedged entries.

The fair value of derivative instruments used for hedging purposes is shown in Note 9.3 (Hedging assets.) Movements in the hedging operation reserve are classified as a non-current asset or liability if the remaining expiration period of the hedged entry is higher than 12 months and as a current asset or liability if the remaining expiration period of the entry is lower than 12 months.

Investment derivatives are classified as a current asset or liability and the change in their fair value is recognized directly in profit or loss.

(a) Fair value hedge

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

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

For fair value hedging related to items recorded at amortized cost, the adjustment of the fair value is amortized against income on the remaining year to its expiration. Any adjustment to the carrying value of a hedged financial instrument for which effective rate is used is amortized with a debit or credit to profit or loss at its fair value attributable to the risk being covered.

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

(b) Cash flow hedge

The cash portion of gains or losses from the hedging instrument is initially recognized with a debit or credit to equity whereas any non-cash portion is immediately recognized with a debit or credit to profit or loss, as applicable.

Amounts taken to equity are transferred to profit or loss when the hedged transaction affects profit for the period as when the hedged finance income or expense is recognized when a forecasted sale occurs. When the hedged entry is the cost of a non-financial asset or liability, amounts taken to equity are transferred to the initial carrying value of the non-financial asset or liability.

Should the expected firm transaction or commitment not longer be expected to occur, the amounts previously recognized in equity are transferred to profit or loss. If a hedging instrument expires is sold, finished, exercised without any replacement or a rollover is performed or if its designation as hedging is revoked. Amounts previously recognized in equity are maintained in equity until the expected firm transaction or commitment occurs.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

2.26 Lease

(a) Leases - Finance lease

Leases are classified as finance leases when the Company has substantially all the risks and rewards derived from the ownership. Finance leases are capitalized at the beginning of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments.

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

(b) Lessee – Operating lease

Leases in which the lesser maintains a significant part of risks and rewards derived from the ownership are classified as operating leases. Operating lease payments (net of any incentive received from the lesser) are debited to the statement of comprehensive income or capitalized (as applicable) on a straight-line basis over the lease period.

The Company does not maintain any significant agreement which meets the conditions established in IAS 17 to be considered as finance leases and therefore, all the current agreements are considered operating leases.

SQM

Los Militares 4290.

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

2.27 Prospecting expenses

Those prospecting expenses associated with mineral reserves which are being exploited are included under Inventories and amortized according to the estimated mineral content reserves. Expenses associated with future reserves are presented under Intangible assets as and when minerals included in the future reserve have ore-grade which makes the mining property economically exploitable.

Those expenses incurred on properties in which the product has low ore-grade which is not economically exploitable, are directly debited to profit or loss.

2.28 Other provisions

Provisions are recognized when:

- \* The Company has a present obligation as a result of a past event.
- \* It is possible that certain resources are used, including benefits, to settle the obligation.
- \* A reliable estimate can be made of the obligation amount.

In the event that the provision or a portion of it is reimbursed, the reimbursement is recognized as a separate asset solely if there is certainty of income.

In the statement of comprehensive income, the expense for any provision is presented net of any reimbursement.

Should the effect of the time value of money be significant, provisions are discounted using a discount rate before taxes which reflects the liability's specific risks. When a discount rate is used, the increase in the provision over time is recognized as a finance cost.

The Company's policy is maintaining accruals to cover risks and expenses based on a better estimate to deal with possible or certain and quantifiable responsibilities from litigation in force, compensations or obligations, pending expenses the amount of which has not been determined, collaterals and other similar guarantees for which the Company is responsible. These are recorded at the time in which the responsibility or the obligation which determines the compensation or payment is generated.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

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

As a result of this policy, the Company has recorded accruals for:

- Employee vacation: The Company determines and recognizes the cost related to employee vacation on an accrual basis.
- Employee benefits agreed with employees other than staff severance indemnities and option plan, which the Company and its subsidiaries will have to pay to its employees by virtue of the agreements entered have been recognized on an accrual basis.
- Legal expenses related to the estimate of future payments for lawsuits maintained with third parties.

2.29

Compensation Plans

Compensation plans implemented through benefits in share-based payments settled in cash, which have been provided are recognized in the financial statements at their fair value, in accordance with International Financial Reporting Standard No. 2 "Share-based payments." Variations in the fair value of options granted are recognized with a charge to remuneration on a straight-line basis during the period between the date in which these options are granted and the payment date.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

2.30

Good and service insurance expenses

Payments for the different insurance policies which the Company contracts are recognized in expenses considering the proportional amount related to the time that they cover, regardless of payment terms. Amounts paid and not consumed are recognized as prepaid expenses within Current assets.

Costs of claims are recognized in profit or loss immediately after being known, net of the recoverable amounts from insurance companies. Recoverable amounts are recorded as an asset reimbursable from the insurance company under "Trade and other receivables", calculated as established in the respective insurance policies.

2.31

Intangible Assets

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

(a)

Goodwill acquired

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

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

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com



Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

(a) Water rights

Water rights acquired by the Company relate to the water from natural sources and are recorded at acquisition cost. Given that these assets represent rights granted on a perpetual basis to the Company, these are not amortized. However, they are subject to an impairment assessment on an annual basis.

(b) Right of way for electric lines

As required for the operation of industrial plants, the Company has paid rights of way in order to install wires for the different electric lines in third party land. These rights are presented under Intangible assets. Amounts paid are capitalized at the date of the agreement and charged to income according to the life of the right of way.

(c) Computer software

Licenses for IT programs acquired are capitalized based on costs which have been incurred to acquire them and prepare them to use the specific program. These costs are amortized over their estimated useful lives.

Expenses related to the development or maintenance of IT programs are recognized as an expense as and when incurred. Costs directly related to the production of unique and identifiable IT programs controlled by the Group and which probably will generate economic benefits which are higher than costs during more than a year, are recognized as intangible assets. Direct costs include expenses incurred for employees who develop IT programs and an adequate percentage of general expenses.

The costs of development of IT programs recognized as assets are amortized over their estimated useful lives.

2.32 Research and development expenses

Research and development expenses are debited to profit or loss in the period in which the disbursement is made except for property, plant and equipment acquired to be used in research and development, which are recognized in accounting under the respective item within property, plant and equipment.

SQM  
Los Militares 4290.  
Las Condes, Santiago, Chile  
Tel: (56 2) 425 2000  
www.sqm.com

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 2. Bases of presentation of interim consolidated financial statements and accounting criteria applied, continued

2.33

Classification of balances as current and non-current

In the attached statement of financial position, balances are classified in consideration of their remaining expiration dates; i.e., those expiring on a date equal to or lower than twelve months as current and those with expiration dates which exceed the aforementioned period as non-current.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 3 – First-time application of International Financial Reporting Standards (IFRS)

Application IFRS 1

The annual consolidated financial statements for the Group as of December 31, 2010 will be the first consolidated financial statements prepared according to IFRS. The Company has applied IFRS 1 when preparing its interim consolidated financial statements.

The transition date is January 1, 2009, to which management has prepared its opening balance under IFRS to that date. The IFRS effective date is January 1, 2010, as indicated by the Chilean Superintendence of Securities and Insurance (SVS)

According to IFRS 1, in order to prepare the aforementioned consolidated financial statements, all mandatory exemptions have been applied by the Company, and some of the non-mandatory exemptions to the retroactive application of IFRS.

Exceptions established on IFRS 1 that the Company has decided to apply on its IFRS first-time adoption process, are as follows:

i) Business combinations

The Company has applied the exemption included in IFRS 1 for business combinations conducted from 2004 and thereafter. For these purposes, the Company reversed the amortization of goodwill recognized in accordance with the previous accounting standards.

ii) Fair value or revaluation as deemed cost

The Company has chosen to measure certain property, plant and equipment items at their fair value at the transition date of January 1, 2009. The fair value of property, plant and equipment was measured through a business appraisal conducted by independent external experts, who determined the new historical initial values, useful lives and residual values of these assets.

SQM

Los Militares 4290.

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 3 – First-time application of International Financial Reporting Standards (IFRS), continued

iii) Employee benefits

The Company has opted for recognizing all the actuarial gains and losses accumulated as of January 1, 2009.

iv) Financial Instruments

The Company has defined the application of hedge accounting for financial derivative instruments associated with obligations with the public (bonds payable) denominated in UF and Chilean pesos issued by the Company.

v) Cumulative translation differences and technical revaluation

If the adopter uses this exemption: i) cumulative translation differences of all businesses abroad will be considered to be voided on the date of transition to IFRS; and ii) the gain or loss for the subsequent sale or disposal using another method of a business abroad will exclude translation differences which have arisen prior to the date of transition to IFRS and will include translation differences which have arisen subsequent to it.

The Company has opted to transfer cumulative translation differences and technical revaluation from other reserves to retained earnings. This exemption has been applied to all dependent companies in accordance with IFRS 1.

IFRS first-time adoption effects are recognized in retained earnings or other reserve accounts in the Company's equity, depending on whether these adjustments represent realized or unrealized gains or losses at the transition date.

The following is a detailed description of the main differences between Generally Accepted Accounting Principles in Chile (Chilean GAAP) and International Financial Reporting Standards (IFRS) applied by the Company and the impact on shareholders' equity as of June 30, 2009, and January 1, 2009 and on profit or loss as of June 30, 2010.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 3 – First-time application of International Financial Reporting Standards (IFRS), continued

- a) Reconciliation of net shareholders' equity from Generally Accepted Accounting Principles (Chilean GAAP) to International Financial Reporting Standards (IFRS) as of January 1, 2009 and December 31, 2009.

As of January 1, 2009	Equity of majority shareholders ThUS\$	Equity of minority shareholders ThUS\$	Total equity ThUS\$
RECONCILIATION			
Net equity under Chilean GAAP	1,463,108		1,463,108
Incorporation of minority shareholders		47,069	47,069
Reversal of amortization of goodwill	6,487	-	6,487
Negative goodwill	1,279	-	1,279
Reversal of deferred tax complementary accounts	(13,515)	-	(13,515)
Recognition of obligation for the minimum compulsory distribution of dividends of 30% of profit for the period	(50,422)	-	(50,422)
Fair value of property, plant and equipment	(53,732)	(634)	(54,366)
Recognition of actuarial calculation of provision for staff severance indemnities	(928)	(2)	(930)
Fair value of bonds denominated in UF	(9,507)	-	(9,507)
Deferred taxes on IFRS adjustments	10,908	108	11,016
Effect of transition to IFRS	(109,430)	(528)	(109,958)
Net equity under IFRS	1,353,678	46,541	1,400,219
As of December 31, 2009	Equity of majority shareholders ThUS\$	Equity of minority shareholders ThUS\$	Total equity ThUS\$
RECONCILIATION			
Net equity under Chilean GAAP	1,466,613		1,466,613
Incorporation of minority shareholders		46,093	46,093
Reversal of amortization of goodwill	8,663	-	8,663
Negative goodwill	1,072	-	1,072
Reversal of deferred tax complementary accounts	(11,365)	-	(11,365)
Recognition of obligation for the minimum compulsory distribution of dividends of 30% of profit for the period	-	-	-
Fair value of property, plant and equipment	(45,132)	(503)	(45,635)
	(947)	26	(921)

Recognition of actuarial calculation of provision for  
staff severance indemnities

Fair value of bonds denominated in UF	(9,619)	-	(9,619)
Deferred taxes on IFRS adjustments	9,468	81	9,549
Effect of transition to IFRS	(47,860)	(396)	(48,256)
Net equity under IFRS	1,418,753	45,697	1,464,450

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

b)

## Note 3 – First-time application of International Financial Reporting Standards (IFRS), continued

## a) Reconciliation of profit for the period from Chilean GAAP to IFRS as of December 31, 2009:

As of December 31, 2009

RECONCILIATION	Profit (loss) of majority shareholders ThUS\$	Profit (loss) of minority shareholders ThUS\$	Total profit or loss ThUS\$
Profit for the period under Chilean GAAP	327,056	1,334	328,390
Amortization of goodwill	2,176	-	2,176
Amortization of negative goodwill	(206)	-	(206)
Amortization of deferred tax complementary accounts	2,151	-	2,151
Depreciation	8,601	131	8,732
Recognition of actuarial calculation of provision for staff severance indemnities	(19)	28	9
Deferred taxes under NIIF	(1,459)	(27)	(1,486)
Effect of transition to IFRS at the date of the most recent annual financial statements	11,244	132	11,376
Profit for the period under IFRS	338,300	1,466	339,766
Other income and expenses with a debit or credit in net equity:			
Cash flow hedge	(112)	-	(112)
Income tax related to other income and expenses with a debit to net equity	19	-	19
Comprehensive income for the period under IFRS	338,207	1,466	339,673

## b) Reconciliation of profit for the period from Chilean GAAP to IFRS as of June 30, 2009:

As of June 30, 2009

CONCILIACION	Profit (loss) of majority shareholders ThUS\$	Profit (loss) of minority shareholders ThUS\$	Total profit or loss ThUS\$
Profit for the period under Chilean GAAP	169,395	(1,650)	167,745
Amortization of goodwill	1,088	-	1,088
Amortization of negative goodwill	(56)	-	(56)
Amortization of deferred tax complementary accounts	892	-	892
Depreciation	3,907	393	4,300
	(437)	-	(437)

Recognition of actuarial calculation of provision for staff severance indemnities			
Deferred taxes under NIIF	(590)	(67)	(657)
Effect of transition to IFRS at the date of the most recent annual financial statements			
	4,804	326	5,130
Profit for the period under IFRS	174,199	(1,324)	172,875
Other income and expenses with a debit or credit in net equity:			
Foreign currency translation gains (losses) before tax	1,032	-	1,032
Cash flow hedge	11,225	-	11,225
Income tax related to other income and expense components with a debit to net equity	(1,908)	-	(1,908)
Comprehensive income for the period under IFRS	184,548	(1,324)	183,224

## SQM

Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)



Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 3 – First-time application of International Financial Reporting Standards (IFRS), continued

Explanation of adjustments for the effects of transition to IFRS

The detail of the explanation of the different concepts enumerated in the reconciliation included in the preceding point is detailed as follows:

(a) Deferred income taxes

As described in Note 2.14, under IFRS the Company has to recognize the effects of deferred income taxes for all temporary differences existing between the tax and book balance based on the liability method.

Although the method established in IAS 12 is similar to Chilean GAAP, the Company made the following adjustments in accordance with IFRS requirements:

- i) The elimination of "deferred tax complementary accounts" in which the Company deferred the effects on equity of the first-time application of Technical Bulletin No. 60 issued by the Chilean Association of Accountants amortized with a debit/credit to profit for the period in the foreseen term for the reversal of the difference (or consumption of the related tax loss, if this is the case.)
- ii) The determination of deferred taxes on entries not subject to the calculation under Chilean GAAP but which qualify as temporary differences under IFRS and the calculation of the tax effect of transition adjustments to IFRS.

(b) Revaluation of property, plant and equipment at fair value as deemed cost

Chilean GAAP establish the valuation of property, plant and equipment at acquisition cost restated for inflation less accumulated depreciation and accumulated impairment losses and do not allow property, plant and equipment revaluation (revaluations were only and extraordinarily authorized by the Chilean SVS in accordance with Circulars Nos. 550 and 566 of 1985 issued by the Chilean Superintendence of Securities and Insurance.) Except for that indicated in the next paragraph, the Company has considered the values of assets determined in accordance with the aforementioned accounting standards, as its property, plant and equipment deemed cost.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 3 – First-time application of International Financial Reporting Standards (IFRS), continued

For the adoption of IFRS, the Company valued certain property, plant and equipment items (mainly machinery and equipment) at their fair value in conformity with the exemption contained in IFRS 1. The revaluation was performed only once in accordance with IFRS 1. The new value determined relates to the initial cost of the asset beginning on the transition date. This fair value of assets amounted to ThUS\$60,458 as of January 1, 2009 and represented an adjustment to equity (decrease) of ThUS\$54,366 at that date.

(c) Minimum Dividend

In accordance with Chilean GAAP, dividends for distribution are recorded in the Company's financial statements at the time of the agreement at the Shareholders' or Board of Directors' Meeting. Law No. 18,046 on Shareholders' Companies establishes in its article No. 79 that public shareholders' companies will have to distribute as dividends to its shareholders, at least, 30% of profit for the period, unless the shareholders of shares issued with voting right at the Shareholders' Meeting unanimously agree otherwise. Under IFRS, the Company has recorded the obligation on an accrual basis, net of provisional dividends which would have been agreed at the closing date for 30% of profit for the period, which is the legal minimum percentage. As of December 31, 2009, the provisional dividend distributed during November covers this minimum dividend and therefore, no provision was required.

(d) Minority interest

Chilean GAAP, applied for the preparation of the consolidated financial statements recognized the interest of minority shareholders in the equity of subsidiaries as a separate account between liabilities and net equity of the Company's consolidated financial statements. Likewise, the consolidated financial statements for the year under Chilean GAAP excluded through a specific line minority interest in net profit or loss of subsidiaries. Under IFRS, minority shareholders are a part of the economic conglomerate or Group and; therefore, their interest is considered part of the statement of changes in net equity and the statement of comprehensive income.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 3 – First-time application of International Financial Reporting Standards (IFRS), continued

(e) Derivative hedging

The Company maintains as hedging instruments those financial derivatives associated with obligations with the public (bonds payable) issued in UF and in Chilean pesos. Under IFRS, changes generated in the fair value of derivatives which are designated and qualified as hedging, for their cash component, are recognized in net equity. The gain or loss relative to the non-cash part of the hedging is immediately recognized in the statement of comprehensive income under "Other gains / losses." This represents a change with respect to Chilean GAAP where realized gains or losses for this concept were recognized in non-operating income whereas unrealized gains or losses related to changes in fair values of derivative instruments in cash flow hedging were deferred in asset and liability accounts without affecting income up to the settlement of hedged and hedging entries.

(f) Actuarial staff severance indemnities

IFRS require that the benefits of services defined delivered to employees at long-term are determined in consideration of the application of an actuarial calculation model generating differences with respect to the methodology applied previously which considered present values.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 3 – First-time application of International Financial Reporting Standards (IFRS), continued

(g) Negative goodwill

IFRS do not contemplate the recognition in the statement of financial position of negative goodwill at the date of a business combination recognizing this difference directly on profit or loss (under Chilean GAAP this was presented as a deduction of assets.) Accordingly, the existing balance for this concept was transferred to the Reserve for Retained Earnings account within Equity.

(h) Goodwill

Under IFRS, the Company has considered goodwill as an intangible asset of indefinite useful life. At least, once a year, the cash generating unit which gave rise to goodwill is assessed for possible impairment. If there is any evidence of impairment, goodwill is initially adjusted with a charge to income. For first-time adoption purposes, the Company opted to reverse the amortization of goodwill which was generated by acquisitions of companies recorded using the business combination method conducted beginning in 2004.

(i) Reconciliation of the cash flows for the year ended December 31, 2009

The main differences between Chilean GAAP and IFRS in the preparation of the statement of cash flows relate to the classification of finance lease installments, which are included as investing activities in accordance with Chilean GAAP and as financing activities under IFRS.

SQM  
Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 4 – Financial Risk Management

4.1 Risk Management Policy

The Company's Risk Management Strategy is focused on safeguarding the Company and its subsidiaries' stability and sustainability with respect to those relevant financial uncertainty components.

The Company's operations are subject to certain risk factors which may affect its financial position or results. The most significant among these are market, liquidity, exchange rate, uncollectible and interest rate risks.

There may be additional risks affecting the Company's trading operations, its business, financial position or results, which are not significant through the present date.

The financial risk management structure includes the identification, determination, analysis, quantification, measurement and control of these events. The Company's management and, in particular, the Finance Management is responsible for the ongoing evaluation of financial risk. The Company uses derivatives to hedge a significant portion of these risks.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 4 – Financial Risk Management, continued

4.2 Risk Factors

4.2.1. Market risk

Market risks relate to those uncertainties associated with variations in market variables affecting the Company's assets and liabilities among which we may highlight the following:

- a)Country Risk: The economic condition of countries where the Company operates may affect its financial position. For instance, sales by the Company to emerging markets expose it to risks related to economic conditions and trends in those countries. In addition, inventory levels may also be affected by the economic condition in these countries and/or the global economy, among other possible economic impacts.
- b)Price volatility risk: The Company's product prices are affected by variations in international prices of fertilizers and chemicals and changes in production capacities or in the demand for these might affect our business, financial condition and results from operations.
- c)Commodity price risk: The Company is exposed to changes in prices of raw materials and energy which may have an impact on its production costs and generate unstable results.  
Currently, the Company incurs annual expenses of approximately US\$ 90 million for fuels and approximately US\$60 million for electric energy. Variations of 10% in the prices of energy required for the Company's activities may give rise to variations of US\$15 million in costs.

4.2.2 Uncollectibility Risk

The current economic downturn level and its potentially negative effects on the financial position of our customers may extend the terms for the payment of accounts receivable, may increase our bad debt exposure. Although we take steps to minimize risk, this global economic situation may result in losses which might have a material adverse effect on our business, financial condition or results of operations.

In order to mitigate these risks, the Company uses such actions as the use of credit insurance, letters of credit and advance payments for a portion of trade receivables.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 4 – Financial Risk Management, continued

4.2.3 Exchange rate risk

As a result of the influence in the determination of price levels, its relationship to selling costs and given that a significant portion of the Company's business is traded in that currency, the Company has defined U.S. dollar as its functional currency. However, the global nature of the Company's business generates exposure to exchange rates of different currencies with respect to U.S. dollars. Accordingly, the Company maintains hedging agreements to cover its main uncovered positions (net assets from liabilities) in currencies other than U.S. dollar against the variation in the exchange rate and regularly updates these agreements depending on the uncovered position to be hedged in those currencies.

A significant portion of the Company's costs relates to Chilean peso. In line with this, an increase or decrease in the exchange rate between Chilean peso and U.S. dollar would affect its costs. Currently, close to US\$ 280 million of the Company's costs, particularly payroll, are denominated in Chilean pesos and therefore, if no derivatives are used, a variation of 10% in the exchange rate might result in fluctuations of approximately US\$28 million.

As of December 31, 2009, the Company had derivative instruments classified as exchange and interest rate hedges associated with all the Company's obligations related to bonds payable denominated in Chilean pesos and UF, for a fair value of US\$51.3 million. As of June 30, 2010, this amounts to US\$24.2 millions both in favor of SQM.

As of June 30, 2010, the exchange rate for U.S. dollars was Ch\$547.19 per US\$1.00 (Ch\$507.10 per US\$1.00 as of December 31, 2009.)

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 4 – Financial Risk Management, continued

4.2.4 Interest rate risk

Interest rate fluctuations, mainly due to the uncertainty related to the future market behavior may have a material impact on the Company's financial statements.

The Company has short and long-term debt obligations valued at LIBOR + a spread. As the Company does not currently have any derivative instruments to hedge variations in the LIBOR rate, the Company is subject to exchange rate fluctuations.

As of June 30, 2010, the Company has approximately 20% of its long-term financial obligations valued at LIBOR rate and therefore, significant increases in this rate may have an impact on its financial condition. A 100 base point variation on this rate may result in variations in finance costs close to an annual amount of US\$ 2.2 million, which is actually significantly offset by the returns from the Company's investments which are also highly related to the LIBOR rate.

Additionally, as of June 30, 2010, a percentage lower than 10% of the Company's total financial debt obligations expires at short-term, which decreases its exposure to interest rate variations.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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



Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 4 – Financial Risk Management, continued

4.2.5 Liquidity risk

Liquidity risk is related to the needs for funds to deal with payment obligations. The Company's objective is maintaining financial flexibility through a comfortable balance between fund requirements and cash flows from normal operating activities, bank loans, public bonds payable, short-term investments and marketable securities, among others.

The Company maintains a significant capital expenditure program which is subject to risks and uncertainties. Mainly the exploration and exploitation of reserves, mining and processing costs and compliance with applicable standards, require significant capital which are subject to variations throughout time.

In addition, world financial markets are subject to downturn and expansion periods, which cannot be foreseen at long-term and may affect access to financial resources by the Company.

These factors may have a material adverse impact on our business, financial condition and the Company's results of operations.

Accordingly, conducts an ongoing follow-up of the reconciliation of its investments and as part of its risk management strategy, looks after the expiration dates of both from a conservative perspective. As of December 31, 2009, the Company had unused credit facilities for a total of US\$470.5 million and credit facilities used for US\$40 million, available should it require any additional fund.

The other cash and cash equivalents position generated by the Company is invested in highly liquid mutual fund units with AAA risk rating.

4.3 Risk Measurement

The Company has methods to measure the effectiveness and efficiency of risk strategies both in prospective and retrospective manner. These methods are consistent with the Group's risk management profile.

SQM  
Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 5. Changes in Accounting Estimates and Policies (Uniformity)

5.1 Changes in accounting estimates

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

5.2 Changes in Accounting Policies

As of June 30, 2010, the Company's financial statements presented no changes in accounting policies or estimates compared to the prior period or the transaction date, except for the application, beginning on January 1, 2010 of International Financial Reporting Standards (IFRS.)

Changes in policies and accounting estimates compared to local accounting principles and their effects were described in Note 3 Transition to International Financial Reporting Standards (IFRS.)

The interim consolidated statement of financial position as of June 30, 2010 and as of December 31, 2009 and as of January 1, 2009 and the statements of comprehensive income, equity and cash flows for the period ended as of June 30, 2010 have been prepared in accordance with IFRS and accounting principles and criteria have been applied consistently.

SQM  
Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 6 – Cash and Cash Equivalents

## 6.1 Classes of Cash and Cash Equivalents

As of June 30, 2010 and as of December 31, 2009 and as of January 1, 2009, the detail of cash and cash equivalents is as follows:

Cash and cash equivalents	6/30/2010 ThUS\$	12/31/2009 ThUS\$	1/1/2009 ThUS\$
Cash on hand	82	96	2,845
Bank balances	28,527	19,121	18,773
Short-term time deposits	259,210	336,435	116,492
Other cash and cash equivalents	99,114	174,742	165,689
Cash and cash equivalents	386,933	530,394	303,799

At the date of these financial statements, there are no differences between the amount of cash and cash equivalents recorded in the statement of financial position and the statement of cash flows.

## 6.2 Other cash and cash equivalents

As of June 30, 2010, December 1, 2009 and January 1, 2009, other cash and cash equivalents relate to mutual fund units for investments made in:

Institution	6/30/2010 ThUS\$	12/31/2009 ThUS\$	1/1/2009 ThUS\$
Western Asset Management Company	34,846	59,224	56,384
BlackRock Cash Management Plc	30,945	59,070	55,760
JP Morgan Asset Management	33,323	56,334	53,545
Citibank	-	114	-
Total	99,114	174,742	165,689

These institutions are highly liquid funds which are basically engaged in investments in fixed income commercial paper in the U.S. market.

## SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 6 – Cash and Cash Equivalents, continued

## 6.3 Information on cash and cash equivalents by currency

As of June 30, 2010, December 31, 2009 and January 1, 2009, cash and cash equivalents in balances of cash on hand, in banks and financial instruments, classified by currency are detailed as follows:

Original currency	6/30/2010 ThUS\$	12/31/2009 ThUS\$	1/1/2009 ThUS\$
Chilean Peso	215,375	259,680	99
US Dollar	164,726	263,207	291,177
Euro	3,068	3,813	7,676
Mexican Peso	102	218	809
South African Rand	2,444	2,586	2,574
Japanese Yen	1,002	823	1,096
Dirham	-	-	176
Peruvian Sol	109	26	175
Argentine Peso	-	1	3
Brazilian Real	68	33	4
Chinese Yuan	28	-	-
Indonesian rupee	5	5	4
Pound sterling	6	2	6
Total	386,933	530,394	303,799

## SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 6 – Cash and Cash Equivalents, continued

6.4 Amount of significant restricted (unavailable) cash balances

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

As of June 30, 2010, December 31, 2009 and January 1, 2009, the Company has no significant cash balances with any type of restriction.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 6 – Cash and Cash Equivalents, continued

## 6.5 Detail of time deposits

The detail of cash and cash equivalents in time deposits at each period-end is as follows:

Owner of the deposit	Type of deposit	Original Currency	Interest rate	Placement date	Expiration date	Interest				
						Principal	accrued	6/30/2010	12/31/2009	1/1/2010
ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
o Crédito e	Fixed term	Chilean peso	0.09	4-22-2010	7-23-2010	38,169	79	38,248	71,846	11
siones	Fixed term	Chilean peso	0.10	4-28-2010	8-28-2010	19,354	40	19,394	-	
o Crédito e	Fixed term	Chilean peso	0.11	6-8-2010	9-8-2010	8,574	7	8,581	-	
siones	Fixed term	UF	4.00	3-30-2010	7-19-2010	15,111	-	15,111	-	
o Crédito e	Fixed term	UF	4.00	3-30-2010	7-27-2010	5,667	-	5,667	-	
siones	Fixed term	UF	4.00	3-30-2010	7-28-2010	1,366	-	1,366	-	
o de Chile	Fixed term	Chilean peso	0.11	6-17-2010	7-22-2010	14,747	7	14,754	107,862	10
o de Chile	Fixed term	Chilean peso	0.12	6-16-2010	8-11-2010	11,717	7	11,724	-	
o de Chile	Fixed term	U.S. dollar	1.05	6-29-2010	8-2-2010	20,011	-	20,011	-	
nder-Santiago	Fixed term	Chilean peso	0.10	4-26-2010	8-24-2010	19,011	41	19,052	89,137	44
nder-Santiago	Fixed term	Chilean peso	0.10	4-26-2010	8-24-2010	9,787	21	9,808	-	
nder-Santiago	Fixed term	Chilean peso	0.10	4-27-2010	8-25-2010	19,074	41	19,115	-	
nder-Santiago	Fixed term	U.S. dollar	0.70	5-20-2010	7-2-2010	2,700	2	2,702	-	
nder-Santiago	Fixed term	U.S. dollar	0.70	5-20-2010	7-2-2010	1,100	1	1,101	-	
ank New York	Overnight	U.S. dollar	0.03	6-30-2010	7-1-2010	188	-	188	2,122	
siones	Fixed term	Chilean peso	0.09	4-7-2010	7-6-2010	8,182	21	8,203	50,468	20
panca	Fixed term	Chilean peso	0.11	4-22-2010	8-20-2010	19,066	48	19,114	-	
panca	Fixed term	Chilean peso	0.14	2-22-2010	8-23-2010	14,022	92	14,114	-	
A	Fixed term	Chilean peso	0.06	6-7-2010	7-6-2010	10,582	5	10,587	-	
A	Fixed term	U.S. dollar	1.00	4-19-2010	7-9-2010	15,321	31	15,352	-	16
o ITAU	Fixed term	U.S. dollar	1.05	6-24-2010	8-4-2010	5,009	1	5,010	-	9
Bank	Fixed term	Rupee	-	12-31-2009	12-31-2010	8	-	8	-	
C Bank Chile	-	-	-	-	-	-	-	-	-	5
che Bank Chile	-	-	-	-	-	-	-	-	15,000	
								259,210	336,435	116

SQM

Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 7. Inventories

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

Class of inventories	6/30/2010 ThUS\$	12/31/2009 ThUS\$	1/1/2009 ThUS\$
Raw materials	4,704	6,491	11,144
Supplies for production	18,474	15,617	19,275
Products-in-progress	277,746	287,712	189,555
Finished products	317,147	320,943	320,903
Total	618,071	630,763	540,877

Inventory provisions recognized as of June 30, 2010 amount to ThUS\$62,268 as of December 31, 2009 amounted to ThUS\$65,298, and as of January 1, 2009 amounted to ThUS\$43,686. Provisions have been made based on a technical study which covers the different variables which affect products in stock (density, humidity, among others.) Additionally, provisions have been recognized for goodwill in the sale of products and inventory difference.

The breakdown of these provisions is as follows:

Class of inventory	6/30/2010 ThUS\$	12/31/2009 ThUS\$	1/01/2009 ThUS\$
Supplies for production	2,031	1,580	1,900
Products-in-progress	37,464	41,952	28,100
Finished products	22,773	22,396	13,686
Total	62,268	65,928	43,686

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

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com



Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 8. Information for disclosure on related parties

8.1 Information for disclosure on related parties

Balances pending at year-end are not guaranteed, accrue no interest and are settled in cash. No guarantees have been delivered or received for trade and other receivables due from related parties or trade and other payables due to related parties. For the period ended June 30, 2010, the Group has not recorded any impairment in receivables related to amounts owed by related parties. This evaluation is conducted every year through an examination of the financial position of the related party in the market in which it operates.

8.2 Relationships between the parent company and the entity

According to that provided in the by-laws of SQM S.A., no shareholder can concentrate more than 32% of the Company's voting right capital.

Sociedad de Inversiones Pampa Calichera S.A. and Global Mining Investments (Chile) S.A. and collectively, the Pampa Group, are the owners of a number of shares which is equivalent to 29.02% of the current total amount of shares issued, subscribed and paid of SQM S.A. In addition, Kowa Company Ltd., Inversiones La Esperanza (Chile) Limitada, Kochi S.A. and La Esperanza Delaware Corporation, collectively Kowa Group, are the owners of a number of shares equivalent to 2.08% of the total amount of shares issued, subscribed and paid of SQM S.A.

The Pampa Group and the Kowa Group have informed SQM S.A., the Chilean SVS and the pertinent stock exchanges in Chile and abroad that they are not and have never been related parties between them. In addition, this is regardless of the fact that both Groups on December 21, 2006 have subscribed a joint venture agreement with respect to those shares. Consequently, the Pampa Group, by itself, does not concentrate more than 32% of voting right capital of SQM S.A. and the Kowa Group does not concentrate by itself more than 32% of voting right capital of SQM S.A.

Likewise, the joint venture agreement has not transformed the Pampa Group and the Kowa Group in related companies between them. The joint venture agreement has only transformed the current controller of SQM S.A. composed of the Pampa Group and the Kowa Group into related parties of SQM S.A.

SQM  
Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 8. Information for disclosure on related parties, continued

## Detail of effective concentration

Taxpayer ID	Company name	Ownership percentage %
96.511.530-7	Sociedad de Inversiones Pampa Calichera S.A.	25.30
96.863.960-9	Global Mining Investments (Chile) S.A.	3.77
Total Pampa Group		29.07
79.798.650-k	Inversiones la Esperanza (Chile) Ltda.	1.40
59.046.730-8	Kowa Co Ltd.	0.30
96.518.570-4	Kochi S.A.	0.29
59.023.690-k	La Esperanza Delaware Corporation	0.09
Total Kowa Group		2.08

## 8.3 Intermediate parent company and companies controlled by SQM S.A. which publicly issue financial statements

The following intermediate parent companies prepare public financial statements:

Soquimich Comercial S.A.

## 8.4 Detailed identification of the link between the parent company and the subsidiary as of June 30, 2010 and December 31, 2009

Subsidiary	Participation percentage in subsidiary As of June 30, 2010		
	Direct %	Indirect %	Total %
Comercial Hydro S.A.	0.0000	60.3820	60.3820
SQM Potasio S.A.	99.9974	0.0000	99.9974
SQM Nitratos S.A.	99.9999	0.0001	100.0000
Ajay SQM Chile S.A.	51.0000	0.0000	51.0000
SQMC Internacional Ltda.	0.0000	60.6382	60.6382
SQM Industrial S.A.	99.9954	0.0046	100.0000
Isapre Norte Grande Ltda.	1.0000	99.0000	100.0000
Almacenes y Depósitos Ltda.	1.0000	99.0000	100.0000
Serv. Integrales de Tránsitos y Transferencias S.A.	0.0003	99.9997	100.0000
Soquimich Comercial S.A.	0.0000	60.6383	60.6383
SQM Salar S.A.	18.1800	81.8200	100.0000
Minera Nueva Victoria S.A.	99.0000	1.0000	100.0000
Proinsa Ltda.	0.0000	60.5800	60.5800
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	0.0000	100.0000	100.0000
Exploraciones Mineras S.A.	0.2691	99.7309	100.0000
Nitratos Naturais Do Chile Ltda.	0.0000	100.0000	100.0000
Nitrate Corporation of Chile Ltd.	0.0000	100.0000	100.0000
SQM North America Corporation.	40.0000	60.0000	100.0000

SQM Europe N.V.	0.8600	99.1400	100.0000
Soquimich SRL Argentina	0.0000	100.0000	100.0000
Soquimich European Holding B.V.	0.0000	100.0000	100.0000
SQM Corporation N.V.	0.0001	99.9999	100.0000

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 8. Information for disclosure on related parties, continued

## 8.4 Detailed identification of the link between the parent company and the subsidiary as of June 30, 2010 and December 31, 2009, continued

Subsidiary	Participation percentage in subsidiary As of June 30, 2010		
	Direct %	Indirect %	Total %
SQI Corporation N.V.	0.0159	99.9841	100.0000
SQM Comercial de México S.A. de C.V.	1.0000	99.0000	100.0000
North American Trading Co.	0.0000	100.0000	100.0000
Administración y Servicios Santiago S.A. de C.V.	0.0200	99.9800	100.0000
SQM Peru S.A.	0.9800	99.0200	100.0000
SQM Ecuador S.A.	0.0040	99.9960	100.0000
SQM Nitratos México S.A.	0.0000	51.0000	51.0000
SQMC Holding Corporation L.L.P.	0.1000	99.9000	100.0000
SQM Investment Corporation N.V.	1.0000	99.0000	100.0000
SQM Brasil Limitada.	2.7900	97.2100	100.0000
SQM France S.A.	0.0000	100.0000	100.0000
SQM Japan Co Ltd.	1.0000	99.0000	100.0000
Royal Seed Trading A.V.V.	1.6700	98.3300	100.0000
SQM Oceania Pty Limited	0.0000	100.0000	100.0000
Rs Agro Chemical Trading A.V.V.	98.3300	1.6700	100.0000
SQM Indonesia S.A.	0.0000	80.0000	80.0000
SQM Virginia L.L.C.	0.0000	100.0000	100.0000
SQM Venezuela S.A.	0.0000	100.0000	100.0000
SQM Italia SRL	0.0000	100.0000	100.0000
Comercial Caiman Internacional S.A.	0.0000	100.0000	100.0000
SQM Africa Pty. Ltd.	0.0000	100.0000	100.0000
SQM Lithium Specialties LLP.	0.0000	100.0000	100.0000
Fertilizantes Naturales S.A.	0.0000	66.6700	66.6700
Iodine Minera B.V.	0.0000	100.0000	100.0000
SQM Agro India Pvt. Ltd.	0.0000	100.0000	100.0000
SQM Beijing Comercial Co. Ltd.	0.0000	100.0000	100.0000

## 8.5

## Detail of related parties and transactions with related parties

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

Expiration conditions for each case vary by virtue of the transaction which generated them.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 8. Information for disclosure on related parties, continued

## 8.5 Detailed identification of the link between the parent company and the subsidiary as of June 30, 2010 and December 31, 2009, continued

Taxpayer ID	Company	Relationship	Original country	Transaction description	6/30/2010 ThUS\$	6/30/2009 ThUS\$
Foreign	Doktor Tarsa Tarim Sanayi As	Associate	Turkey	Sale of products	8,958	2,416
Foreign	Ajay Europe S.A.R.L.	Associate	France	Sale of products	12,078	3,726
Foreign	Ajay Europe S.A.R.L.	Associate	France	Finance income	-	5
Foreign	Ajay North America LLC	Associate	United States	Sale of products	17,629	6,277
Foreign	Ajay North America LLC	Associate	United States	Dividends	37	308
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	Sale of products	6,940	1,741
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	Finance income	-	54
Foreign	Kowa Company Ltd.	Entity with joint control	Japan	Sale of products	43,361	27,366
Foreign	NU3 B.V.	Associate	The Netherlands	Sale of products	7,705	6,021
Foreign	NU3 B.V.	Associate	The Netherlands	Sale of products	53	52
Foreign	NU3 N.V.	Associate	Belgium	Sale of products	7,750	6,474
Foreign	Nitrissi Holding N.V.	Associate	Belgium	Finance income	-	25
77.557.430-5	Sales de Magnesio Ltda.	Associate	Chile	Sale of products	-	406
77.557.430-5	Sales de Magnesio Ltda.	Associate	Chile	Dividends	-	385
78.062.420-5	Minera Saskatchewan Ltda.	Entity with joint control	Chile	Sale of products	-	19,400

## SQM

Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 8. Information for disclosure on related parties, continued

## 8.6 Trade and other receivables due from related parties, current:

Taxpayer ID	Company	Currency	6/30/2010 ThUS\$	12/31/2009 ThUS\$	1/1/2009 ThUS\$
77.557.430-5	Sales de Magnesio Ltda.	U.S. dollar	556	292	143
96.511.530-7	Soc.de Inversiones Pampa Calichera	U.S. dollar	8	8	8
78.062.420-5	Minera Saskatchewan Ltda.	U.S. dollar	-	32,588	-
Foreign	Doktor Tarsa Tarim Sanayi AS	U.S. dollar	1,309	7,304	13.641
Foreign	Nutrisi Holding N.V.	Euro	1,490	1,741	1.702
Foreign	Ajay Europe S.A.R. L.	U.S. dollar	4,177	1,492	4.061
Foreign	Ajay North America LLC.	U.S. dollar	3,735	2,914	2.520
Foreign	Abu Dhabi Fertilizer Industries WWL	U.S. dollar	4,813	3,546	6.579
Foreign	NU3 B.V.	Euro	1,973	1,883	772
Foreign	Misr Specialty Fertilizers	U.S. dollar	2	289	632
Foreign	Kowa Company Ltd.	U.S. dollar	21,747	15,764	18.170
Foreign	SQM Thailand Co. Ltd.	U.S. dollar	895	835	-
Foreign	SQM Agro India	U.S. dollar	-	-	595
Foreign	SQM East Med Turkey	U.S. dollar	-	-	1.075
Foreign	NU3 N.V.	Euro	-	-	1.129
Total to the present date			40,705	68,656	51,027

## 8.7 Trade and other receivables due from related parties, non-current:

Taxpayer ID	Company	Currency	6/30/2010 ThUS\$	12/31/2009 ThUS\$	1/1/2009 ThUS\$
Foreign	Abu Dhabi Fertilizer Industries WWL a.	U.S. dollar	-	-	2,000
Total to the present date			-	-	2,000

## SQM

Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 8. Information for disclosure on related parties, continued

## 8.8 Trade and other payables due to related parties, current:

Taxpayer ID	Company	Currency	6/30/2010 ThUS\$	12/31/2009 ThUS\$	1/1/2009 ThUS\$
79.049.778-9	Callegari Agrícola S.A.	Chilean peso	-	234	-
Foreign	NU3 N.V.	U.S. dollar	636	94	-
Foreign	SQM Vitas	United Arab Emirates dirham	2,431	2,883	-
Foreign	Coromandel Fertilizers Limited	Indian rupee	535	681	-
Foreign	SQM Thailand Co. Ltd.	Euro	-	-	178
Total to the present date			3,602	3,892	178

## 8.9 Board of Directors and Senior Management

## 1) Board of Directors

SQM S.A. is managed by a Board of Directors which is composed of eight regular directors who are elected for a three-year period. The present Board of Directors was elected by the shareholders at the Ordinary Shareholders' Meeting of April 30, 2008.

As of June 30, 2010, the Company has an Audit Committee which is composed of three members of the Board of Directors. This Committee performs those duties provided in Article 50 bis of Law No. 18,046.

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

SQM  
Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
www.sqm.com



Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 8. Information for disclosure on related parties, continued

2) Directors' Compensation

2.1 2010

2.1.1 Board of Directors

Director's compensation is detailed as follows:

- a) A payment of a monthly fixed gross amount of UF 300 in favor of SQM Chairman and UF 50 in favor of the seven remaining board members regardless of their attendance to Board meetings or the number of meetings to which they attend.
- b) A payment in domestic currency and in favor of the Chairman of the Board of Directors consisting in variable and gross amount equivalent to 0.35% of total profit for the period which SQM S.A. effectively obtains during fiscal year 2010.
- c) A payment in domestic currency in favor of each Company's directors excluding the Chairman of the Board, consisting of variable and gross amount equivalent to 0.04% of the total profit for the period which SQM S.A. effectively obtain during fiscal year 2010.
- d) Fixed and variable amounts indicated will not be subject to any charge between them and those expressed in percentage will be paid immediately after the shareholders at the respective Annual General Shareholders' Meeting of SQM approve the statement of financial position (balance sheet), the financial statements, the annual report, the report by the account inspectors and the report of external auditors for the commercial year ending December 31, 2010.

2.1.2 Audit Committee

The remuneration of the Audit Committee is detailed as follows:

- a) A payment of a monthly, fixed and gross amount of UF 17 in favor of each of the 3 Directors who are a part of the Company's Audit Committee regardless of the number of meetings which are conducted during the respective month.
- b) A payment in domestic currency and in favor of each of the 3 Directors of a variable and gross amount equivalent to 0.013% of the Company's total profit for the period, which SQM S.A. effectively obtains during fiscal year 2010.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com



Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 8. Information for disclosure on related parties, continued

2.2 2009

2.2.1 Directors' Compensation and Committee

During 2009, the Company has paid to its directors an annual amount of UF 300 to the Chairman and UF 50 to each of the seven remaining board members regardless of attendance to Board meetings or the number of meetings to which they attended.

In addition, the directors have received variable remuneration consistent in 0.5% of net revenue of 2008 for the Chairman and 0.5% of net revenue for 2008 divided in equal parts for each of the seven remaining board members.

Therefore, remuneration and profit share paid to the members of the Audit Committee and the directors during 2009 amount to ThUS\$6,507.

In April 2009, at the General Ordinary Shareholders' Meeting of SQM S.A. the shareholders agreed to change the percentages of variable benefit for 2009; i.e., to 0.35% of net income for 2009 for the Chairman and 0.04% of net revenue for 2009 to each of the remaining seven directors.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 8. Information for disclosure on related parties, continued

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

4) Senior Management remuneration

As of June 30, 2010, the overall remuneration paid to the 105 main executives amounts to ThUS\$15,893. (ThUS\$25,559 as of December 31, 2009.) This includes monthly fixed remuneration, variable performance bonuses, corporate results over results obtained in the prior year and long-term compensation.

The Company's executives perform their duties in the different areas and their jobs positions are: General Manager, Vice-President of Commerce, Finance and Development, Vice-President of Legal Affairs, Vice-President of Sustainable Development, Vice-President of Human Resources and Corporate Affairs and Vice-President of Operations (Nueva Victoria, Saltpeter Deposit - Iodine and Saltpeter Deposit - Lithium.)

5) Incentive plans for the main executives and managers

SQM S.A. for its executives has defined annual bonus plans related to goal achievement and level of individual contribution to the Company's income. These incentives are structured in a minimum and maximum of gross remuneration which are paid once a year or every two years.

Additionally, the Company has retention bonuses for the Company's executives. The amount of these bonuses is linked to the price of the Company's share and is payable in cash between 2010 and 2011.

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

7) The Company's Managers and Directors do not receive or have not received any benefit during the second quarter ended as of June 30, 2010 or retribution for the concept of pensions, life insurance, paid time off, profit sharing, incentives, benefits due to disability other than those mentioned in the preceding numbers

8) In accordance with IAS No. 24 paragraph 9, letter f) we must inform that our Director Wolf Von Appen B. is a part of the Ultramar Group. As of June 30, 2010, the amount of operations with this Group is approximately ThUS\$367.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 9. Financial Instruments

In accordance with IAS 39, financial assets are detailed as follows:

## 9.1 Classes of other financial assets

Classes of other financial assets	6/30/2010 ThUS\$	12/31/2009 ThUS\$	1/1/2009 ThUS\$
Other current financial assets (1)	122,739	15,045	20,121
Derivative instruments (2)	12,618	9,153	1,599
Hedging assets. current	24,168	51,339	-
Total other current financial assets	159,525	75,537	21,720
Other non-current financial assets (3)	106	113	101

(1) Relates to a time deposit with Banco Santander and Banco BCI which expires in more than 90 days.

(2) Relate to forwards and options which were not classified as hedging instruments.

(3) Relate to guarantees delivered for the lease of offices and investments in Sociedad Garantizadora de Pensiones (ownership of 3%.)

## 9.2 Trade and other receivables

## a) Trade and other receivables, net:

Description of the class of trade and other receivables. net:	6/30/2010 ThUS\$	12/31/2009 ThUS\$	1/1/2009 ThUS\$
Trade and other receivables current, net	379,983	325,823	334,791
Trade receivables	351,609	309,765	328,044
Other receivables	28,374	16,058	6,747
Trade and other receivables non-current, net	3,718	4,208	766
Other receivables	3,718	4,208	766
Total	383,701	330,031	335,557

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com



## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 9. Financial Instruments, continued

## b) Trade and other receivables. gross:

Classes of trade and other receivables. gross	6/30/2010 ThUS\$	12/31/2009 ThUS\$	1/1/2009 ThUS\$
Trade and other receivables current, gross	398,429	342,906	348,066
Trade receivables	368,600	326,192	339,932
Other receivables	29,829	16,714	8,134
Trade and other receivables non-current, gross	3,718	4,209	766
Other receivables	3,718	4,209	766
Total to the present date	402,147	347,115	348,832

## c) Detail of financial assets past due and not paid but not impaired

Financial assets past due. not paid but not impaired are composed of the following: Trade and other receivables as of June 30. 2010 and December 31. 2009.

Financial assets	Balances as of June 30, 2010				
	Expiring in less than three months	Expiring between three and six months	Expiring between six and twelve months	Expiring in more than twelve months	Total ThUS\$
Trade and other receivables	77,335	33,600	-	12,921	123,856
Total	77,335	33,600	-	12,921	123,856

Financial assets	Balances as of December 31, 2009				
	Expiring in less than three months	Expiring between three and six months	Expiring between six and twelve months	Expiring in more than twelve months	Total ThUS\$
Trade and other receivables	36,956	7,107	713	6,370	51,146
Total	36,956	7,107	713	6,370	51,146

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com





## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 9. Financial Instruments, continued

## d) Detail of impaired financial assets

At the end of each period, the financial assets included in trade and other receivables have been subject to value impairment tests and there are indications of impairment in the value of these.

The Company and its subsidiaries record an allowance for doubtful accounts when in the Company's management's opinion, all collection means have been depleted or there are certain doubts as to the recovery of trade and other receivables.

Financial assets	6/30/2010 ThUS\$	12/31/2009 ThUS\$	1/1/2009 ThUS\$
Trade and other receivables	(18,446)	(17,083)	(13,279)
Balance	(18,446)	(17,083)	(13,279)

Reconciliation of variations in the allowance for impairment of trade and other receivables.

	6/30/2010 ThUS\$	12/31/2009 ThUS\$	1/1/2009 ThUS\$
Opening balance	17,083	13,279	10,649
Impairment for the period	921	3,716	4,700
Write-offs	(60)	(199)	(1,042)
Exchange difference	502	1,214	(855)
Other	-	(927)	(173)
Total	18,446	17,083	13,279

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## 9.3

## Current hedging assets

The balance relates to financial instruments measured at fair value, which have been classified as foreign currency translation hedging and interest rate hedges associated with all the Company's obligations related to bonds payable in Chilean pesos and in UF. As of June 30, 2010, the face value of cross currency swap contracts amounted to ThUS\$413,183, as of December 31, 2009 amounted to ThUS\$415,749, as of June 30, 2009 amounted to ThUS\$357.894 and as of January 1, 2009 amounted to ThUS\$ 113,025.

Hedging assets. current	Derivative instruments (CCS) ThUS\$	Effect on profit or loss for the period. Derivative Instruments ThUS\$	Hedging reserve in equity. gross ThUS\$	Deferred income Hedging reserve in equity ThUS\$	Hedging reserve in equity ThUS\$
June 30, 2010	24,168	(31,315)	5,062	(860)	4,202
June 30, 2009	42,247	40,279	1,719	(293)	1,426

Hedging assets. current	Derivative instruments (CCS) ThUS\$	Effect on profit or loss for the period. Derivative Instruments ThUS\$	Hedging reserve in equity. gross ThUS\$	Deferred income Hedging reserve in equity ThUS\$	Hedging reserve in equity ThUS\$
December 31, 2009	51,339	68,533	9,619	(1,635)	7,984

Balances in the column, Effects on profit or loss consider the annual affects of contracts which were in force as of June 30, 2010, December 31, 2009, June 30, 2009 and January 1, 2009.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 9. Financial Instruments, continued

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

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

## 9.4 Financial liabilities

As of June 30, 2010, December 31, 2009 and January 1, 2009, financial liabilities are detailed as follows:

Classes of interest-bearing (accruing) loans	6/30/2010 ThUS\$	12/31/2009 ThUS\$	1/1/2009 ThUS\$
<b>Current interest-bearing loans</b>			
Bank loans (a)	65,510	220,756	133,587
Derivative instruments (9.6)	1,252	4,232	7,158
Current hedging liabilities	-	-	11,031
Unsecured obligations (b)	16,000	43,867	7,344
<b>Total</b>	<b>82,762</b>	<b>268,855</b>	<b>159,120</b>
<b>Non-current interest-bearing loans</b>			
Bank loans (c)	219,968	363,808	229,680
Unsecured obligations (d)	874,442	660,542	281,662
<b>Total</b>	<b>1,094,410</b>	<b>1,024,350</b>	<b>511,342</b>

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 9. Financial instruments, continued

## a) Current bank loans:

As of June 30, 2010, December 31, 2009 and January 1, 2009, the breakdown of this caption is as follows:

Debtor				Creditor			Type of currency or adjustment index	Type of repayment	Effective rate	Nominal rate	June 30, 2010 Current maturity Between 91 days and 1 year	Up to 90 days	ThUS\$	ThUS\$
er ID	Subsidiary	Country	Taxpayer ID	Financial institution	Country									
00-0	SQM Industrial S.A.	Chile	97.951.000-4	HSBC Bank Chile	Chile	US\$		Expiration date	0.95%	0.95%	14,549	-		
00-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	US\$		Expiration date	3.71%	3.71%	206	20,000		
00-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	US\$		Expiration date	3.72%	3.72%	102	10,000		
00-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	US\$		Expiration date	2.61%	2.61%	-	628		
00-9	SQM S.A.	Chile	Foreign	BBVA Banco Bilbao Vizcaya Argentaria	Chile	US\$		Expiration date	0.50%	0.50%	20,000	-		
	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	ING Capital LLC	United States	US\$		Expiration date	1.31%	1.11%	-	82		
	Fertilizantes Naturales S.A.	Spain	Foreign	Other banks	Spain	Euro		Expiration date	-	-	-	20		
											34,857	30,730		
ng costs											-	(77)		
											34,857	30,653		

SQM  
Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 9. Financial instruments, continued

Debtor	Creditor			Type of currency or adjustment index	Type of repayment	Effective rate	Nominal rate	Up to 90 days ThUS\$	December Current Betw day y Th
Subsidiary	Country	Taxpayer ID	Financial institution	Country					
M Industrial	Chile	97.951.000-4	HSBC Bank Chile	Chile	US\$	Expiration date	4.74%	4.74%	15,090
M S.A.	Chile	Foreign	Banco Estado NY	United States	US\$	Expiration date	2.68%	2.68%	-
M S.A.	Chile	97.030.000-7	Banco Estado	Chile	US\$	Expiration date	4.66%	4.66%	20,813
M S.A.	Chile	Foreign	Banco Estado NY	United States	US\$	Expiration date	3.98%	3.98%	223
M S.A.	Chile	Foreign	Banco Estado NY	United States	US\$	Expiration date	3.98%	3.98%	109
M S.A.	Chile	97.032.000-8	BBVA Chile	Chile	US\$	Expiration date	4.51%	4.51%	20,762
M S.A.	Chile	97.032.000-8	BBVA Chile	Chile	US\$	Expiration date	4.46%	4.46%	10,376
M S.A.	Chile	Foreign	Caja de ahorro y Monte de Piedad	United States	US\$	Expiration date	3.08%	2.56%	43
al Seed ding poration .V..	Aruba	Foreign	BBVA Banco Bilbao Vizcaya Argentaria	United States	US\$	Expiration date	1.22%	0.69%	100,053
al Seed ding poration .V..	Aruba	Foreign	ING Capital LLC	United States	US\$	Expiration date	0.95%	0.80%	-
vestment poration .V..	Dutch Antilles	Foreign	Export Development Canada	United States	US\$	Expiration date	2.47%	1.93%	-
ilizantes urales	Spain	Foreign	Other banks	Spain	Euro	Expiration date	-	-	-
									167,469
									(653)
									166,816

SQM  
Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
www.sqm.com



## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 9. Financial instruments, continued

or subsidiary	Creditor				Type of currency or adjustment index	Type of repayment	Effective rate	Nominal rate	Up to 90 days ThUS\$	Current balance
	Country	Taxpayer ID	Financial institution	Country						
trial	Chile	97.006.000-6	Banco Crédito e Inversiones	Chile	US\$	Expiration date	10.12%	10.12%	15,346	
S.A.	Chile	97.006.000-6	Banco Crédito e Inversiones	Chile	US\$	Expiration date	6.00%	6.00%	-	
S.A.	Chile	Foreign	JP Morgan Chase Bank	United States	US\$	Expiration date	6.63%	6.63%	-	
S.A.	Chile	97.006.000-6	Banco Crédito e Inversiones	Chile	US\$	Expiration date	6.12%	6.12%	-	
S.A.	Chile	97.032000-8	BBVA Chile	Chile	US\$	Expiration date	4.62%	4.62%	10,021	
S.A.	Chile	97.032000-8	BBVA Chile	Chile	US\$	Expiration date	7.87%	7.87%	10,166	
S.A.	Chile	97.032000-8	BBVA Chile	Chile	US\$	Expiration date	8.00%	8.00%	20,338	
Salar	Chile	97.036.000-K	Banco Santander Santiago	Chile	US\$	Expiration date	6.25%	6.25%	-	
Salar	Chile	97.036.000-K	Banco Santander Santiago	Chile	US\$	Expiration date	6.02%	6.02%	10,037	
Salar	Chile	97.951.000-4	HSBC Bank Chile	Chile	US\$	Expiration date	7.80%	7.80%	-	
Seed ng operation V.	Aruba	Foreign	Banco Bilbao Vizcaya Argentaria	United States	US\$	Expiration date	3.01%	2.63%	204	
Seed ng operation V.	Aruba	Foreign	ING Capital LLC	United States	US\$	Expiration date	3.19%	2.93%	-	
ment operation	Dutch Antilles United	Foreign	Export Development Canada	United States	US\$	Expiration date	3.73%	3.33%	-	
Dubai o zantes ales	Arab Emirates	Foreign	HSBC Bank Middle East Ltd.	United Arab Emirates	Dirham	Expiration date	-	-	21	
	Spain	Foreign	Other banks	Spain	Euro	Expiration date	-	-	-	

66,133

SQM  
Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)



## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 9. Financial instruments, continued

## b) Unsecured obligations, current:

As of June 30, 2010, December 31, 2009 and January 1, 2009, the breakdown of the caption Unsecured current interest-bearing obligations is as follows:

## Promissory notes

ID or registration No. of the instrument	Series	Adjustment unit	Face value	Expiration date of the note of line of credit	Interest rate	Carrying value ThUS\$		
						6/30/2010	12/31/2009	1/1/2009
47	1-B	Ch\$	15,000,000,000	17-03-2010	3.6%	-	29,363	-
Total						-	29,363	-

On March 17, 2010, the promissory note No. 47 series 1-B Capital of ThUS\$29,040 was paid.

## Bonds

Country	Placement in Chile or abroad	No. of registration or ID of the instrument	Series	Placed face outstanding value	Adjustmen unit	Effective rate	Nominal rate	Payment of interest	Periodicity Amortization	Up to 90 days MUS\$	6/ Current e Be d
U.S.A	Chile	Abroad	Single	-	US\$	6.79%	6.13%	Semi-annual	Expiration date	-	-
U.S.A	Chile	Chile	446	C	150,000	UF	6.63%	4.00%	Semi-annual	Semi-annual	-
Semi-annual beginning											
U.S.A	Chile	Chile	564	H	-	UF	6.43%	4.9%	2019	Semi-annual	3,649
U.S.A	Chile	Chile	563	G	-	\$	6.19%	7.00%	Semi-annual	Expiration date	1,284
U.S.A	Chile	Chile	563	I	-	UF	5.88%	3.00%	Semi-annual	Expiration date	-
U.S.A	Chile	Chile	563	J	-	\$	5.37%	5.50%	Semi-annual	Expiration date	-
U.S.A	Chile	Abroad	Single	-	US\$	5.92%	5.50%	Semi-annual	Expiration date	-	-
Total											4,933
Bond issuance costs											(269)
Total											4.664

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

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 9. Financial instruments, continued

Primary	Country	Placement in Chile or abroad	No. of registration or ID of the instrument	Series	Placed face outstanding value	Adjustmen unit	Effective rate	Nominal rate	Payment of interest	Periodicity Amortization	Up to 90 days ThUS\$	Current E c
S.A	Chile	Abroad		Single	-	US\$	6.79%	6.13%	Semi-annual	Expiration date	-	1
S.A	Chile	Chile	446	C	150.000	UF	6.63%	4.00%	Semi-annual	Semi-annual	-	
S.A	Chile	Chile	564	H	-	UF	6.43%	4.9%	Semi-annual	Semi-annual	3,891	
S.A	Chile	Chile	563	G	-	\$	6.19%	7.00%	Semi-annual	Expiration date	1,386	
S.A	Chile	Chile	563	I	-	UF	5.88%	3.00%	Semi-annual	Expiration date	461	
S.A	Chile	Chile	563	J	-	\$	5.37%	5.50%	Semi-annual	Expiration date	1,391	
Total											7.129	
Bond issuance costs											(1.169)	
Total											5.960	

Primary	Country	Placement in Chile or abroad	No. of registration or ID of the instrument	Series	Placed face outstanding value	Adjustment unit	Effective rate	Nominal rate	Payment of interest	Periodicity Amortization	Up to 90 days ThUS\$	Current
A	Chile	Abroad		Single	-	US\$	6.79%	6.13%	Semi-annual	Expiration date	-	
A	Chile	Chile	446	C	150,000	UF	6.63%	4.00%	Semi-annual	Semi-annual	-	
Total											-	
Bond issuance costs											-	
Total											-	

SQM  
 Los Militares 4290.  
 Las Condes. Santiago. Chile  
 Tel: (56 2) 425 2000  
 www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 9. Financial instruments, continued

## c) Classes of non-current interest-bearing loans

The detail of non-current interest-bearing loans as of June 30, 2010, December 31, 2009 and January 1, 2009 is as follows:

## Non-current interest-bearing bank loans

			Creditor		Currency or adjustment unit	Amortization period	Effective rate	Nominal rate	1 y T
ary	Country	Taxpayer ID	Financial institution	Country					
	Chile	Foreign	Banco Estado NY Branch	United States	US\$	Expiration date	2.61%	2.61%	
orporation A.V.V.	Aruba	Foreign	ING Capital LLC	United States	US\$	Expiration date	1.31%	1.11%	8
									8
									7

			Creditor		Currency or adjustment unit	Amortization period	Effective rate	Nomin rate	
	Country	Taxpayer ID	Financial institution	Country					
	Chile	Foreign	Banco Estado NY Branch	United States	US\$	Expiration date	2.68%	2.6	
	Chile	Foreign	Caja de ahorro y Monte de Piedad	United States	US\$	Expiration date	3.08%	2.5	
	Chile	Foreign	Banco Estado NY Branch	United States	US\$	Expiration date	3.98%	3.9	
	Chile	Foreign	Banco Estado NY Branch	United States	US\$	Expiration date	3.98%	3.9	
orporation A.V.V.	Aruba	Foreign	BBVA Bancomer	United States	US\$	Expiration date	4.07%	3.2	
orporation A.V.V.	Aruba	Foreign	ING Capital LLC	United States	US\$	Expiration date	0.95%	0.8	

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 9. Financial instruments, continued

Debtor	Country	Taxpayer ID	Creditor Financial institution	Country	Currency or adjustment unit	Amortization period	Effective rate	Nominal rate	1 to 3 years ThUS\$	1/ Years
Trading A.V.V.	Aruba	Foreign	BBVA Banco Bilbao Vizcaya Argentaria	United States	USD	Expiration date	3.01%	2.63%	100,000	
Trading A.V.V.	Aruba	Foreign	ING Capital LLC	United States	USD	Expiration date	3.19%	2.93%	80,000	
Investment N.V.	Dutch Antilles	Foreign	Export Development Canada	United States	USD	Expiration date	3.73%	3.33%	50,000	
									230,000	
									(320)	
									229,680	

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

The breakdown of non-current unsecured interest-bearing obligations as of June 30, 2010, December 31, 2009 and January 1, 2009 is as follows:

Country	Placement abroad	No. of registration or ID of the instrument	Series	Placed face outstanding value	Adjustment unit	Effective rate	Nominal rate	Payment of interest	Periodicity Amortization	1 to 3 years ThUS\$	Non-current
Chile	Abroad		Single	200,000,000	US\$	6.79%	6.13%	Semi-annual	Expiration date	-	
Chile	Chile	446	C	2,325,000	UF	6.63%	4.00%	Semi-annual	Semi-annual	5,814	
Chile	Chile	564	H	4,000,000	UF	6.43%	4.9%	Semi-annual	Semi-annual	-	
Chile	Chile	563	G	21,000,000,000	Ch\$	6.19%	7.00%	Semi-annual	Expiration date	-	
Chile	Chile	563	I	1,500,000	UF	5.88%	3.00%	Semi-annual	Expiration date	-	
Chile	Chile	563	J	52,000,000,000	Ch\$	5.37%	5.50%	Semi-annual	Expiration date	-	
Chile	Abroad		Single	250,000,000	US\$	5.92%	5.50%	Semi-annual	Expiration date	-	
Total										5,814-	1
Bond issuance costs										(706)	
Total										5,108	1

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 9. Financial instruments, continued

y	Country	Placement in Chile or abroad	No. of registration or ID of the instrument	Series	Placed face outstanding value	Adjustmen unit	Effective rate	Nominal rate	Payment of interest	Periodicity Amortization	1 to 3 years ThUS\$	3 to years ThU
A	Chile	Abroad		Single	200.000.000	US\$	6.79%	6.13%	Semi-annual	Expiration date	-	
A	Chile	Chile	446	C	2.400.000	UF	6.63%	4.00%	Semi-annual	Semi-annual	6,195	6,
A	Chile	Chile	564	H	4.000.000	UF	6.43%	4.9%	Semi-annual	Semi-annual	-	
A	Chile	Chile	563	G	21.000.000.000	\$	6.19%	7.00%	Semi-annual	Expiration date	-	41,
A	Chile	Chile	563	I	1.500.000	UF	5.88%	3.00%	Semi-annual	Expiration date	-	61,
A	Chile	Chile	563	J	52.000.000.000	\$	5.37%	5.50%	Semi-annual	Expiration date		102,
Total											6,195	212,
Bond issuance costs											(731)	(3,
Total											5,464	208,

y	Country	Placement in Chile or abroad	No. of registration or ID of the instrument	Series	Placed face outstanding value	Adjustment unit	Effective rate	Nominal rate	Payment of interest	Periodicity Amortization	1 to 3 years ThUS\$	3 to years ThU
Chile	Abroad		Single		200.000.000	US\$	6.79%	6.13%	Semi-annual	Expiration date	-	
Chile	Chile		446	C	2.550.000	UF	6.63%	4.00%	Semi-annual	Semi-annual	5,056	5
Total											5,056	5
Bond issuance costs											(781)	
Total											4,275	4

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 9. Financial instruments, continued

e) Additional Information

- Bonds

As of June 30, 2010, December 31, 2009 and January 1, 2009, ThUS\$17,916, ThUS\$16,243 and ThUS\$7,930, respectively are presented at short-term related to principal, short-term portion plus interest accrued at that date. In the long-term, the Company presented ThUS\$886,722 as of June 30, 2010, ThUS\$670,221 as of December 31, 2009 and ThUS\$285,940 as of January 1, 2009 related to principal installments of Series C bonds, single series bonds, Series G bonds, Series H bonds, Series J bonds, and Series I bonds.

As of June 30, 2010, December 31, 2009 and January 1, 2009 the detail of each issuance is as follows:

Series "C" bonds

On January 25, 2006, the Company placed Series C bonds for UF 3,000,000 (ThUS\$100,991) at an annual rate of 4.00%

As of June 30, 2010, June 30, 2009, the following cash payments have been made with a debit to Series C bonds:

Payments made	6/30/2010		6/30/2009	
	UF	MUS\$	UF	MUS\$
Principal	75,000.00	2,993	75,000.00	2,787
Interest	50,500.20	2,576	53,470.80	1,987

Single Series Bonds

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

As of June 30, 2010 and June 30, 2009, the following cash payments have been made with a debit to Single Series bonds:

	6/30/2010	6/30/2009
	ThUS\$	ThUS\$
Payments of interest	6,125	6,125

SQM

Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
www.sqm.com



Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 9. Financial instruments, continued

Series “G” and “H” bonds

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

As of June 30, 2010 and June 30, 2009, the following cash payments have been made with a charge to the Series G and H bonds line:

	6/30/2010 ThUS\$	6/30/2009 ThUS\$
Payment of interest for Series “G” bonds	1,424	-
Payment of interest for Series “H” bonds	3,996	-

Series “J” and “I” Bonds

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

As of June 30, 2010 and June 30, 2009 the following cash payments have been made with a debit to Series J and I bonds:

	6/30/2010 ThUS\$	6/30/2009 ThUS\$
Payment of interest for Series “J” bonds	2,681	-
Payment of interest for Series “I” bonds	891	-

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 9. Financial instruments, continued

## Single Series Bonds

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

As of June 30, 2010, there are no payments of interest or principal associated with this bond

## - Commercial papers (promissory notes)

On March 24, 2009, the Company placed promissory notes totaling ThCh\$15,000,000 (ThUS\$25,875) in the Chilean market. These notes are denominated series 2-A, line 46 and mature in 10 years. The maximum amount that can be issued is UF 1,500,000.

On December 15, 2009, the Company paid Series 2-A.

On April 2, 2009, the Company placed promissory notes totaling ThCh\$15,000,000 (ThUS\$25,770) in the Chilean market. These notes are denominated series 1-B, line 47 and mature in 10 years. The maximum amount that can be issued is UF 1,500,000.

Payments made	2010		2009	
	ThCh\$	ThUS\$	ThCh\$	ThUS\$
Principal, Series 2-A	-	-	15,000,000	30,270
Principal, Series 1-B	15,000,000	29,040	-	-

## 9.5

## Trade and other payables

Class of trade and other payables	6/30/2010	12/31/2009	1/1/2009
	ThUS\$	ThUS\$	ThUS\$

## Current trade and other payables

Trade payables	143,585	182,718	109,465
Rentals	293	300	226
Other payables	869	1,177	1,111
Total	144,747	184,195	110,802

## Non-current trade and other payables

Trade payables	-	-	-
Rentals	26	187	398
Total	26	187	398

## SQM

Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 9. Financial instruments, continued

## 9.6 Financial liabilities at fair value through profit or loss

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

Financial liabilities at fair value through profit or loss	6/30/2010 ThUS\$	Effect on profit or loss as of 6/30/2010 ThUS\$	12/31/2009 ThUS\$	Effect on profit or loss as of 12/31/2009 ThUS\$	1/1/2009 ThUS\$
<b>Current</b>					
Derivative instruments (forwards)	910	(910)	3,993	(3,993)	5,029
Derivative instruments (options)	342	(342)	239	(239)	2,129
	1,252	(1,252)	4,232	(4,232)	7,158

Balances in the column effect on profit or loss consider the annual affects of agreements which were in force as of June 30, 2010.

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 9. Financial instruments, continued

9.7 Financial asset and liability categories

	Amount 6/30/2010 ThUS\$	Amount 12/31/2009 ThUS\$	Amount 1/1/2009 ThUS\$
Description of financial assets			
Financial assets at fair value through profit or loss	-	-	-
Financial assets held for trading	-	-	-
Investments held to maturity	159,631	75,650	21,821
Loans and receivables	383,701	330,031	335,557
Financial assets available for sale	-	-	-
Total financial assets	543,332	405,681	357,378
	Amount 6/30/2010 ThUS\$	Amount 12/31/2009 ThUS\$	Amount 1/1/2009 ThUS\$
Description of financial liabilities			
Financial liabilities at fair value through profit or loss	-	-	-
Financial liabilities held for trading	-	-	-
Financial liabilities measured at amortized cost	1,321,945	1,477,587	781,662
Total financial liabilities	1,321,945	1,477,587	781,662

SQM

Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 9. Financial instruments, continued

## 9.8 Financial assets pledged as guarantee

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

On October 15, 2009, SQM Brazil directly provided a guarantee to governmental entities related to legal processes under development which note has been issued by BBVA Bancomer S.A.

As of June 30, 2010 and December 31, 2009, assets pledged as guarantees are as follows:

	6/30/2010 ThUS\$	12/31/2009 ThUS\$
Restricted cash		
Isapre Norte Grande Ltda.	427	446
SQM Brasil Limitada	-	21
Total	427	467

## 9.9 Estimated fair value of financial instruments and derivative financial instruments

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

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

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

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

## SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 9. Financial instruments, continued

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

	6/30/2010		12/31/2009		1/1/2009	
	Carrying value ThUS\$	Fair value ThUS\$	Carrying value ThUS\$	Fair value ThUS\$	Carrying value ThUS\$	Fair value ThUS\$
Cash and cash equivalents	386,933	386,933	530,394	530,394	303,799	303,799
Current trade and other receivables	379,983	379,983	325,823	325,823	334,791	334,791
Other current financial assets:						
- Time deposits	122,739	122,739	15,045	15,045	20,121	20,121
- Derivative instruments	12,618	12,618	9,153	9,153	1,599	1,599
- Current hedging assets	24,168	24,168	51,339	51,339	-	-
Total other current financial assets	159,525	159,525	75,537	75,537	21,720	21,720
Other non-current financial assets:	106	106	113	113	101	101
Other current financial liabilities						
- Bank loans	65,510	65,510	220,756	220,756	133,587	133,587
- Derivative instruments	1,252	1,252	4,232	4,232	7,158	7,158
- Hedging liabilities	-	-	-	-	11,031	11,031
- Unsecured obligations	16,000	16,000	43,867	43,867	7,344	7,344
Total other current financial liabilities	82,762	82,762	268,855	268,855	159,120	159,120
Trade payables	144,747	144,747	184,195	184,195	110,802	110,802
Other non-current financial liabilities:						
- Bank loans	219,968	255,224	363,808	365,489	229,680	229,585
- Unsecured obligations	874,442	1,046,497	660,542	734,618	281,662	346,739
Total other non-current financial liabilities	1,094,410	1,301,721	1,024,350	1,100,107	511,342	576,324

## Fair value hierarchy

In accordance with IFRS 7 paragraph 27 a and b provides the obligation of disclosing the hierarchy level used to determine the value measurement techniques. Fair value hierarchies correspond to:

- Level 1: when only quoted (unadjusted) prices have been used in active markets.
- Level 2: when in a phase in the valuation process variable other than prices quoted in Level 1 have been used which are directly observable in markets.
- Level 3: when in a phase in the valuation process variable which are not based in observable market data have been used.

The valuation techniques used to determine the fair value of our hedging instruments are those indicated in levels 1 and 2.

SQM

Los Militares 4290.

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

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



Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 9 – Financial instruments, continued

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

Note 10. Investments and information for disclosure on Investments in subsidiaries

10.1 Information for disclosure on investments in subsidiaries

a) Operations executed in 2010

On February 2, 2010, the subsidiary SQM Beijing Commercial”, was formed, to which Soquimich Industrial S.A. contributed capital of ThUS\$100 obtaining 100% participation in the capital of that entity.

b) Operations executed in 2009

On July 14, 2009, the subsidiary Comercial Agrorama Callegari Limitada was formed, to which Soquimich Comercial S.A. contributed capital of ThUS\$1,021 obtaining 70% participation in the capital of that entity

On December 17, 2009, Soquimich European Holdings B.V. acquired 51% of SQM Agro India Private Ltda. for ThUS\$50. With this acquisition, it now holds 100% of this entity. The Company conducted the valuation considering the carrying value of equity of SQM Agro India Private Ltda., which does not significantly differ from its fair value determined at that date.

The Parent Company controls all the subsidiaries in which it has more than 50% direct or indirect voting rights.

SQM  
Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 10. Investments and information for disclosure on investments in subsidiaries, continued

Below, we detail the financial information as of June 30, 2010 of those companies on which the Group exerts significant influence.

					6/30/2010						
					Asset			Liability			Profit f
	Country of	Functional	Ownership	Current	Non-	Total	Current	Non-	Total	Ordinary	the period
Subsidiaries	incorporation	currency	%	ThUS\$	current	ThUS\$	ThUS\$	current	ThUS\$	profit	(loss)
					ThUS\$			ThUS\$		ThUS\$	ThUS\$
SQM Nitratos S.A.	Chile	US\$	100	536,262	58,429	594,691	519,569	11,157	530,726	52,929	1,151
Quimsa Ltda.	Chile	US\$	60.58	193	1	194	-	-	-	-	-
SQM Internacional S.A.	Chile	US\$	60.6382	259	-	259	-	-	-	-	-
SQM Potasio S.A.	Chile	US\$	99.9974	103,855	556,780	660,635	1	216,026	216,027	-	44,71
Serv. Integrales de Tránsito y Transf. S.A.	Chile	US\$	100	119,653	56,881	176,534	154,848	3,482	158,330	22,585	5,88
Mapre Norte Grande Ltda.	Chile	US\$	100	479	494	973	486	122	608	1,994	1
May SQM Chile S.A.	Chile	US\$	51	11,553	3,096	14,649	4,710	563	5,273	25,364	61
Almacenes y Depósitos S.A.	Chile	US\$	100	354	44	398	1	-	1	-	(
SQM Salar S.A.	Chile	US\$	100	425,159	586,826	1,011,985	322,677	88,263	410,940	286,793	64,48
Comercial Hydro S.A.	Chile	US\$	60.6382	5,738	311	6,049	19	63	82	86	7
SQM Industrial S.A.	Chile	US\$	100	963,766	568,556	1,532,322	787,972	38,152	826,124	336,676	83,30
Minera Nueva Victoria S.A.	Chile	US\$	100	71,436	53,826	125,262	1,042	2,453	3,495	831	2,10
Exploraciones Mineras S.A.	Chile	US\$	100	402	31,365	31,767	3,687	-	3,687	-	(10
Sociedad Gestadora de Servicios de Salud Cruz del Norte S.A.	Chile	US\$	100	491	95	586	189	285	474	957	(1

Quimich Comercial A.	Chile	US\$	60.6383	157,432	14,263	171,695	69,408	1,335	70,743	44,313	2,09
Programa Allegari da.	Chile	US\$	42.4468	2,636	1,167	3,803	2,421	-	2,421	2,738	(6
SQM North America Corp.	United States	US\$	100	120,764	15,527	136,291	101,382	3,644	105,026	119,719	8,21
S Agro Chemical. Trading V.V.	Aruba	US\$	100	5,229	-	5,229	-	-	-	-	(
Nitratos Naturais do Chile Ltda.	Brazil	US\$	100	56	273	329	4,827	-	4,827	-	10

SQM  
Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 10. Investments and information for disclosure on investments in subsidiaries, continued

Subsidiaries	Country of incorporation	Functional currency	Ownership %	Current ThUS\$	6/30/2010 Asset Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Liability Non-current ThUS\$	Total ThUS\$	Ordinary profit ThUS\$	Profit for the period (loss) ThUS\$
Nitrate Corporation of Chile Ltd.	England	US\$	100	5,076	-	5,076	-	-	-	-	-
SQM Corporation N.V.	Netherlands Antilles	US\$	100	669	66,405	67,074	3,709	-	3,709	-	26,932
SQM Peru S.A.	Peru	US\$	100	23,810	136	23,946	25,020	-	25,020	10,570	(453)
SQM Ecuador S.A.	Ecuador	US\$	100	4,880	76	4,956	4,628	-	4,628	7,023	16
SQM Brazil Ltda.	Brazil	US\$	100	221	52	273	1,104	-	1,104	342	(4)
SQI Corporation NV.	Netherlands Antilles	US\$	100	-	13	13	31	-	31	-	5
SQM Japan Co. Ltd.	Japan	US\$	100	1,190	532	1,722	118	341	459	742	107
SQMC Holding Corporation L.L.P.	United States	US\$	100	1,652	7,298	8,950	470	-	470	-	(371)
SQM Europe N.V.	Belgium	US\$	100	298,787	447	299,234	275,034	-	275,034	410,727	14,354
SQM Italia SRL	Italy	US\$	100	1,265	-	1,265	16	-	16	-	-
SQM Indonesia S.A.	Indonesia	US\$	80	5	-	5	1	-	1	-	-
North American Trading Company	United States	US\$	100	162	145	307	39	-	39	-	-
SQM Virginia LLC	United States	US\$	100	14,834	14,380	29,214	14,834	-	14,834	-	-
SQM Comercial de Mexico S.A. de C.V.	Mexico	US\$	100	55,466	1,396	56,862	57,492	771	58,263	67,937	(2,020)

SQM  
 Los Militares 4290.  
 Las Condes. Santiago. Chile  
 Tel: (56 2) 425 2000  
 www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 10. Investments and information for disclosure on investments in subsidiaries, continued

6/30/2010											
Subsidiaries	Country of incorporation	Functional currency	Ownership %	Current ThUS\$	Asset		Liability		Total ThUS\$	Ordinary profit ThUS\$	Percentage of ownership (ThUS\$)
					Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Non-current ThUS\$			
Investment Corporation	Netherlands Antilles	US\$	100	63,472	604	64,076	37,220	701	37,921	7,545	5,300
Seedling Corporation	Aruba	US\$	100	71,089	32	71,121	96	80,000	80,096	-	(100%)
Lithium Holdings	United States	US\$	100	15,786	3	15,789	1,265	-	1,265	-	-
Chemich Argentina	Argentina	US\$	100	531	-	531	150	-	150	-	-
Chemich Nacional	Panama	US\$	100	662	-	662	1,363	-	1,363	-	-
France	France	US\$	100	345	6	351	114	-	114	-	-
Administración de Cios S.A.	Mexico	US\$	100	101	139	240	765	229	994	1,342	-
Nitratos de Chile S.A.	Mexico	US\$	51	21	1	22	12	-	12	62	-
Chemich Canadian B.V.	Netherlands Antilles	US\$	100	34,470	83,432	117,902	58,279	20	58,299	-	20%
Quintas de Minas S.A.	Spain	US\$	66.67	21,323	-8	21,315	19,989	-	19,989	33,077	-
Minera	Netherlands Antilles	US\$	100	8,334	-	8,334	2	-	2	711	-
Africa	South Africa	US\$	100	47,753	172	47,925	41,416	-	41,416	41,989	-
Quelasa	Venezuela	US\$	100	91	-	91	399	-	399	-	-

Oceania												
1.	Australia	US\$	100	2,180	-	2,180	1,365	-	1,365	766		
Agro												
vt. Ltd.	India	US\$	100	178	3	181	201	-	201	-		
Beijin												
ercial												
d.	China	US\$	100	97	52	149	81	-	81	593		
				3,200,167	2,123,250	5,323,417	2,518,452	447,607	2,966,059	1,478,411	27	

SQM  
 Los Militares 4290.  
 Las Condes. Santiago. Chile  
 Tel: (56 2) 425 2000  
 www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 10. Investments and information for disclosure on investments in subsidiaries, continued

Below, we detail the financial information as of December 31, 2009 of those companies on which the Group exerts significant influence.

Subsidiaries	Country of incorporation	Functional currency	Ownership %	12/31/2009		Total ThUS\$	Current ThUS\$	Liability Non-current ThUS\$	Total ThUS\$	Ordinary profit ThUS\$	Profit for the period (loss) ThUS\$
				Current ThUS\$	Asset Non-current ThUS\$						
SQM Nitratos S.A.	Chile	US\$	100.00	455,452	66,564	522,116	447,246	11,956	459,202	167,562	45,972
Quinsalima Ltda.	Chile	US\$	60.58	209	1	210	-	-	-	-	-
SQM Internacional S.A.	Chile	US\$	60.6382	281	-	281	-	-	-	-	-
SQM Potasio S.A.	Chile	US\$	99.9974	100,257	498,631	598,888	1	198,902	198,903	-	101,711
Serv. Integrales de Tránsito y Transf. S.A.	Chile	US\$	100.00	93,505	56,361	149,866	135,104	2,439	137,543	28,066	38,000
Empre Norte Grande Ltda.	Chile	US\$	100.00	439	521	960	466	119	585	3,780	1,000
SQM Chile S.A.	Chile	US\$	51.00	12,816	3,829	16,645	6,221	1,662	7,883	35,752	72,000
Macenas y Depósitos S.A.	Chile	US\$	100.00	383	46	429	1	-	1	-	-
SQM Salar S.A.	Chile	US\$	100.00	388,082	526,431	914,513	301,143	86,784	387,927	477,878	161,340
Comercial Andro S.A.	Chile	US\$	60.6382	6,105	365	6,470	44	66	110	69	25,000
SQM Industrial S.A.	Chile	US\$	100.00	844,030	537,981	1,382,011	728,276	30,582	758,858	628,703	28,800
Minera Eva S.A.	Chile	US\$	100.00	68,861	55,213	124,074	1,928	2,484	4,412	1,895	3,800
Exploraciones Mineras S.A.	Chile	US\$	100.00	403	31,344	31,747	3,565	-	3,565	-	(18,000)
Compañía Gestadora de Servicios de Salud Cruz del Norte S.A.	Chile	US\$	100.00	549	110	659	216	305	521	1,658	(3,000)

Quimich Comercial A.	Chile	US\$	60.6383	144,525	15,133	159,658	54,876	1,145	56,021	188,072	3,50
Corporación Minera El Salvador	Chile	US\$	42.4468	2,130	173	2,303	740	-	740	1,211	0
SQM North America Corp.	United States	US\$	100.00	137,329	15,540	152,869	126,097	3,644	129,741	191,520	(76
Agro Química S.A.	Aruba	US\$	100.00	5,232	-	5,232	-	-	-	-	0
Indústria Química do Nordeste	Brazil	US\$	100.00	6	287	293	4,896	-	4,896	-	(57

SQM  
Los Militares 4290.  
Las Condes. Santiago. Chile  
Tel: (56 2) 425 2000  
www.sqm.com



## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 10. Investments and information for disclosure on investments in subsidiaries, continued

12/31/2009											
Subsidiaries	Country of incorporation	Functional currency	Ownership %	Current ThUS\$	Asset		Liability			Ordinary profit ThUS\$	Profit for the period (loss) ThUS\$
					Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Non-current ThUS\$	Total ThUS\$		
Nitrato Corporation											
f Chile Ltd.	England	US\$	100.00	5,076	-	5,076	-	-	-	-	-
QM Corporation N.V.	Netherlands Antilles	US\$	100.00	669	39,365	40,034	3,688	-	3,688	-	1,523
QM Peru S.A.	Peru	US\$	100.00	29,200	144	29,344	29,965	-	29,965	17,791	(2,583)
QM Ecuador S.A.	Ecuador	US\$	100.00	6,218	81	6,299	5,992	-	5,992	12,960	(183)
QM Brasil Ltda.	Brazil	US\$	100.00	245	77	322	1,149	-	1,149	844	(131)
QI Corporation N.V.	Netherlands Antilles	US\$	100.00	-	7	7	31	-	31	-	(2)
QM Japan Co. Ltd.	Japan	US\$	100.00	1,075	509	1,584	103	326	429	1,395	10
QMC Holding Corporation L.L.P.	United States	US\$	100.00	1,443	7,678	9,121	358	-	358	-	1,632
QM Europe N.V.	Belgium	US\$	100.00	274,514	502	275,016	265,171	-	265,171	510,837	6,755
QM Italia SRL	Italy	US\$	100.00	1,485	-	1,485	19	-	19	-	0
QM Indonesia S.A.	Indonesia	US\$	80.00	5	-	5	1	-	1	-	181
North American Trading Company	United States	US\$	100.00	162	145	307	39	-	39	-	(1)
QM Virginia LLC	United States	US\$	100.00	14,834	14,380	29,214	14,834	-	14,834	-	(99)
QM Comercial de Mexico S.A. de C.V.	Mexico	US\$	100.00	60,370	2,128	62,498	61,880	-	61,880	129,083	(10,090)

SQM  
 Los Militares 4290.  
 Las Condes. Santiago. Chile  
 Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 10. Investments and information for disclosure on investments in subsidiaries, continued

	Country of incorporation	Functional currency	Ownership %	Current ThUS\$	12/31/2009		Current ThUS\$	Liability Non-current ThUS\$	Total ThUS\$	Ordinary profit ThUS\$	Pro the (ThUS\$)
					Asset Non-current ThUS\$	Total ThUS\$					
ent tion	Netherlands Antilles	US\$	100.00	136,349	847	137,196	115,793	572	116,365	14,746	(21
eed tion	Aruba	US\$	100.00	255,328	793	256,121	100,123	155,000	255,123	-	
lithium ies	United States	US\$	100.00	15,787	3	15,790	1,264	-	1,264	-	
ich Argentina ial	Argentina	US\$	100.00	564	-	564	118	-	118	-	
ional	Panama	US\$	100.00	1,345	-	1,345	1,912	-	1,912	1,092	
rance	France	US\$	100.00	345	6	351	114	-	114	-	
stración cios o S.A.	Mexico	US\$	100.00	20	-	20	664	185	849	2,830	
itratos S.A.	Mexico	US\$	51.00	19	1	20	13	-	13	110	
ubai	United Arab Emirates	US\$	-	-	-	-	-	-	-	5,198	
ich an g B.V. antes es S.A.	Netherlands Antilles	US\$	100.00	97,854	60,645	158,499	125,168	38	125,206	-	
Minera	Spain	US\$	66.67	16,872	3	16,875	16,293	-	16,293	52,872	
frica	Netherlands Antilles	US\$	100.00	8,959	-	8,959	14	-	14	1,330	
	South Africa	US\$	100.00	61,289	153	61,442	59,834	-	59,834	75,438	6
ela	Venezuela	US\$	100.00	91	-	91	399	-	399	-	

ceania												
	Australia	US\$	100.00	2,509	-	2,509	1,934	-	1,934	1,679		
Agro												
vt. Ltd.	India	US\$	100.00	242	3	245	284	-	284	-		
				3,253,463	1,936,000	5,189,463	2,617,977	496,209	3,114,186	2,554,371	32	

**SQM**

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 11. Investment in associated companies

11.1 Investment in associated companies recognized using the equity method of accounting

As of June 30, 2010, December 31, 2009 and as of January 1, 2009, in accordance with criteria established in Note 2.5 and Note 2.13, investment in associated companies accounted for using the equity method and investments in business combinations are as follows:

	Note	6/30/2010 ThUS\$	12/31/2009 ThUS\$	1 /1/2009 ThUS\$
Investments in associated companies	11.1 to 11.3	37,916	35,163	36,934
Business combination	12.0 to 12.4	23,907	20,022	-
Total		61,823	55,185	36,934

SQM  
 Los Militares 4290.  
 Las Condes. Santiago. Chile  
 Tel: (56 2) 425 2000  
 www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

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

Tax ID No.	Associated company	Country of incorporation	Functional currency	6/30/2010		Total	Liability		Total	Ordinary profit	Profit for the period (loss)
				Current	Asset Non-current		Current	Non-current			
				ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
7.557.430-5	Sales de Magnesio Ltda.	Chile	Chilean peso	2,777	-	2,777	956	-	956	2,248	739
Foreign	Abu Dhabi Fertilizer Industries WWL	Arabia	U.A.E Dirham	17,689	3,029	20,718	7,114	-	7,114	17,490	1,433
Foreign	Doktor Tarsa Tarim Sanayi AS	Turkey	Turkish Lira	49,244	6,081	55,325	34,123	-	34,123	33,283	5,910
Foreign	Nutrisi Holding N.V.	Belgium	Euro	450	15,544	15,994	1,097	-	1,097	-	3,850
Foreign	Ajay North America	United States	US\$	15,518	7,092	22,610	7,716	-	7,716	12,726	274
Foreign	Nutrichem Benelux	Belgium	Euro	-	-	-	-	-	-	-	-
Foreign	NU3 N.V.	Belgium	Euro	27,050	10,767	37,817	10,141	-	10,141	22,502	4,010
Foreign	Ajay Europe SARL	France	Euro	19,274	2,687	21,961	10,425	-	10,425	11,818	430
Foreign	NU3 B.V.	The Netherlands	Euro	19,320	4,416	23,736	17,442	-	17,442	35,005	2,540
Foreign	Generale De Nutrition	Belgium	Euro	-	-	-	-	-	-	-	-
Foreign	Mirs Specialty Fertilizers	Egypt	Egyptian pound	2,712	3,484	6,196	2,564	264	2,828	1,936	(230)
Foreign	SQM Eastmed Turkey	Turkey	Euro	651	541	1,192	850	-	850	-	-
Foreign	SQM Thailand Co. Ltd.	Thailand	Thai Bath	6,742	606	7,348	3,436	-	3,436	4,406	109
	Total			161,427	54,247	215,674	95,864	264	96,128	141,414	19,090

SQM

Los Militares 4290.

Las Condes. Santiago. Chile

Tel: (56 2) 425 2000

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

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

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

D No.	Associated company	Country of incorporation	Functional currency	12/31/2009		Total ThUS\$	Current ThUS\$	Liability Non- Current ThUS\$	Total ThUS\$	Ordinary th profit ThUS\$	P
				Current ThUS\$	Asset Non- current ThUS\$						
430-5	Sales de Magnesio Ltda.	Chile	Chilean Peso	1,850	2	1,852	1,195	-	1,195	2,362	3
	Abu Dhabi Fertilizer Industries WWL	Arabia	U.A.E Dirham	14,559	2,746	17,305	5,163	-	5,163	26,173	
	Doktor Tarsa Tarim Sanayi AS	Turkey	Turkish Lira	36,022	6,032	42,054	22,545	2,525	25,070	58,850	
	Nutrisi Holding N.V.	Belgium	Euro	(552)	14,913	14,361	1,494	-	1,494	-	
	Ajay North America	United States	US\$	12,471	7,046	19,517	3,848	-	3,848	28,594	
	Nutrichem Benelux	Belgium	Euro	-	-	-	-	-	-	-	
	NU3 N.V.	Belgium	Euro	22,282	10,178	32,460	4,707	-	4,707	31,965	
	Ajay Europe SARL	France	Euro	12,830	2,325	15,155	4,181	-	4,181	20,788	
	NU3 B.V.	The Netherlands	Euro	15,889	5,300	21,189	16,773	-	16,773	64,921	
	Generale De Nutrition	Belgium	Euro	-	-	-	-	-	-	-	
	Mirs Specialty Fertilizers	Egypt	Egyptian Pound	2,708	3,858	6,566	2,542	275	2,817	5,400	
	SQM Eastmed Turkey	Turkey	Euro	764	636	1,400	998	-	998	793	
	SQM Thailand Co. Ltd.	Thailand	Thai Bath	6,119	574	6,693	2,999	-	2,999	9,691	
	Total			124,942	53,610	178,552	66,445	2,800	69,245	249,537	

SQM  
 Los Militares 4290.  
 Las Condes. Santiago. Chile  
 Tel: (56 2) 425 2000  
 www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 11. Investments in Associated Companies, continued

## 11.3 Detail of investments in associates

The Company's ownership in its associated companies is detailed as follows:

Associated company	Main activities of the associated company	Ownership %	Investment 6/30/2010 ThUS\$	Investment 12/31/2009 ThUS\$	Investment 1/1/2009 ThUS\$
Sales de Magnesio Ltda.	Commercialization of magnesium salts.	50%	910	328	473
Abu Dhabi Fertilizer Industries Co. W.W.L.	Distribution and commercialization of specialty plant nutrients in the Middle East.	50%	6,802	6,072	5,278
Ajay North America L.L.C	Production and commercialization of iodine derivatives.	49%	6,160	6,653	4,892
NU3 N.V.	Production of liquid and solid fertilizers	50%	-	-	-
Doktor Tarsa Tarim Sanayi AS	Distribution and commercialization of specialty plant nutrients in Turkey.	50%	9,101	8,492	11,212
Nutrisi Holding N.V.	Holding company	50%	7,098	6,239	6,823
Ajay Europe SARL	Production and distribution of iodine and iodine derivatives	50%	4,510	3,920	4,282
NU3 B.V.	Production of liquid and solid fertilizers	100%	-	-	-
Mirs Specialty Fertilizers S.A.E.	Production and commercialization of liquid specialty plant nutrients for Egypt.	47.4857%	1,599	1,780	2,247
SQM Agro India PVT Ltda.	Agent and distributor of specialty plant nutrients.	49%	-	-	94
SQM Eastmed Turkey	Production and commercialization of specialty products.	50%	171	201	219
SQM Thailand Co. Ltd.	Distribution and commercialization of specialty plant nutrients.	40%	1,565	1,478	1,414
Total			37,916	1,6791,679	3,9743,974

The Company has no participation in unrecognized losses in investments in associated companies.



The Company has no associated companies not recognized using the equity method,

SQM

Los Militares 4290.

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

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

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 12. Joint Ventures

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

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

12.2 Disclosures on interest in joint ventures

a) Operations conducted in 2010

On March 4, 2010, SQM Industrial signed an agreement with Qingdao Star Plant Protection Technology Co., Ltd., through which the companies formed a joint venture SQM Qingdao-Star Co, Ltd. Each party contributed capital amounting of ThUS\$2,000 for share of 50%.

On June 24, 2010, SQM Industrial S.A. conducted a contribution amounting to ThUS\$2,500 in SQM Migao Sichuan.

b) Operations conducted in 2009

On October 9, 2009, the subsidiary Soquimich European Holdings formed a joint venture with Coromandel Fertilizers Limited called Coromandel SQM; each party contributed capital of ThUS\$2,200 for share of 50%.

On March 18, 2009, a shareholder agreement was signed to form Sichuan SQM-Migao Chemical Fertilizer Co. Ltda. and the process for the registration and obtaining licenses ended on September 1, 2009.

SQM Industrial S.A. made its first capital contribution of ThUS\$3,000 on November 6, 2009 from a total committed of ThUS\$10,000 that each party will contribute. These additional contributions will be made during 2010.

SQM  
Los Militares 4290,  
Las Condes, Santiago, Chile  
Tel: (56 2) 425 2000  
www.sqm.com

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

On December 29, 2009, a joint venture agreement was signed with the Roullier Group for the company SQM Dubai-Fzco., decreasing our share from 100% to 50%. On the same date, the company changed its name to SQM Vitas.

As a result from this operation we recorded a gain from that transaction of ThUS\$3,019, which is presented in Other non-operating income (loss).

SQM  
Los Militares 4290,  
Las Condes, Santiago, Chile  
Tel: (56 2) 425 2000  
[www.sqm.com](http://www.sqm.com)

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 12. Joint Ventures, continued

12.3 Detail of assets, liabilities and profit or loss on investments in significant joint ventures by company as of June 30, 2010 and as of December 31, 2009, respectively:

6/30/2010												
Tax ID No.	Associated	Country of incorporation	Functional currency	Current ThUS\$	Asset Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Liability Non-current ThUS\$	Total ThUS\$	Profit ThUS\$	Expense ThUS\$	Profit for the period (loss) ThUS\$
Foreign	Sichuan SGM Migao Chemical Fertilizers Co Ltda.	China	US\$	7,085	4,009	11,094	188	-	188	-	(62)	(62)
Foreign	Coromandel SGM	India	Indian Rupee	32	919	951	109	-	109	-	(26)	(26)
Foreign	SQM Vitas	United Arab Emirates	U.A.E. Dirham	32,391	5,522	37,913	3,842	-	3,842	10,982	(9,917)	1,065
Foreign	SQM Qindao-Star Co. Ltda.	China	US\$	2,301	298	2,599	605	-	605	485	(490)	(5)
	Total			41,809	10,748	52,557	4,744	-	4,744	11,467	(10,495)	972

12/31/2009												
Tax ID No.	Associated	Country of incorporation	Functional currency	Current ThUS\$	Asset Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Liability Non-current ThUS\$	Total ThUS\$	Profit ThUS\$	Expense ThUS\$	Profit for the period (loss) ThUS\$
Foreign	Sichuan SGM Migao Chemical Fertilizers Co Ltda.	China	US\$	6,414	2,146	8,560	92	-	92	-	(33)	(33)
Foreign	Coromandel SGM	India	Indian Rupee	-	1,060	1,060	-	-	-	-	-	-
Foreign	SQM Vitas	U.A.E.	U.A.E. Dirham	25,913	5,543	31,456	(1,551)	-	(1,551)	1,893	(1,821)	72
	Total			32,327	8,749	41,076	(1,459)	-	(1,459)	1,893	(1,854)	39

SQM  
 Los Militares 4290,  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 425 2000

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

116

---

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## 12.4 Detail of the amount of gain (loss) net of investments in significant joint ventures by company:

Associated company name	Main activities of the associated	Ownership %	Investment 6/30/2010 ThUS\$	Investment 12/31/2009 ThUS\$	Investment 1/1/2009 ThUS\$
Coromandel SQM	Production and distribution of potassium nitrate.	50%	421	530	-
Sichuan SQM Migao Chemical Fertilizer Co. Ltda	Production and distribution of soluble fertilizers.	50%	5.453	2.988	-
SQM Vitas	P r o d u c t i o n a n d commercialization of specialty plant and animal nutrition and industrial hygiene.	50%	17.036	16.504	-
SQM Quindao-Star Co. Ltda.	Production and distribution of nutrient plant solutions with specialties NPK soluble.	50%	997	-	-
Total			23.907	20.022	0

SQM  
 Los Militares 4290,  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 425 2000  
 www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 13. Intangible assets and goodwill

## 13.1 Balances

Balances	6/30/2010 ThUS\$	12/31/2009 ThUS\$	1/1/2009 ThUS\$
Intangible assets other than goodwill	3,072	2,836	3,525
Goodwill	38,388	38,388	38,388
Total	41,460	41,224	41,913

## 13.2 Disclosures on intangible assets and goodwill

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

Balances and movements in the main classes of intangible assets as of June 30, 2010, December 31, 2009 and January 1, 2009 are detailed as follows:

Description of classes of intangible assets	Useful life	Gross amount ThUS\$	6/30/2010 Accumulated amortization ThUS\$	Net amount ThUS\$
Goodwill	Indefinite	39,961	(1,573)	38,388
Water rights	Indefinite	3,627	(2,082)	1,545
Rights of way	Indefinite	548	(153)	395
Industrial patents	Finite	1,197	(663)	534
Trademarks	Finite	3,817	(3,780)	37
IT programs	Finite	1,193	(632)	561
Total		50,343	(8,883)	41,460

## SQM

Los Militares 4290,  
Las Condes, Santiago, Chile  
Tel: (56 2) 425 2000  
www.sqm.com

## Notes to the Interim Consolidated Financial Statements as of June 30, 2010

## Note 13. Intangible assets and Goodwill, continued

## 13.2 Disclosures on intangible assets and goodwill, continued

Description of classes of intangible assets	Useful life	Gross amount ThUS\$	12/31/2009 Accumulated amortization ThUS\$	Net amount ThUS\$
Goodwill	Indefinite	39,961	(1,573)	38,388
Water rights	Indefinite	3,539	(1,990)	1,549
Rights of way	Indefinite	547	(152)	395
Industrial patents	Finite	1,204	(634)	570
Trademarks	Finite	3,989	(3,989)	-
IT programs	Finite	825	(503)	322
Total		50,065	(8,841)	41,224

Description of classes of intangible assets	Useful life	Gross amount ThUS\$	1/1/2009 Accumulated amortization ThUS\$	Net amount ThUS\$
Goodwill	Indefinite	39,961	(1,573)	38,388
Water rights	Indefinite	3,488	(1,591)	1,897
Rights of way	Indefinite	547	(138)	409
Industrial patents	Finite	1,204	(554)	650
Trademarks	Finite	3,989	(3,830)	159
IT programs	Finite	701	(291)	410
Total		49,890	(7,977)	41,913

SQM

Los Militares 4290,  
Las Condes, Santiago, Chile  
Tel: (56 2) 425 2000  
www.sqm.com



Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 13. Intangible assets and Goodwill, continued

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

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

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

Indefinite useful life intangible assets mainly relate to water rights and rights of way, which were obtained as indefinite.

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

The method used to express the amortization is useful life.

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

Estimated useful lives or amortization rate	Minimum life or rate	Maximum life or rate
Water rights	Indefinite	Indefinite
Rights of way	1 year	20 years
Industrial patents	1 year	16 years
Trademarks	1 year	5 years
IT programs	2 years	3 years

d) Information to be disclosed on assets generated internally

The Company has no intangible assets generated internally.

SQM  
Los Militares 4290,  
Las Condes, Santiago, Chile  
Tel: (56 2) 425 2000  
www.sqm.com

Notes to the Interim Consolidated Financial Statements as of June 30, 2010

Note 13. Intangible assets and goodwill, continued

e) Movements in identifiable intangible assets as of June 30, 2010

Movements in identifiable intangible assets	Net goodwill ThUS\$	Water rights, net ThUS\$	Rights of way, net ThUS\$	Industrial patents, net ThUS\$	Trademarks, net ThUS\$	Computer software, net ThUS\$	Identifiable Intangible assets, net ThUS\$
Opening balance	38,388	1,549	395	570	-	322	41,224
Additions	-	88	-	-	372	369	829
Amortization	-	(92)	-	(36)			