

CHEMICAL & MINING CO OF CHILE INC
Form 6-K
November 21, 2008

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 nine-month period ended September 30, 2008 filed by Sociedad Química y Minera de Chile S.A. before the Superintendencia de Valores y Seguros de Chile on October 28, 2008.

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 ☒ Form 40-F ☐

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

Yes ☐ No ☒

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

On October 28, 2008, 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 nine-month period ended September 30, 2008. 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 accounting principles generally accepted in Chile and does not include a reconciliation of such information to accounting principles generally accepted in the United States of America.

THIS REPORT IS AN ENGLISH TRANSLATION OF, AND A CHILEAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES PRESENTATION OF, THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2008 REPORT FILED WITH THE SUPERINTENDENCIA DE VALORES Y SEGUROS (SVS) IN CHILE, AND UNLESS OTHERWISE INDICATED, FIGURES ARE IN US DOLLARS.

Consolidated Financial Statements

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Santiago, Chile

September 30, 2008 and 2007

Consolidated Financial Statements

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

As of September 30, 2008 and 2007
and for the nine months ended September 30, 2008 and 2007
(A translation of the original in Spanish- see note 2 (a))

Contents

Consolidated Financial Statements

Consolidated Balance Sheets	3
Consolidated Statements of Income	5
Consolidated Statements of Cash Flows	6
Notes to the Consolidated Financial Statements	7

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

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Consolidated Balance Sheets

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

	Note	As of September 30, 2008 ThUS\$	2007 ThUS\$
ASSETS			
Current assets			
Cash		22,360	13,076
Time deposits		77,763	25,985
Marketable securities	4	56,717	74,733
Accounts receivable, net	5	338,798	253,003
Other accounts receivable, net	5	73,307	58,017
Accounts receivable from related companies	6	58,989	35,912
Inventories, net	7	562,517	385,930
Recoverable taxes		43,802	27,748
Prepaid expenses		5,531	7,151
Deferred income taxes		16,265	-
Other current assets		34,357	22,686
Total current assets		1,290,406	904,241
Property, plant and equipment, net	8	1,045,724	967,705
Other assets			
Investments in related companies	9	36,824	21,866
Goodwill, net	10	32,548	34,733
Negative goodwill, net	10	(1,279)	(1,650)
Long-term accounts receivable, net	5	1,044	139
Long-term accounts receivable from related companies	6	2,000	2,118
Intangible assets, net		3,285	3,988
Other long-term assets	11	34,563	38,745
Total other assets		108,985	99,939
Total assets		2,445,115	1,971,885

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

	Note	As of September 30, 2008 ThUS\$	2007 ThUS\$
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term bank debt	12	22,388	1,253
Current portion of long-term debt	12	1,114	2,014
Current portion of bonds payable	13	12,717	12,687
Dividends payable		546	432
Accounts payable		138,820	116,792
Other accounts payable		364	335
Notes and accounts payable to related companies	6	553	110
Accrued liabilities	14	60,706	36,923
Withholdings		11,399	7,378
Income taxes		68,162	11,802
Deferred income		55,873	42,050
Deferred income taxes	15	-	4,113
Other current liabilities		7,797	865
Total current liabilities		380,439	236,754
Long-term liabilities			
Long-term bank debt	12	180,000	180,000
Long-term obligations with the public (bonds)	13	299,941	304,101
Other accounts payable		515	753
Deferred income taxes	15	55,005	51,964
Long-term accrued liabilities	16	31,706	20,812
Total long-term liabilities		567,167	557,630
Minority interest	17	51,363	42,486
Shareholders' equity			
Paid-in capital	18	477,386	477,386
Other reserves	18	163,095	160,608
Retained earnings	18	805,665	497,021
Total shareholders' equity		1,446,146	1,135,015
Total liabilities and shareholders' equity		2,445,115	1,971,885

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Consolidated Statements of Income

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

		For the nine months ended September 30,	
	Note	2008 ThUS\$	2007 ThUS\$
Operating results			
Sales		1,376,225	881,286
Cost of sales		(830,804)	(631,970)
Gross margin		545,421	249,316
Selling and administrative expenses		(64,037)	(49,907)
Operating income		481,384	199,409
Non-operating results			
Non-operating income	20	32,245	17,773
Non-operating expenses	20	(44,085)	(41,162)
Non-operating income, net		(11,840)	(23,389)
Income before income taxes		469,544	176,020
Income tax expense	15	(80,988)	(38,256)
Income before minority interest		388,556	137,764
Minority interest	17	(7,485)	(2,330)
Net income before negative goodwill		381,071	135,434
Net income		381,071	135,434

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

		For the nine months ended September 30	
		2008	2007
		ThUS\$	ThUS\$
Cash flows from operating activities			
Net income		381,071	135,434
Charges (credits) to income not representing cash flows			
Depreciation expense	8	83,535	71,800
Amortization of intangible assets		528	532
Write-offs and accruals		19,090	20,625
Gain on equity investments in related companies		(13,497)	(3,558)
Loss on equity investments in related companies		33	58
Amortization of goodwill	10	1,669	1,698
(Profit) loss on sales of assets		(2,939)	(24)
Loss from sale of investments		(1,387)	-
Other credits to income not representing cash flows		(3,556)	(590)
Other charges to income not representing cash flows		172,690	92,835
Foreign currency translation, net		7,585	2,311
Net changes in operating assets and liabilities			
(Increase) decrease:			
Trade accounts receivable		(185,802)	(53,752)
Inventories		(199,902)	(25,273)
Other assets		(11,994)	(14,120)
Accounts payable		58,619	9,806
Interest payable		990	5,343
Net income taxes payable		(40,705)	(18,320)
Other accounts payable		-	(5,589)
VAT and taxes payable		(13,802)	(6,221)
Minority interest	17	7,486	2,330
Net cash provided by operating activities		259,712	215,325
Cash flows from financing activities			
Proceeds from short-term bank financing		70,239	-
Payment of dividends		(115,990)	(94,999)
Repayment of bank financing		(50,000)	(57,090)
Payment of obligations with the public		(3,138)	(2,566)
Payment of expenses for the issuance and placement of bonds payable		-	-
Net cash used in financing activities		(98,889)	(154,655)
Cash flows from investing activities			
Sales of property, plant and equipment		25,382	2,611
Sales of permanent investments		1,688	-
Other investing income	24	-	361
Additions to property, plant and equipment		(183,671)	(123,015)

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

Capitalized interest	(7,405)	(9,400)
Other disbursements	(565)	(785)
Net cash used in investing activities	(164,571)	(130,228)
Effect of inflation on cash and cash equivalents	547	1,125
Net change in cash and cash equivalents	(3,201)	(68,433)
Beginning balance of cash and cash equivalents	164,213	183,943
Ending balance of cash and cash equivalents	161,012	115,510

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

Note 1 – Company Background

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

The subsidiary registered in the Superintendency of Securities and Insurance registry of securities is as follows:

Soquimich Comercial S.A., Registration No. 0436 dated January 11, 1993.

Note 2 – Summary of Significant Accounting Policies

a) Basis for the preparation of the consolidated financial statements

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

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

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

In accordance with SVS Circular No. 1,697 and Technical Bulletins Nos. 64 and 72 of the Chilean Association of Accountants, the consolidated financial statements include the following subsidiaries:

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

	Direct or indirect ownership	
	As of	As of
	September	September
	30, 2008	30, 2007
	%	%
Foreign subsidiaries:		
Nitrate Corp. of Chile Limited (United Kingdom)	100.00	100.00
Soquimich SRL – Argentina	100.00	100.00
Nitratos Naturais do Chile Ltda. (Brazil)	100.00	100.00
SQM Europe NV (Belgium)	100.00	100.00
SQM North America Corp. (USA)	100.00	100.00
North American Trading Company (USA)	100.00	100.00
SQM Peru S.A.	100.00	100.00
SQM Corporation N.V. (Dutch Antilles)	100.00	100.00
S.Q.I. Corporation N.V. (Dutch Antilles)	100.00	100.00
Soquimich European Holding B.V. (Holland)	100.00	100.00
SQMC Holding Corporation L.L.P. (USA)	100.00	100.00
SQM Ecuador S.A.	100.00	100.00
Cape Fear Bulk L.L.C.(USA)	0.00	51.00
SQM Investment Corporation N.V. (Dutch Antilles)	100.00	100.00
SQM Brasil Ltda.	100.00	100.00
Royal Seed Trading Corporation A.V.V. (Aruba)	100.00	100.00
SQM Japon Co. Ltd.	100.00	100.00
SQM Oceanía PTY Limited (Australia)	100.00	100.00
SQM France S.A.	100.00	100.00
RS Agro-Chemical Trading A.V.V. (Aruba)	100.00	100.00
SQM Comercial de México S.A. de C.V.	100.00	100.00
SQM Indonesia	80.00	80.00
SQM Virginia L.L.C. (USA)	100.00	100.00
Agricolima S.A. de C.V. (Mexico)	0.00	100.00
SQM Venezuela S.A.	100.00	100.00
SQM Italia SRL (Italy)	100.00	100.00
Comercial Caiman Internacional S.A. (Cayman Islands)	100.00	100.00
SQM Africa PTY (South Africa)	100.00	100.00
Administración y Servicios Santiago S.A. de C.V. (Mexico)	100.00	100.00
SQM Lithium Specialties L.L.P. (USA)	100.00	100.00
SQM Nitratos México S.A. de C.V. (México)	51.00	51.00
Fertilizantes Naturales S.A.	66.67	66.67
Iodine Minera B.V.	100.00	100.00
SQM Dubai – FZCO.	100.00	100.00

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.**Notes to the Consolidated Financial Statements****(A translation of the original in Spanish- see note 2 (a))****Note 2 – Summary of Significant Accounting Policies (continued)****a) Basis for the preparation of the consolidated financial statements (continued)**

	Direct or indirect ownership	
	As of	As of
	September	September
	30, 2008	30, 2007
	%	%
Domestic subsidiaries:		
Servicios Integrales de Tránsitos y Transferencias S.A.	100.00	100.00
Soquimich Comercial S.A.	60.64	60.64
Isapre Norte Grande Ltda.	100.00	100.00
Almacenes y Depósitos Ltda.	100.00	100.00
Ajay SQM Chile S.A.	51.00	51.00
SQM Nitratos S.A.	99.99	99.99
Proinsa Ltda.	60.58	60.58
SQM Potasio S.A.	100.00	100.00
SQMC International Limitada.	60.64	60.64
SQM Salar S.A.	100.00	100.00
SQM Industrial S.A.	100.00	100.00
Minera Nueva Victoria S.A.	100.00	100.00
Exploraciones Mineras S.A.	100.00	100.00
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	100.00	100.00
Comercial Hydro S.A.	60.64	60.64

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

b) Accounting period

These consolidated financial statements have been prepared as of September 30, 2008 and 2007 and for the nine-month periods then ended.

c) Reporting currency and monetary correction

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

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

The financial statements of domestic subsidiaries that maintain their accounting records in Chilean pesos have been restated to reflect the effects of variations in the purchasing power of the Chilean peso during the period. For this purpose, and in accordance with Chilean regulations, non-monetary assets and liabilities, equity and income statement accounts have been restated in terms of year-end constant pesos based on the change in the consumer price index during the period (6.9% and 5.1% in 2008 and 2007, respectively). The resulting net charge or credit to income arises as a result of the gain or loss in purchasing power from the holding of non-U.S. dollar denominated monetary assets and liabilities exposed to the effects of inflation.

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

d) Foreign currency

i) Foreign currency transactions

Monetary assets and liabilities denominated in Chilean pesos and other currencies have been translated to U.S. dollars at the observed exchange rates determined by the Central Bank of Chile in effect at each year-end of Ch\$ 551.31 per US\$1 at September 30, 2008 and Ch\$ 511.23 per US\$1 at September 30, 2007.

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

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

a) For those subsidiaries and affiliates located in Chile that keep their accounting records in price-level adjusted Chilean pesos:

- Balance sheet accounts are translated to U.S. dollars at the year-end exchange rate without eliminating the effects of price-level restatement.

- Income statement accounts are translated to U.S. dollars at the average exchange rate each month. The monetary correction account on the income statement, which is generated by the inclusion of price-level restatement on the non-monetary assets and liabilities and shareholders' equity, is translated to U.S. dollars at the average exchange rate for each month.

- Translation gains and losses, as well as the price-level restatement to the balance sheet mentioned above, are included as an adjustment in shareholders' equity, in conformity with Circular No. 1697 of the SVS.

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

Note 2 - Summary of Significant Accounting Policies (continued)**d) Foreign currency (continued)**

b) The financial statements of those foreign subsidiaries that keep their accounting records in currencies other than the U.S. dollar have been translated at historical exchange rates as follows:

- Monetary assets and liabilities are translated at year-end exchange rates between the U.S. dollar and the local currency.
- All non-monetary assets and liabilities and shareholders' equity are translated at historical exchange rates between the US dollar and the local currency.
- Income and expense accounts are translated at average exchange rates between the U.S. dollar and the local currency.

- Any exchange differences are included in the results of operations for the period.

Foreign exchange differences for the periods ended September 30, 2008 and 2007 generated a net gain (loss) of ThUS\$ (7,585) and ThUS\$ (2,311), respectively, which has been charged to the consolidated statements of income in each respective period.

The monetary assets and liabilities of foreign subsidiaries were translated into U.S. dollars at the exchange rates per US dollar prevailing at September 30, as follows:

	2008	2007
	US\$	US\$
Brazilian Real	1.96	1.96
New Peruvian Sol	3.19	3.10
Argentine Peso	3.15	3.15
Japanese Yen	118.50	115.43
Euro	0.68	0.71
Mexican Peso	10.94	10.92
Australian Dollar	1.27	1.13
Pound Sterling	0.56	0.51
Ecuadorian Sucre	1.00	1.00
South African Rand	8.30	7.01

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

e) Cash and cash equivalents

Included in cash and cash equivalents are cash and bank balances included in cash, time deposits, financial instruments classified as marketable securities and other short-term investments maturing within 90 days, in compliance with Technical Bulletin No. 50 issued by the Chilean Association of Accountants.

The Company has considered as operating cash movements, all positive or negative cash flows directly related to its line of business and in general all cash flows that are not defined as from investment or financing.

f) Time deposits

Time deposits are recorded at cost plus accrued interest.

g) Marketable securities

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

h) Allowance for doubtful accounts

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

i) Inventories and materials

Inventories of finished products and products in process are stated at average production cost, which is presented net of provisions. Provisions have been made based on a technical study which covers the different variables which affect our products (density, moisture, and others).

Materials and supplies received are stated at average acquisition cost and inventories in transit are stated at cost incurred at the end of the period.

The cost of inventories does not exceed their net realizable value.

j) Income taxes and deferred income taxes

In conformity with current Chilean tax regulations, the Company recognizes the provision for corporate income tax expense and the income tax for the mining activity on an accrual basis.

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

Note 2 - Summary of Significant Accounting Policies (continued)

j) Income and deferred taxes (continued)

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

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

Beginning January 1, 2000, the Company records deferred income taxes in accordance with Technical Bulletin Nos. 60, 69, 71 and 73 of the Chilean Association of Accountants, and with SVS Circular No. 1466 issued on January 27, 2000, recognizing the deferred tax effects of temporary differences between the financial and tax values of assets and liabilities, using the liability method. The effect of the temporary differences at March 31, 1999 were recorded in complementary asset and liability accounts, which are recognized in the statement of operations over the estimated period in which they reverse.

k) Property, plant and equipment

Property, plant, equipment and property rights are recorded at acquisition cost, considering in general an average residual value of 5%, except for certain assets that were restated in accordance with a technical appraisal in 1989. Depreciation for the period is calculated according to the straight-line method based on the remaining technical useful lives of assets, estimated by management.

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

l) Investments in related companies

Investments in related companies over which the Company has significant influence are included in other assets and are recorded using the equity method of accounting, in accordance with SVS Circulars Nos. 368 and 1697 and Technical Bulletins Nos. 64 and 72 issued by the Chilean Association of Accountants. Accordingly, the Company's proportional share in the net income or loss of each investee is recognized in the non-operating income and expense classification in the consolidated statements of income on an accrual basis, after eliminating any unrealized profits from transactions with the related companies.

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

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

m) Goodwill and negative goodwill

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

Beginning on January 1, 2004, goodwill and negative goodwill represents the difference between the acquisition cost of the investment in a related company and the fair value of this investment at the acquisition date, which is amortized with a charge or credit to income in the expected period of return of the investment, which does not exceed 20 years.

n) Intangible assets

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

o) Mining development cost

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

p) Accrued employee severance

The Company calculates the liability for staff severance indemnities based on the present value of the accrued benefits for the actual years of service worked assuming average employee tenure of 24 years and a real annual discount rate of 8%.

q) Vacations

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

r) Saleback operations

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

s) Derivative contracts

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

t) Reclassifications

For comparison purposes, certain reclassifications have been made to the 2007 financial statements.

u) Revenue recognition

Income from the operation of the lines of business of the Parent Company and its subsidiaries is recorded as of the date of physical delivery of the products in accordance with the sales conditions stated in Technical Bulletin No. 70 issued by the Chilean Association of Accountants.

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

Note 2 - Summary of Significant Accounting Policies (continued)

v) Computer software

Computer systems developed internally using the Company's personnel and materials are charged to income during the year in which the expenses are incurred. In accordance with SVS Circular No. 1819 dated November 14, 2007, computer systems acquired by the Company are recorded at cost

w) Research and development expenses

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

x) Obligations with the public (Bonds payable)

Bonds are stated at the principal amount plus interest accrued. The difference between the carrying value and the placement value is capitalized and amortized in the period of expiration of the bonds.

y) Provisions for mine closure costs

The Company has made a provision to cover those costs associated with mine closure and mining facilities and mitigation of environmental damage, which has been recorded at its present value. The amount determined is presented under accrued expenses in long-term liabilities.

z) Deferred income

Deferred income relate to the recognition of documented sales the delivery of which occurs subsequent to the closing date of the financial statements.

aa) Employee benefits

Benefits agreed other than staff severance indemnities which the Company and its subsidiaries will have to pay to its employees by virtue of agreements entered recognized on an accrual basis.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

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

Note 3 - Changes in Accounting Principles

Beginning on January 1, 2008, the Company recognized the change in the functional currency (from Chilean pesos to U.S. dollars) in which the subsidiary Soquimich Comercial S.A. was controlled in order to reflect the currency which represents underlying transactions, events and conditions, which are relevant to the control of the investment by its Parent Company.

During the period ended September 30, 2008, there were no other changes in the application of generally accepted accounting principles in Chile compared to the prior year, which could significantly affect the interpretation of these consolidated financial statements.

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

Note 4 - Marketable Securities

As of September 30, marketable securities are detailed as follows:

	2008 ThUS\$	2007 ThUS\$
Mutual funds	56,717	74,733
Total	56,717	74,733

Mutual funds relate to investments made in 'Citifunds Institutional Liquid Reserve Limited' for ThUS\$ 52,073 (ThUS\$ 65,715 in 2007) and in 'Merrill Lynch Institutional Liquidity Fund' for ThUS\$ 4,644, (ThUS\$ 9,018 in 2007)

These institutions are high-liquidity funds dedicated to invest basically in fixed income instruments in the U.S. market.

Note 5 - Short- and Long-Term Accounts Receivable

a) Short- and long-term accounts receivable and other accounts receivable as of September 30 are detailed as follows:

	Up to 90 days		Between 90 days and 1 year		Total Short-term (net)	
	2008	2007	2008	2007	2008	2007
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Short-term						
Trade accounts receivable	266,249	164,027	82,264	97,021	348,513	261,048
Allowance for doubtful accounts					(9,715)	(8,045)
Notes receivable	26,131	12,280	37,308	39,505	63,439	51,785
Allowance for doubtful accounts					(6,684)	(3,480)
Accounts receivable, net					395,553	301,308
Other accounts receivable	13,665	10,257	4,001	651	17,666	10,908
Allowance for doubtful accounts					(1,114)	(1,196)
Other accounts receivable, net					16,552	9,712
Long-term receivables					1,044	139

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

Note 5 - Short- and Long-term Accounts Receivable (continued)**Consolidated Short- and Long-Term Receivables – by Geographic Location**

	Chile		Europe		Asia and Oceania		USA, Mexico and Canada		Latin America and the Caribbean		Total
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Short-term trade accounts receivable, net											
Balance	182,686	150,864	106,137	71,659	8,914	3,572	38,429	25,455	2,632	1,453	338,798
% of total	53.92%	59.63%	31.33%	28.32%	2.63%	1.41%	11.34%	10.06%	0.78%	0.58%	100.00%
Short-term notes receivable, net											
Balance	54,493	45,834	-	-	-	-	-	-	2,262	2,471	56,755
% of total	96.01%	94.88%	-	-	-	-	-	-	3.99%	5.12%	100.00%
Short-term other accounts receivable, net											
Balance	15,434	8,655	343	384	161	155	526	434	88	84	16,552
% of total	93.25%	89.12%	2.07%	3.95%	0.97%	1.60%	3.18%	4.47%	0.53%	0.86%	100.00%
Subtotal short-term accounts receivable, net											
Balance	252,613	205,353	106,480	72,043	9,075	3,727	38,955	25,889	4,982	4,008	412,105
% of total	61.30%	66.03%	25.84%	23.16%	2.20%	1.20%	9.45%	8.32%	1.21%	1.29%	100.00%
Long-term accounts receivable, net											
Balance	1,044	139	-	-	-	-	-	-	-	-	1,044
% of total	100.00%	100.00%	-	-	-	-	-	-	-	-	100.00%

Total short
and
long-term
accounts
receivable,
net

Balance	253,657	205,492	106,480	72,043	9,075	3,727	38,955	25,889	4,982	4,008	413,149	3
% of total	61.40%	66.04%	25.77%	23.16%	2.20%	1.20%	9.43%	8.32%	1.20%	1.28%	100.00%	

20

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

Note 6 - Balances and Transactions with Related Parties

Balances with related companies are generated by commercial transactions which accrue no interest under normal conditions in force for this type of operations in respect to term and market price. Expiration conditions for each case vary depending on the transaction which generated it.

On April 21, 2008, Inversiones SQ S.A. and SQH S.A. acquired from Yara Netherland B.V. 49% of the shares of the privately-held shareholders' company Inversiones SQYA S.A. Beginning on the date referred to above, SQYA S.A. Yara is no longer a related company of Sociedad Química y Minera de Chile S.A.

a) Amounts included in balances with related parties as of September 30, 2008 and 2007 are as follows:

	Short-term		Long-term	
Accounts receivable	2008	2007	2008	2007
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Doktor Tarsa Tarim Sanayi AS	13,908	6,810	-	-
Nutrisi Holding N.V.	1,790	1,721	-	-
Ajay Europe S.A.R.L.	2,769	7,439	-	-
Ajay North America LLC	4,505	3,743	-	-
Abu Dhabi Fertilizer Industries				
WWL	6,904	3,265	2,000	2,000
NU3 B.V.	2,677	710	-	-
PCS Sales INC.	-	40	-	-
Sales de Magnesio Ltda.	100	85	-	-
SQM Agro India	629	322	-	-
Misr Specialty Fertilizers (MSF)	891	502	-	118
Soc.Inv.Pampa Calichera S.A.	8	8	-	-
Inversiones PCS Chile S.A.	-	17	-	-
Kowa Company Ltd.	23,609	11,135	-	-
SQM East Med Turkey	1,199	115	-	-
Total	58,989	35,912	2,000	2,118

b) Amounts included in balances with related parties as of September 30, 2008 and 2007, continued:

	Short-term	
Accounts payable	2008	2007
	ThUS\$	ThUS\$
SQM Thailand Co. Ltd.	90	107
NU3 N.V.	463	3
Total	553	110

There were no outstanding long-term accounts payable with related parties as of September 30, 2008 and 2007

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

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

c) During 2008 and 2007, the principal transactions with related parties were as follows:

Company	Relationship	Type of transaction	Amount of Transaction		Impact on income (charge) credit	
			2008 ThUS\$	2007 ThUS\$	2008 ThUS\$	2007 ThUS\$
NU3 N.V. (Belgium)	Indirect	Sales of products	16,442	4,860	11,542	1,447
Doktor Tarsa Tarim Sanayi AS	Indirect	Sales of products	15,894	6,629	11,615	1,781
Abu Dhabi Fertilizer Ind. WWL	Indirect	Sales of products	7,498	4,117	2,350	461
	Indirect	Financial income	129	-	129	-
Ajay Europe S.A.R.L.	Indirect	Sales of products	15,871	18,964	4,211	7,139
	Indirect	Financial income	7	-	7	-
	Indirect	Dividends	118	-	-	-
NU3 B.V.	Indirect	Sales of products	11,750	6,302	7,721	1,988
	Indirect	Services	83	-	83	-
Ajay North America LLC	Indirect	Sales of products	24,523	12,626	7,083	6,507
	Indirect	Dividends	1,054	-	-	-
Kowa Company Ltd.	Shareholder	Sales of products	82,423	65,190	37,612	39,073
SQM Agro India PVT Ltd	Indirect	Sales of products	598	-	275	-
Misir Specialty Fertilizers (MSF)	Indirect	Sales of products	733	-	539	-
	Indirect	Financial income	7	-	7	-
Nutrisi Holding N.V.	Indirect	Financial income	78	-	78	-
Sales de Magnesio Ltda.	Indirect	Sales of products	615	-	280	-
	Indirect	Dividends	491	-	-	-
SQM East Med Turkey	Indirect	Sales of products	397	-	264	-

Note 7 - Inventories

Net inventories are summarized as follows:

	2008 ThUS\$	2007 ThUS\$
Finished products	361,558	230,634
Work in process	162,695	130,359
Supplies	38,264	24,937
Total	562,517	385,930

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

Note 8 - Property, Plant and Equipment

Property, plant and equipment are summarized as follows:

	2008 ThUS\$	2007 ThUS\$
Land		
Land	80,625	82,598
Mining Concessions	30,086	30,086
Total	110,711	112,684
Buildings and infrastructure		
Buildings	151,437	163,806
Installations	315,135	274,477
Construction-in-progress	291,820	251,841
Other	210,665	193,738
Total	969,057	883,862
Machinery and Equipment		
Machinery	545,250	487,735
Equipment	138,278	128,541
Project-in-progress	41,279	20,531
Other	20,350	19,524
Total	745,157	656,331
Other Property, Plant and Equipment		
Tools	9,564	8,968
Furniture and office equipment	15,739	15,115
Project-in-progress	13,220	11,756
Other	9,831	16,670
Total	48,354	52,509

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

Note 8 - Property, Plant and Equipment (continued)

	2008 ThUS\$	2007 ThUS\$
Amounts relating to technical revaluation of property, plant and equipment		
Land	7,839	7,839
Buildings and infrastructure	41,439	41,439
Machinery and equipment	12,048	12,048
Other assets	53	53
	61,379	61,379
Total property, plant and equipment	1,934,658	1,766,765
Less: Accumulated depreciation		
Buildings and infrastructure	(381,430)	(340,095)
Machinery and equipment	(434,074)	(388,971)
Other property, plant and equipment	(34,461)	(32,164)
Technical appraisal	(38,969)	(37,830)
Total accumulated depreciation	(888,934)	(799,060)
Net property, plant and equipment	1,045,724	967,705
	2008	2007
Depreciation for the nine months ended September 30:	ThUS\$	ThUS\$
Buildings and infrastructure	(43,028)	(35,225)
Machinery and equipment	(37,427)	(31,159)
Other property, plant and equipment	(2,226)	(4,562)
Technical revaluation	(854)	(854)
Total depreciation	(83,535)	(71,800)

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

Note 8 - Property, Plant and Equipment (continued)

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

	2008 ThUS\$	2007 ThUS\$
Administrative office buildings	1,988	1,988
Accumulated depreciation	(544)	(513)
Total assets in leasing	1,444	1,475

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

Note 9 - Investments in and Receivables from Related Parties

a) Information on foreign investments

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

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

b) Transactions executed in 2008

* On April 24, 2008, the subsidiary Agricolima S.A. was sold to Mr. Carlos Federico Valenzuela Cadena, Mr. Diego Valenzuela Cadena and Mr. Jesús Angel Morelos Montfort, creating a gain on sale of investment of ThUS\$ 1,387.

c) Transactions executed in 2007

* On January 12, 2007, the subsidiary PTM SQM Ibérica S.A. was liquidated and extinguished. This operation gave rise to a loss of ThUS\$ 41 in the subsidiary Soquimich European Holding B.V.

* On March 2, 2007, the subsidiary SQM Industrial S.A. made a capital increase of ThUS\$ 130 in its subsidiary SQM Brasil Ltda. In accordance with Technical Bulletin No. 72 issued by the Chilean Association of Accountants and Circular No. 1697 issued by the Chilean Superintendency of Securities and Insurance (SVS), the Company performed the valuation in consideration of the carrying value of equity of SQM Brasil Ltda. as of December 31, 2006, which does not significantly differ from its fair value determined at that date.

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

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

* On April 11, 2007, the subsidiary SQM S.A and the subsidiary Soquimich European Holding B.V. made a capital increase of ThUS\$ 6,599 in their subsidiary SQM Europe N.V. In accordance with Technical Bulletin No. 72 issued by the Chilean Association of Accountants and Circular No. 1697 issued by the Chilean Superintendency of Securities and Insurance, the valuation was conducted considering the book value of the equity of SQM Europe N.V. as of March 31, 2007, which does not significantly differ from its fair value determined at that date.

* On October 19, 2007, at the second General Extraordinary Shareholders' Meeting of SQM Industrial S.A. the shareholders approved a capital increase of ThUS\$ 300,000, through the issuance of 204,368,321 new shares.

Sociedad Química y Minera de Chile S.A. and SQM Potasio S.A. acquired all these shares through the subscription and payment of them through the capitalization of accounts payable. SQM S.A. acquired 197,556,044 shares and SQM Potasio S.A. acquired 6,812,277 shares and obtained ownership interest of 99.05% and 0.95%, respectively.

* On November 13, 2007, Exploraciones Mineras S.A. increased its capital by ThUS\$30,000 through the issuance of 100,000 new shares which were subscribed and paid through the capitalization of accounts payable by 99.99% by Minera Nueva Victoria S.A. and by 1% by Sociedad Química y Minera de Chile S.A.

* On December 7, 2007, SQM North America Corp. sold to Nautilus International Holding Corporation all the rights which SQM North America Corp had in Cape Fear Bulk LLC. for ThUS\$1,478, thereby generating a gain from the sale of investments of ThUS\$ 1,316.

d)Investments with less than 20% participation

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

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

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

d) Detail of investments in related companies

Tax Registration Number	Company	Country origin	Controlling currency	Number of shares	Ownership interest 2008 %	2007 %	Equity of comp 2008 ThUS\$	2007 ThUS\$	Book value of investm 2008 ThUS\$	2007 ThUS\$	Net income (loss) in 2008 ThUS\$	2007 ThUS\$	Equity p 2008 ThUS\$
0-E	Doktor Tarsa Tarim Sanayi AS	Turkey	Euros	-	50.00	50.00	20,059	7,885	10,030	3,943	10,282	2,219	5
0-E	Nutrissi Holding N.V.	Belgium	Euros	-	50.00	50.00	17,529	11,718	8,137	5,726	7,157	2,839	3
0-E	Abu Dhabi Fertilizer Industries WWL	UAE	US\$	1,961	50.00	50.00	10,198	4,399	5,099	2,199	5,485	481	2
0-E	Ajay North America LLC	USA	US\$	-	49.00	49.00	11,787	11,157	4,909	4,095	1,971	475	
0-E	Ajay Europe S.A.R.L.	France	Euros	36,700	50.00	50.00	9,671	8,154	4,302	2,209	826	907	
0-E	Misir Specialty Fertilizers	Egypt	US\$	-	47.00	47.00	4,962	4,555	2,366	2,163	823	(110)	
0-E	SQM Thailand Co. Ltd.	Thailand	US\$	-	40.00	40.00	3,596	2,355	1,438	942	1,077	31	
77557430-5	Sales de Magnesio Ltda.	Chile	Pesos	-	50.00	50.00	729	921	364	458	510	200	
0-E	SQM Agro India PVT Ltd.	India	US\$	-	49.00	49.00	208	15	102	8	170	(4)	
0-E	SQM Eastmed Turkey	Turkey	Euros	-	50.00	50.00	111	188	56	94	(66)	(7)	
81767200-0	Asoc. Garantizadora Pensiones	Chile	Pesos	-	3.00	3.00	618	707	21	29	(5)	-	
Total									36,824	21,866			

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

Note 10 - Goodwill and Negative Goodwill

As established in Technical Bulletin No. 72, issued by the Chilean Association of Accountants, ThUS\$636 has been adjusted to the negative goodwill account related to lawsuits with third parties paid, which as of the date of determination of negative goodwill did not meet the requirements to be treated as identifiable liabilities that could be recognized.

These relate to lawsuits with factoring companies which as of the acquisition date were identified with results favorable to the Company.

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

a) Goodwill

Tax Registration Number	Company	September 30, 2008	September 30, 2007		
		Amount amortized during the period ThUS\$	Goodwill Balance during the period ThUS\$	Amount amortized during the period ThUS\$	Goodwill balance ThUS\$
96864750-4	SQM Potassium S.A.	108	1,193	108	1,337
96801610-5	Comercial Hydro S.A.	164	881	194	1,060
79947100-0	SQM Industrial S.A.	835	18,082	835	19,195
0-E	SQMC México S.A. de C.V.	42	738	42	794
0-E	Comercial Caiman Internacional S.A.	17	91	17	114
0-E	SQM Dubai- Fzco	76	1,706	76	1,807
0-E	Iodine Minera B.V.	427	9,857	426	10,426
Total		1,669	32,548	1,698	34,733

b) Negative Goodwill

Tax Registration Number	Company	September 30, 2008	September 30, 2007		
		Amount amortized during the period ThUS\$	Negative goodwill Balance during the period ThUS\$	Amount amortized during the period ThUS\$	Negative goodwill balance ThUS\$
78602530-3	Minera Nueva Victoria S.A.	-	1,279	-	1,650
Total		-	1,279	-	1,650

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

Note 11 - Other Long-Term Assets

Other long-term assets are summarized as follows:

		2008 ThUS\$	2007 ThUS\$
Engine and equipment spare parts, net	(1)	3,045	5,046
End of agreement bonus		681	1,176
Mine development costs		23,871	24,585
Income taxes recoverable		324	340
Healthcare institution guarantee in the National Healthcare Service (Fonasa)		313	268
Construction of Salar-Baquedano road		1,080	1,200
Deferred loan issuance costs	(2)	208	387
Cost of issuance and placement of bonds	(3)	4,423	5,019
Other		618	724
Total		34,563	38,745

(1) According to analyses conducted, at each year-end, this item includes non-current warehouse spare parts and materials. In addition, an allowance for obsolescence has been made and included in this item.

(2) Relates to the portion to be accrued of negotiation costs of long-term loans.

(3) Refer to the explanation of these expenses in Note 23.

Note 12 - Bank Debt

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

Bank or financial institution	2008 ThUS\$	2007 ThUS\$
Banco Santander Santiago	20,211	-
Other	2,177	1,253
Total	22,388	1,253
Annual average interest rate	3.84%	4.35%

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

Note 12 - Bank Debt (continued)

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

Bank or financial institution	2008 ThUS\$	2007 ThUS\$
BBVA Banco Bilbao Vizcaya Argentaria (1)	100,239	100,433
ING Capital LLC (2)	80,875	81,581
Total	181,114	182,014
 Less: Current portion	 (1,114)	 (2,014)
 Long-term portion	 180,000	 180,000

(1) U.S. dollar-denominated loan without guarantee, interest rate of Libor + 0.325% per annum, quarterly payment. The principal is due on March 3, 2010.

(2) U.S. dollar-denominated loan without guarantee, interest rate of Libor + 0.300% per annum, semi-annually payment. The principal is due on November 28, 2011.

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

	2008 ThUS\$	2007 ThUS\$
Years to maturity		
Current portion	1,114	2,014
1 to 2 years	100,000	100,000
3 to 5 years	80,000	80,000
Total	181,114	182,014

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

Note 13 – Short- and Long-Term Obligations with the Public (Promissory Notes and Bonds Payable)

Additional Information

On January 25, 2006, the Company made a placement of Series C bonds for an amount of UF 3,000,000 at an annual rate of 4.00%. This placement achieved collection equivalent to 100% of par value.

On April 5, 2006, the Company made a placement of single-series bonds for an amount of ThUS\$200,000 at an annual rate of 6.125%, under the regulations contained in "Rule 144 and regulation S of the U.S. Securities Act of 1933".

As of June 30, 2008, three Series C capital payments have been made equivalent to UF 75,000 each.

As of September 30, 2008 and 2007, the short-term portion includes ThUS\$ 12,717 and ThUS\$ 12,687, respectively, related to short-term principal plus accrued interest at those dates. The long-term portion includes ThUS\$ 299,941 as of September 30, 2008 and ThUS\$ 304,101 as of September 30, 2007, related to principal installments for Series C bonds and Single Series bonds.

No. of Registration of the Instrument	Series	Nominal Amount	Adjustment Unit	Interest Rate	Final Period	Payment of Interest	Payment of Amortization	06/30/08 ThUS\$	06/30/07 ThUS\$	Placement in Chile or abroad
Current portion of long-term bonds payable										
446	C	150,000	UF	4.00%	12/01/2008	Semi-annual	Semi-annual	7,094	7,064	In Chile
184	Single	-	US\$	6.125%	10/15/2008	Semi-annual	At maturity	5,623	5,623	Abroad
Total Current Portion								12,717	12,687	
Long-term bonds payable										
446	C	2,625,000	UF	4.00%	12/01/2026	Semi-annual	Semi-annual	99,941	104,101	In Chile
184	Single	200,000,000	US\$	6.125%	04/15/2016	Semi-annual	At maturity	200,000	200,000	Abroad
Total Long-term								299,941	304,101	

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

Note 14 - Accrued Liabilities

As of September 30, 2008 and 2007, accrued liabilities are summarized as follows:

	2008 ThUS\$	2007 ThUS\$
Provision for royalties Corfo	5,155	3,291
Provision for employee compensation and legal costs	640	2,653
Taxes and monthly income tax installment payments	7,303	3,130
Expenses incurred for Long-term loans (additional tax)	234	234
Vacation accrual	10,675	9,608
Marketing expenses	13,000	3,273
External auditor fees	338	701
Benefits for employees	20,062	10,695
Other accruals	3,299	3,338
Total current liabilities	60,706	36,923

Note 15 - Income and Deferred Taxes

a) At September 30, 2008 and 2007 the Company has the following consolidated balances for retained tax earnings, income not subject to taxes, tax loss carry-forwards and credit for shareholders:

	2008 ThUS\$	2007 ThUS\$
Accumulated tax basis retained earnings with tax credit	695,380	347,330
Accumulated tax basis retained earnings without tax credit	3,954	56,329
Tax loss carry-forwards (1)	13,570	138,725
Credit for shareholders	142,258	70,963

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

The Company has recognized deferred income taxes for tax losses and the related valuation allowance, where applicable, in accordance with Technical Bulletin No. 60 issued by the Chilean Association of Accountants.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.**Notes to the Consolidated Financial Statements****(A translation of the original in Spanish- see note 2 (a))****Note 15 - Income and Deferred Taxes (continued)**

The deferred taxes as of September 30, 2008 and 2007 represented a net liability of ThUS\$38,740 and ThUS\$56,077 respectively, and consisted of:

2008	Deferred tax asset		Deferred tax liability	
	Short-term	Long-term	Short-term	Long-term
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Temporary differences				
Allowance for doubtful accounts	1,513	1,002	-	-
Vacation accrual	1,730	-	-	-
Unrealized gain on sale of products	62,045	-	-	-
Provision for obsolescence	-	3,549	-	-
Production expenses	-	-	26,303	-
Accelerated depreciation	-	-	-	66,562
Exploration expenses	-	-	-	5,224
Capitalized interest	-	-	-	9,069
Staff severance indemnities	-	-	-	2,085
Fair value recognition	-	2,189	-	-
Leased assets	-	-	-	-
Capitalized expenses	-	-	-	852
Tax loss carry-forwards	-	4,161	-	-
Accrued gain from exchange insurance	-	-	2,393	-
Deferred revenue	-	-	-	-
Accrued interest	922	-	-	-
Benefits for employees	16	884	-	-
Other	4,629	6,940	1,785	402
Total gross deferred taxes	70,855	18,725	30,481	84,194
Total complementary accounts	-	-	-	(14,097)
Valuation allowance	(24,109)	(3,633)	-	-
Total deferred taxes	46,746	15,092	30,481	70,097

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

Note 15 - Income and Deferred Taxes (continued)

2007	Deferred tax asset		Deferred tax liability	
	Short-term ThUS\$	Long-term ThUS\$	Short-term ThUS\$	Long-term ThUS\$
Temporary differences				
Allowance for doubtful accounts	2,006	605	-	-
Vacation accrual	1,506	-	-	-
Unrealized gain on sale of products	13,837	-	-	-
Provision for obsolescence	-	2,957	-	-
Production expenses	-	-	16,241	-
Accelerated depreciation	-	-	-	60,162
Exploration expenses	-	-	-	4,555
Capitalized interest	-	-	-	8,135
Staff severance indemnities	-	-	-	1,884
Fair value recognition	-	1,199	-	-
Provision for claim expense	-	-	-	-
Leased assets	-	-	-	10
Capitalized expenses	-	-	-	957
Tax loss carry-forwards	-	26,909	-	-
Accrued gain from exchange insurance	-	-	1,553	-
Deferred revenue	-	-	-	-
Provision for energy tariff difference	2,700	-	-	-
Accrued interest	273	-	-	-
Other	2,006	5,571	2,136	469
Total gross deferred taxes	22,328	37,241	19,930	76,172
Total complementary accounts	-	-	(147)	(18,262)
Valuation allowance	(6,658)	(31,295)	-	-
Total deferred taxes	15,670	5,946	19,783	57,910

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

Note 15 - Income and Deferred Taxes (continued)

c) Income tax expense is summarized as follows:

	2008 ThUS\$	2007 ThUS\$
Current tax expense (income tax accrual)	(104,544)	(33,422)
Tax expense adjustment (prior year)	576	116
Provision for current income tax	-	-
Effect of deferred tax assets and liabilities	35,777	2,278
Tax benefit for tax losses	(21,424)	(5,449)
Effect of amortization of complementary accounts	(1,529)	(2,730)
Effect on deferred tax assets and liabilities due to changes in valuation allowance	10,181	935
Other tax charges and credits	(25)	16
Total income tax expense	(80,988)	(38,256)

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

Note 16 – Long-Term Accrued Liabilities

Long-term accrued liabilities are summarized as follows:

	2008 ThUS\$	2007 ThUS\$
Staff severance indemnities (1)	20,714	18,820
Benefits for employees (2)	9,000	-
Site closing provision	1,992	1,992
Balance as of September 30	31,706	20,812

(1) Staff severance indemnities are summarized as follows:

	2008 ThUS\$	2007 ThUS\$
Opening balance	20,679	17,091
Increases in obligation	4,340	2,780
Payments	(1,870)	(1,755)
Exchange difference	(2,435)	751
Other differences	-	(47)
Balance as of September 30	20,714	18,820

(2) These accrued liabilities correspond to retention bonds for the Company's executives. The value of these bonds is linked to the price of the Company's stock and is to be paid in cash between 2010 and 2011.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.**Notes to the Consolidated Financial Statements****(A translation of the original in Spanish- see note 2 (a))****Note 17 - Minority Interest**

Minority interest is summarized as follows:

	Equity		Net Income/(Loss)	
	2008	2007	2008	2007
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Soquimich Comercial S.A.	46,641	38,533	(6,510)	(1,961)
Ajay SQM Chile S.A.	4,108	3,653	(482)	(264)
Cape Fear Bulk L.L.C.	-	199	-	(146)
SQM Nitratos México S.A. de C.V.	9	(9)	5	53
Fertilizantes Naturales S.A.	627	133	(504)	(10)
SQM Indonesia S.A.	(30)	(30)	9	-
SQM Potasio S.A.	8	7	(3)	(2)
Total	51,363	42,486	(7,485)	(2,330)

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

Note 18 - Shareholders' Equity

a) Changes to shareholders' equity consisted of:

				Accumulated deficit of subsidiaries in			
	Number of shares	Paid-in capital ThUS\$	Other reserves ThUS\$	development stage ThUS\$	Retained earnings ThUS\$	Net income ThUS\$	Total ThUS\$
Balance as of January 1, 2007	263,196,524	477,386	155,190	(8,370)	320,466	141,277	1,085,949
Transfer 2006 net income to retained earnings	-	-	-	-	141,277	(141,277)	-
Declared dividends 2007	-	-	-	-	(91,786)	-	(91,786)
Accumulated deficit from subsidiaries in development stage	-	-	-	8,370	(8,370)	-	-
Other comprehensive income	-	-	5,418	-	-	-	5,418
Net income for the year	-	-	-	-	-	135,434	135,434
Balance as of September 30, 2007	263,196,524	477,386	160,608	-	361,587	135,434	1,135,015
Balance January 1, 2008	263,196,524	477,386	163,442	-	361,587	180,021	1,182,436
Transfer 2007 net income to retained earnings	-	-	-	-	180,021	(180,021)	-
Declared dividends 2008	-	-	-	-	(117,014)	-	(117,014)
Other comprehensive income	-	-	(347)	-	-	-	(347)
Net income for the year	-	-	-	-	-	381,071	381,071
Balance as of September 30, 2008	263,196,524	477,386	163,095	-	424,594	381,071	1,446,146

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

Note 18 - Shareholders' Equity (continued)

b) In consideration of the current distribution of shares, the Company has a Controlling Interest Group composed of Pampa Calichera S.A. and the Kowa Group by virtue of the Joint Action Agreement executed on September 21, 2006.

c) Other information

The detail of other reserves is as follows:

Detail	For the nine months ended September 30, 2008 ThUS\$		As of September 30, 2008 ThUS\$	
Technical appraisal		-		151,345
Changes to other comprehensive income from equity method investments:				
Soquimich Comercial S.A.	(1)	-		13,287
Comercial Hydro S.A.	(1)	(254)		(254)
SQMC Internacional Ltda.	(1)	(12)		(12)
Proinsa Ltda.	(1)	(9)		(9)
Isapre Norte Grande Ltda.	(1)	-		(44)
Inversiones Augusta S.A.	(1)	-		(761)
SQM Ecuador S.A.	(2)	-		(270)
Almacenes y Depósitos Ltda.	(1)	-		88
Asociación Garantizadora de Pensiones	(1)	(4)		(20)
Sales de Magnesio Ltda.	(1)	(68)		42
Sociedad de Servicios de Salud S.A.	(1)	-		14
SQM North America Corp.	(3)	-		(1,359)
SQM Dubai Fzco.	(1)	-		(12)
Ajay Europe SARL	(1)	-		343
Other Companies	(1)	-		717
Total other comprehensive income		(347)		163,095

(1) Corresponds to translation adjustments and monetary correction

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

(3) Relates to valuation differences generated in the pension plan.

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

Note 18 - Shareholders' Equity (continued)

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

The preferential voting rights of each series are as follows:

- Series A : If the election of the president of the Company results in a tied vote, the Company's directors may vote once again, without the vote of the director elected by the Series B shareholders.
- Series B: 1) A general or extraordinary shareholders' meeting may be called at the request of shareholders representing 5% of the Company's Series B shares.
- 2) An extraordinary meeting of the Board of Directors may be called with or without the agreement of the Company's president, at the request of a director elected by Series B shareholders.

Note 19 – Derivative Instruments

Derivative instruments are recorded at their fair value at year-end. Changes in fair value are recognized in income with the liability recorded in other current liabilities. Losses from options relate to fees paid by the Company to enter into such contracts. As of September 30, 2008 the Company's derivative instruments are as follows:

2008 Type of derivative	Notional or covered amount ThUS\$	Expiration Date	Description of the contract type	Position purchase/sale	(Liability) Asset amount ThUS\$	Income (loss) recorded ThUS\$	Income (not) recorded ThUS\$
US dollar Forward	102,500	4 st quarter of 2008	Exchange rate	P	3,439	3,439	-
Swap	110,434	4 st quarter of 2008	Interest rate	P	13,636	10,239	3,397
US dollar PUT	49,800	4 st quarter of 2008	Exchange rate	P	934	(934)	-
US dollar PUT	8,300	4 st quarter of 2008	Exchange rate	P	125	(125)	-
US dollar PUT	22,946	3 rd quarter of 2008	Exchange rate	S	1,949	(1,949)	-
US dollar Forward	5,671	4 st quarter of 2008	Exchange rate	P	240	240	-
US dollar PUT	14,361	4 st quarter of 2008	Exchange rate	P	173	173	-
US dollar PUT	16,445	3 rd quarter of 2008	Exchange rate	P	240	(240)	-
						10,843	3,397

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

Note 20 - Non-operating Income and Expenses

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

a) Non-operating income			
		2008	2007
		ThUS\$	ThUS\$
Interest income		6,671	6,532
Cross Currency swap		-	4,000
Recovery of doubtful accounts		475	413
Insurance recoveries		474	217
Reversal of obligations with third parties		2,068	181
Sale of property, plant and equipment		1,146	137
Gain on sale of investments in related companies		1,387	-
Sale of mining concessions		721	361
Fines collected from third parties		46	146
Equity participation in net income of unconsolidated subsidiaries		13,497	3,558
Compensation received		213	-
Rental of property, plant and equipment		851	800
Provision of services		121	573
Discounts obtained		484	359
Gain from sale of assets SQM Lithium		2,342	-
Other income		1,749	496
Total		32,245	17,773

b) Non-operating expenses			
		2008	2007
		ThUS\$	ThUS\$
Investment plan expenses and adjustment of property, plant and equipment realization value		14,678	8,748
Interest expense		14,379	15,192
Equity participation in net losses of unconsolidated subsidiaries		33	58
Amortization of goodwill		1,669	1,698
Net foreign exchange losses		7,585	2,311
Work disruption expenses		776	627
Indemnity to suppliers		177	1,600
Provision for legal expenses and third party compensation		435	518
Energy tariff difference		-	4,800
Training and donation expenses		1,845	322

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

Provision and sale of materials, spare-parts and supplies and property, plant and equipment	-	2,900
Other expenses	2,508	2,388
Total	44,085	41,162

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

Note 21 – Price-Level Restatement

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

	(Charge) credit to income from operations	
	2008	2007
	ThUS\$	ThUS\$
Property, plant and equipment	28	350
Other assets and liabilities	13	384
Shareholders' equity	(490)	(4,788)
Net price-level restatement	(449)	(4,054)

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.**Notes to the Consolidated Financial Statements****(A translation of the original in Spanish- see note 2 (a))****Note 22 – Assets and Liabilities Denominated in Foreign Currency**

	2008	2007
	ThUS\$	ThUS\$
Assets		
Chilean pesos	151,372	170,636
US dollars	2,111,783	1,619,972
Euros	86,568	47,466
Japanese Yen	1,232	919
Brazilian Real	371	401
Mexican pesos	1,088	2,278
UF	31,460	92,102
South African Rand	23,303	15,232
Dirhams	21,492	13,846
Other currencies	16,446	9,033
Current liabilities		
Chilean pesos	161,693	135,315
US dollars	180,762	78,555
Euros	13,818	9,647
Japanese Yen	23	24
Brazilian Real	1,682	1,894
Mexican pesos	3,347	2,675
UF	13,372	7,291
South African Rand	3,243	338
Dirhams	1,120	715
Other currencies	1,379	300
Long-term liabilities		
Chilean pesos	20,016	18,679
US dollars	445,987	433,930
Japanese Yen	206	157
UF	100,456	104,854
Mexican pesos	491	-
Other currencies	11	10

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

Note 23 – Expenses Incurred in the Issuance of Shares and Debt Titles

Expenses incurred in the issuance and placement of bonds are presented under Other long-term assets, the portion to be amortized within one year is presented within Other current assets, which are amortized using the straight-line method, in accordance with the period for issuance of documents. This amortization is presented as interest expense.

As of September 30, 2008, issuance expenses net of amortization amount to ThUS\$6,665. Issuance expenses include disbursements related to reports issued by risk classifiers, legal and financial advisories, taxes, printing and placement fees. Amortization. Amortization in 2008 amounted to ThUS\$ 453, (ThUS\$ 615 in 2007).

Note 24 - Cash Flow Statement

Amounts included in other investing income are summarized as follows:

	2008 ThUS\$	2007 ThUS\$
Sale of mining concessions	-	361
Total	-	361

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

Note 25 – Commitments and Contingencies

I. Contingencies:

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

I.

1. Plaintiff : Compañía Salitre y Yodo Soledad S.A.
Defendant : Sociedad Química y Minera de Chile S.A.
Date of lawsuit : December 1994
Court : Civil Court of Pozo Almonte
Cause : Partial annulment of mining property,
Cesard 1 to 29
Instance : Evidence provided
Nominal amount : ThUS\$ 211

2. Plaintiff : Compañía Productora de Yodo y Sales
S.A.
Defendant : SQM Químicos S.A.
Date of lawsuit : November 1999
Court : Civil Court of Pozo Almonte
Cause : Partial annulment of mining property, Paz
II 1 to 25
Instance : Evidence provided
Nominal amount : ThUS\$ 162

3. Plaintiff : Compañía Productora de Yodo y Sales
S.A.
Defendant : SQM Químicos S.A.
Date of lawsuit : November 1999
Court : Civil Court of Pozo Almonte
Cause : Partial annulment of mining property, Paz
III 1 to 25
Instance : Evidence provided
Nominal amount : ThUS\$ 204

4. Plaintiff : Marina Arnéz Valencia
Defendant : SQM S.A. and its insurance companies
Date of lawsuit : May 2006
Court : 2nd Civil Court of Santiago
Cause : Work accident
Instance : Conciliation audience
Nominal amount : ThUS\$500

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

Note 25 – Commitments and Contingencies (continued)

5. Plaintiff : Angélica Allende and her sons Iván
Molina and Cristóbal Molina
Defendant : Ingeniería, Construcción y Servicios SMR
Limitada and,
subsidiarily, SQM Nitratos S.A. and its
insurance companies
Date of lawsuit : May 2008
Court : Labor Court of Antofagasta
Cause : Work accident
Instance : Suit being answered
Nominal amount : ThUS\$ 670

II.

SQM S.A. and its subsidiaries have been participating and probably will continue to participate habitually as plaintiffs or defendants in certain judicial proceedings that have been and will be filed and are subject to the decisions of the Ordinary Courts of Justice. Those proceedings, which are regulated by the applicable legal provision, mainly seek to exercise or oppose certain actions or exceptions related to certain mining concessions constituted or in the process of being constituted and do not and will not essentially affect the development of SQM S.A. and its subsidiaries.

III.

Soquimich Comercial S.A. has been participating and probably will continue to participate habitually as a plaintiff in certain judicial proceedings through which it seeks mainly to collect and receive the amounts owed to it in the total approximate amount of ThUS\$900.

IV.

SQM S.A. and its subsidiaries have tried and currently continue to try to obtain payment of certain amounts still owed to them for their regular activities. Those amounts will continue to be judicially and non-judicially demanded by the plaintiffs and the actions exercised in relation to them are currently in full force.

V.

SQM S.A. and its subsidiaries have not been legally notified of other complaints other than those mentioned in paragraph I above and which pursue the voidance of certain mining properties purchased by SQM S.A. and its subsidiaries and whose proportional purchase price, in respect to the part affected by the respective overlap, exceeds the nominal and approximate amount of ThUS\$150 or which seek to obtain payment of certain amounts allegedly owed from exercising their own activities and which exceed the nominal individual amount of approximately ThUS\$150.

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

Note 25 – Commitments and Contingencies (continued)

b) Restrictions:

The bank loans of SQM S.A. and its subsidiaries contain restrictions similar to those of loans of the same nature that have been in force from time to time and which, among others, are related to maximum debt and minimum shareholders' equity. Except for the above, SQM S.A. is not exposed to other restrictions in its management or to financial indicator limits by contracts or covenants with creditors.

c) Commitments:

Subsidiary SQM Salar S.A. has signed a rental contract with CORFO which establishes that such subsidiary, will pay to CORFO, for the exploitation of certain mining properties owned by CORFO and for the products resulting from such exploitation, the annual rent stated in the aforementioned contract, the amount of which is calculated on the basis of the sales of each type of product. The contract is in force until 2030 and rent began being paid in 1996 reflecting in income a value of ThUS\$ 12,349 in 2008 (ThUS\$ 10,182 in 2007).

II. Indirect Guarantees

The guarantees that do not have a pending payment balance reflect, indirectly, that the respective guarantees are in force and approved by the Company's Board of Directors and that they have not been used by the corresponding subsidiary.

Note 26 – Third Party Guarantees

As of September 30, 2008 and 2007 the Company has the following indirect guarantees outstanding:

Beneficiary	Name	Relationship	Balances outstanding	
			2008 ThUS\$	2007 ThUS\$
BBVA Banco Bilbao Vizcaya Argentaria	Royal Seed Trading Corp. A.V.V.	Subsidiary	100,239	100,433
ING Capital LLC	Royal Seed Trading Corp. A.V.V.	Subsidiary	80,875	81,581

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

Note 27 – Sureties Obtained from Third Parties

The main solidary pledges provided to guarantee to Soquimich Comercial S.A. fulfillment of the obligations in the commercial mandate agreements for distribution and sale of fertilizers are as follows:

Company Name	2008 ThUS\$
Llanos y Wammes Soc. Com. Ltda.	1,814
Fertglobal Chile Ltda. y Bramelli	3,084
Tattersall S.A.	1,000

Note 28 - Sanctions

During the nine months ended September 30, 2008 and 2007, the SVS did not apply sanctions to the Company, its directors or managers.

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

Note 29 – Environmental Projects

The Company is continuously concerned with protecting the environment both in its production processes and with respect to products manufactured. This commitment is supported by its principles indicated in its Sustainable Development Policy.

SQM is currently operating under an Environmental Management System (EMS) bases in the ISO 14000 standard, which has allowed strengthening its environmental performance through the effective application of the Company's Sustainable Development Policy.

Disbursements made by the Company and its subsidiaries as of September 30, 2008 related to investments in production processes, verification and control of compliance with ordinances and laws relative to industrial processes and facilities amount to ThUS\$ 9,185 and are detailed as follows:

	2008 ThUS\$	Future Disbursements ThUS\$
Projects		
Construction of hygiene facilities	112	8
Environmental evaluation	1,062	131
Handling of household and industrial waste	627	925
Hardazous substance management	571	1,693
Infrastructure, equipment, new environmental offices at ME	14	-
Salar environmental follow-up plan	2,935	270
Environmental studies	42	5
Improvements at M. Elena camp – streets	435	755
Sanitary regulations at facilities	48	134
Environmental improvements	405	1,221
Waste pools R&R Lithium Carbonate Plant	2,150	74
Miscellaneous environmental projects related to nitrates	26	25
Environmental Management (1)	758	595
Total	9,185	5,836

(1) Budget for the year 2008

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

Note 29 – Environmental Projects(continued)

Operations that use caliche as raw material are developed in desert areas with climatic conditions favorable for drying solids and evaporating liquids using solar energy. Operations for the open-pit extraction of minerals, due to their low waste to mineral ratio, generate remaining deposits which slightly alter the environment. During the extraction process and subsequent crushing of ore, particle emissions occur, which is normal for this type of operations.

On August 10, 1993, the Ministry of Health published a resolution under the Sanitary Code that established that the levels of breathable particles present at Maria Elena Plant exceeded the level allowed for air quality and, consequently, affected the nearby city of Maria Elena. These particles mainly come from the dust that results from caliche processing, particularly during the crushing process prior to leaching. Within the framework of a decontamination plan for this city and in accordance with its Sustainable Development Policy, the Company has implemented a series of measures that have shown notable improvement in air quality at María Elena. In October 2005, the Company obtained environmental approval for a project entitled “Technological Change at Maria Elena”. The operation of this project will facilitate the reduction of particle emissions, as required by the new environmental standard, which is estimate to go into effect during the second half of 2008. The Company is requesting from CONAMA, the environmental authority, certain adjustments to the particle emissions reduction timeline that is currently considered in the decontamination plant in order to allow consistency with the degree of completion of the “Technological Change at Maria Elena” project.

In addition, for all its operations, the Company carries out environmental follow-up and monitoring plans based on specialized scientific studies and develops an annual training program in environmental matters to both its direct employees and its contractors’ employees. Within this context, SQM entered into a contract with the National Forestry Corporation (CONAF) aimed at researching the activities of flamingo groups that live in the Salar de Atacama lagoons. Such research includes a population count of the birds and breeding research. Environmental follow-up maintained by the Company at the Salar de Atacama and other systems in which it operates are supported by a number of studies which have integrated diverse scientific efforts from prestigious research centers, including Dictuc from Pontificia Universidad Católica and the School of Agricultural Science of Universidad de Chile.

Furthermore, the Company is performing significant activities in relation to the recording of Pre-Columbian and historical cultural heritage, as well as the protection of heritage sites, in accordance with current Chilean laws. These actions have been especially performed in the areas surrounding Maria Elena and the Nueva Victoria plant. This effort is being accompanied by cultural initiatives within the community and the organization of exhibits in local and regional museums.

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

Note 29 – Environmental Projects(continued)

As emphasized in its Sustainable Development Policy, the Company strives to maintain positive relationships with the surrounding community, as well as to participate in the development of communities near its operations by supporting joint projects and activities which help to improve the quality of life for residents. For this purpose, the Company has focused its efforts on activities involving the rescue of historical heritage, education and culture, and development, and in order to do so, it acts both individually and in conjunction with both private and public entities.

Note 30 – Significant Events

1. On March 18, 2008, the Company informed the Superintendency of Securities and Insurance (SVS) that the Board of Directors of Sociedad Química y Minera de Chile (SQM) at its meeting held on September 18, 2008, unanimously agreed to propose the payment of a final dividend for a sum of US\$0.44459 per share to those shareholders of SQM who were registered with the Shareholders' Registry during the fifth business day prior to the date of payment of this dividend.

Upon approval of this proposal by the shareholders at the General Ordinary Shareholder's Meeting to be held on April 30, 2008, this proposal will allow that the Company effectively pays and distributes dividends in conformity with the respective dividend policy, an annual dividend equivalent to 65% of distributable net income obtained during 2007.

2. On April 21, 2008, Inversiones SQ S.A. and SQH S.A have acquired from Yara Netherland B.V. 49% of the shares of the privately-held shareholder's company, Inversiones SQYA S.A. Beginning on the date referred to above, SQYA S.A. Yara is no longer a related company of Sociedad Química y Minera de Chile S.A.

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

Note 31 – Unearned Income

During the periods ended September 30, 2008 and 2007, the Company maintained unearned income related to the recognition of sales invoices, the delivery of which will occur subsequent to the close of the financial statements. The detail is as follows:

	2008 ThUS\$	2007 ThUS\$
Unearned income	55,873	42,050

Note 32 – Subsequent Events

Management is not aware of any significant subsequent events that have occurred after September 30, 2008 and that may affect the Company's financial position or the interpretation of these financial statements (October 28, 2008).

52

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

SIGNATURES

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

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Conf: /s/ Ricardo Ramos R.

Ricardo Ramos R.
Chief Financial Officer

Date: November 21, 2008

