

CHEMICAL & MINING CO OF CHILE INC
Form 6-K
August 22, 2012

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 three-month period ended March 31, 2012 filed by Sociedad Química y Minera de Chile S.A. before the Superintendencia de Valores y Seguros de Chile on May 29, 2012.

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 May 29, 2012, 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 three-month period ended March 31, 2012. 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 THREE-MONTH PERIOD ENDED MARCH 31, 2011 REPORT FILED WITH THE SUPERINTENDENCIA DE VALORES Y SEGUROS (SVS) IN CHILE, AND UNLESS OTHERWISE INDICATED, FIGURES ARE IN US DOLLARS.

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 FINANCIAL STATEMENTS

For the period ended March 31, 2012

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

In Thousands of United States Dollars

This document includes:

- Consolidated Classified Statements of Financial Position
- Consolidated Statements of Income by Function
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Cash Flows
- Statements of Changes in Equity
- Notes to the Consolidated Financial Statements

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

1

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

Table of Contents – Consolidated Financial Statements

Note		Page
	Consolidated Classified Statements of Financial Position	8
	Consolidated Statements of Income by Function	10
	Consolidated Statements of Comprehensive Income	11
	Consolidated Statements of Cash Flows	12
	Statements of Changes in Equity	14
	Notes to the consolidated financial statements	
1	Identification and Activities of the Company and Subsidiaries	
	1.1 Historical background	17
	1.2 Main domicile where the Company performs its production activities	17
	1.3 Codes of main activities	17
	1.4 Description of the nature of operations and main activities	17
	1.5 Other background	19
2	Basis of presentation for the consolidated financial statements	
	2.1 Accounting period	21
	2.2 Financial statements	22
	2.3 Basis of measurement	22
	2.4 Accounting pronouncements	23
	2.5 Foreign currency transactions	25
	2.6 Basis of consolidation	27
	2.7 Significant accounting judgments, estimates and assumptions	30
3	Significant accounting policies	
	3.1 Inventory	31
	3.2 Trade and other receivables	32
	3.3 Equity-accounted investees	32
	3.4 Property, plant and equipment	33
	3.5 Investment property	35
	3.6 Segment reporting	36
	3.7 Revenue recognition	37
	3.8 Income tax and deferred taxes	38
	3.9 Earnings per share	39
	3.10 Impairment of non-financial assets	40
	3.11 Financial assets	41
	3.12 Financial liabilities	42
	3.13 The environment	44
	3.14 Minimum dividend	44
	3.15 Consolidated statement of cash flows	44

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

2

Sociedad Química y Minera de Chile S.A. and Subsidiaries**Table of Contents – Consolidated Financial Statements (continued)**

Note	Page
3.16 Obligations related to employee termination benefits and pension Commitments	44
3.17 Financial derivatives and hedge transactions	46
3.18 Leases	48
3.19 Prospecting expenses	49
3.20 Other provisions	49
3.21 Compensation plans	50
3.22 Good and service insurance expenses	50
3.23 Intangible assets	50
3.24 Research and development expenses	52
3.25 Classification of balances as current and non-current	52
4 Financial risk management	
4.1 Management risk policy	53
4.2 Risk factors	54
4.3 Risk measurement	57
5 Changes in estimates and accounting policies (consistent presentation)	
5.1 Changes in accounting estimates	58
5.2 Changes in accounting policies	58
6 Parent's separate assets and liabilities	
6.1 Parent's separate assets and liabilities	59
6.2 Parent entity	59
6.3 Jointly arrangements of controlling interest	59
6.4 Information on consolidated subsidiaries	61
6.5 Detail of transactions between consolidated companies	67
7 Cash and cash equivalents	
7.1 Types of cash and cash equivalents	68
7.2 Short-term investments, classified as cash equivalents	69
7.3 Information on cash and cash equivalents by currency	69
7.4 Amount of significant restricted (unavailable) cash balances	70
7.5 Short-term deposits, classified as cash equivalents	71
8 Inventories	73
9 Related party: disclosures	
9.1 Related party disclosures	74
9.2 Relations between the Parent and the Entity	74
9.3 Intermediate parent that publicly issues financial statements	75
9.4 Detailed identification of the link between the parent company and the subsidiary	75

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

3

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

Table of Contents – Consolidated Financial Statements (continued)

Note	Page
9.5 Detail of related parties and related party transactions	77
9.6 Trade receivables due from related parties, current	78
9.7 Trade payables due to related parties, current	79
9.8 Board of Directors and Senior Management	80
9.9 Key Management Personnel Compensation	83
10 Financial instruments	
10.1 Classes of other financial assets	84
10.2 Trade and other receivables, current and non-current	84
10.3 Hedging assets and liabilities	88
10.4 Financial liabilities	90
10.5 Trade and other payables	99
10.6 Financial liabilities at fair value through profit or loss	100
10.7 Financial asset and liability categories	101
10.8 Financial assets pledged as guarantee	103
10.9 Estimated fair value of financial instruments and financial derivatives	103
10.10 Nature and scope of risks arising from financial instruments	105
11 Equity-accounted investees	
11.1 Investments in associates recognized according to the equity method of accounting	105
11.2 Assets, liabilities, revenue and expenses of associates	106
11.3 Detail of investments in associates	107
12 Joint ventures	
12.1 Policy for accounting for joint ventures in a Parent’s separate financial statements	108
12.2 Disclosures of interest in joint ventures	108
12.3 Detail of assets, liabilities and profit or loss of significant investments in joint ventures by company	109
12.4 Detail of investments in joint ventures	110
13 Intangible assets and goodwill	
13.1 Balances	111
13.2 Disclosures on intangible assets and goodwill	111

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

4

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

Table of Contents – Consolidated Financial Statements (continued)

Note	Page
14	Property, plant and equipment
14.1	Classes of property, plant and equipment 115
14.2	Reconciliation of changes in property, plant and equipment by class 117
14.3	Detail of property, plant and equipment pledged as guarantee 119
14.4	Additional information 119
15	Employee benefits
15.1	Provisions for employee benefits 120
15.2	Policies on defined benefit plans 121
15.3	Other long-term benefits 122
15.4	Post-employment benefit obligations 123
15.5	Staff severance indemnities 124
16	Executive compensation plan 125
17	Disclosures on equity
17.1	Capital management 127
17.2	Disclosures on preferred share capital 128
17.3	Disclosures on reserves in equity 130
17.4	Dividend policies 131
17.5	Provisional dividends 132
18	Provisions and other non-financial liabilities
18.1	Classes of provisions 134
18.2	Description of other provisions 135
18.3	Other non-financial liabilities, current 135
18.4	Changes in provisions 136
18.5	Detail of main classes of provisions 138
19	Contingencies and restrictions
19.1	Lawsuits or other relevant events 139
19.2	Restrictions 144
19.3	Commitments 144
19.4	Restricted or pledged cash 144
19.5	Sureties obtained from third parties 145
19.6	Indirect guarantees 146

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

5

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

Table of Contents – Consolidated Financial Statements (continued)

Note		Page
20	Revenue	147
21	Earnings per share	147
22	Borrowing costs	148
23	Effect of fluctuations on foreign currency exchange rates	149
24	Environment	
	24.1 Disclosures on disbursements related to the environment	151
	24.2 Detail of information on disbursements related to the environment	151
	24.3 Description of each project indicating whether these are in process or have been finished	167
25	Other current and non-current financial assets	172
26	Operating segments	
	26.1 Operating segments	174
	26.2 Information on operating segments	175
	26.3 Revenue from transactions with other company operating segments	177
	26.4 Information on geographical areas	178
	26.5 Information on main customers	178
	26.6 Segments by geographical areas	179
	26.7 Property, plant and equipment classified by geographical areas	180
27	Gains (losses) from operating activities in the statement of income by function of expenses, exposed according to their nature	
	27.1 Revenue	181
	27.2 Cost of sales	181
	27.3 Other income	182
	27.4 Administrative expenses	182
	27.5 Other expenses by function	183
	27.6 Other gains (losses)	183
	27.7 Summary of expenses by nature	184

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

6

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

Table of Contents – Consolidated Financial Statements (continued)

Note	Page
28	Income tax and deferred taxes
28.1	Current tax assets 185
28.2	Current tax liabilities 186
28.3	Tax earnings 186
28.4	Income tax and deferred taxes 187
29	Disclosures on the effects of fluctuations in foreign currency exchange rates 196
30	Subsequent events
30.1	Authorization of the financial statements 201
30.2	Disclosures on subsequent events 201
30.3	Detail of dividends declared after the balance sheet date 201

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 STATEMENTS OF FINANCIAL POSITION

	Note	As of March 31, 2012 ThUS\$	As of December 31, 2011 ThUS\$
ASSETS			
Current assets			
Cash and cash equivalents	7.1	449,152	444,992
Other current financial assets	10.1	206,778	169,261
Other current non-financial assets	25	45,610	63,792
Trade and other receivables, current	10.2	513,934	412,062
Trade receivables due from related parties, current	9.6	98,339	117,139
Current inventories	8.0	812,133	744,402
Current tax assets	28.1	7,099	4,765
Total current assets		2,133,045	1,956,413
Non-current assets			
Other non-current financial assets	10.1	45,040	30,488
Other non-current non-financial assets	25	26,124	24,651
Trade receivables, non-current	10.2	1,263	1,070
Investments in equity-accounted investees	11.1	63,160	60,694
Intangible assets other than goodwill	13.1	4,163	4,316
Goodwill	13.1	38,605	38,605
Property, plant and equipment	14.1	1,777,354	1,755,042
Deferred tax assets	28.4	252	304
Total non-current assets		1,955,961	1,915,170
Total assets		4,089,006	3,871,583

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

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

8

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

CONSOLIDATED CLASSIFIED STATEMENTS OF FINANCIAL POSITION, (continued)

	Note	As of March 31, 2012 ThUS\$	As of December 31, 2011 ThUS\$
Liabilities and Equity			
Liabilities			
Current liabilities			
Other current financial liabilities	10.4	172,633	161,008
Trade and other payables, current	10.5	185,842	183,032
Trade payables due to related parties, current	9.7	707	873
Other current provisions	18.1	20,582	16,937
Current tax liabilities	28.2	98,653	75,418
Provisions for employee benefits, current	15.1	19,270	30,074
Other current non-financial liabilities	18.3	162,840	161,961
Total current liabilities		660,527	629,303
Non-current liabilities			
Other non-current financial liabilities	10.4	1,271,845	1,237,027
Other non-current provisions	18.1	6,768	8,595
Deferred tax liabilities	28.4	99,227	98,594
Provisions for employee benefits, non-current	15.1	36,027	33,684
Total non-current liabilities		1,413,867	1,377,900
Total liabilities		2,074,394	2,007,203
Equity			
	17		
Share capital		477,386	477,386
Retained earnings		1,501,589	1,351,560
Other reserves		(17,697)	(16,112)
Equity attributable to owners of the Parent		1,961,278	1,812,834
Non-controlling interest		53,334	51,546
Total equity		2,014,612	1,864,380
Total liabilities and equity		4,089,006	3,871,583

The accompanying notes form an integral part of these 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 STATEMENTS OF INCOME BY FUNCTION**

	Note	January to March 2012 ThUS\$	2011 ThUS\$
Revenue	20	529,625	480,035
Cost of sales	27.2	(293,362)	(292,430)
Gross profit		236,263	187,605
Other income	27.3	4,663	3,336
Administrative expenses	27.4	(22,985)	(20,568)
Other expenses by function	27.5	(10,091)	(14,965)
Other gains (losses)	27.6	49	(109)
Gain (loss) from operating activities		207,899	155,299
Finance income		5,537	5,657
Finance costs	22	(12,062)	(10,627)
Share of profit of associates and joint ventures accounted for using the equity method		8,064	3,657
Foreign currency exchange differences	23	(4,913)	(2,899)
Gain (loss) before taxes		204,525	151,087
Income tax expense, continuing operations	28.4	(52,771)	(38,956)
Profit (loss) from continuing operations		151,754	112,131
Profit for the period		151,754	112,131
Profit attributable to			
Owners of the Parent		150,029	111,395
Non-controlling interest		1,725	736
Profit for the period		151,754	112,131

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

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

10

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

CONSOLIDATED STATEMENTS OF INCOME BY FUNCTION (continued)

		January to March	
	Note	2012	2011
		ThUS\$	ThUS\$
Earnings per share			
Common shares			
Basic earnings per share (US\$ per share)	21	0.5700	0.4232
Basic earnings per share (US\$ per share) from continuing operations		0.5700	0.4232
Diluted common shares			
Diluted earnings per share (US\$ per share)	21	0.5700	0.4232
Diluted earnings per share (US\$ per share) from continuing operations		0.5700	0.4232

The accompanying notes form an integral part of these 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 STATEMENTS OF COMPREHENSIVE INCOME**

	January to March	
	2012	2011
	ThUS\$	ThUS\$
Statements of comprehensive income		
Profit for the period	151,754	112,131
Components of other comprehensive income before taxes and foreign currency translation difference		
Gain (loss) from foreign currency translation difference, before taxes	1,437	(100)
Other comprehensive income before taxes and foreign currency translation differences	1,437	(100)
Cash flow hedges		
(Gain) loss from cash flow hedges before taxes	(3,708)	(2,900)
Other comprehensive income before taxes and cash flow hedges	(3,708)	(2,900)
Other comprehensive income before taxes and actuarial gains (losses) from defined benefit plans		-
Other reserves		-
Other components of other comprehensive income before taxes	(2,271)	(3,000)
Income taxes associated with components of other comprehensive income		
Income taxes associated with cash flow hedges in other comprehensive income	749	580
Income taxes associated with components of other comprehensive income	749	580
Other comprehensive income	(1,522)	(2,420)
Total comprehensive income	150,232	109,711
Comprehensive income attributable to		
Owners of the Parent	148,444	108,998
Non-controlling interest	1,788	713
Total comprehensive income	150,232	109,711

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

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

12

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Statement of Cash Flows	Note	03/31/2012 ThUS\$	03/31/2011 ThUS\$
Cash flows from (used in) operating activities			
Profit for the period		151,754	112,131
Adjustment to reconcile profit for the period			
Adjustment for decreases (increases) in inventories		(73,405)	(14,114)
Adjustment for decreases (increases) in trade receivables		(46,666)	(17,986)
Adjustment for decreases (increases) in other receivables from operating activities		(10,110)	(9,988)
Adjustment for decreases (increases) in trade payables		(39,347)	(29,276)
Adjustment for decreases (increases) in other payables from operating activities		(14,970)	(4,452)
Adjustment for depreciation and amortization		46,966	42,138
Adjustment for provisions		12,672	(599)
Adjustment for unrealized foreign currency translation loss (gain)		4,914	2,899
Adjustment for undistributed profit from associates		(8,064)	(3,657)
Other adjustments for items other than cash		80,311	76,827
Other adjustments for the effects on cash from investing or financing activities		(9)	(99)
Reconciling adjustments		(47,708)	41,693
Net cash from (used in) operating activities		104,046	153,824
Dividends received		3,675	454
Interest paid		(5,237)	(4,472)
Net cash from (used in) operating activities		102,484	149,806
Cash flows from (used in) investing activities			
Cash flows from loss of control of subsidiaries or other businesses		961	-
Payments to acquire interest in joint ventures		(197)	(2,500)
Proceeds from the sale of property, plant and equipment		162	794
Acquisition of property, plant and equipment		(70,276)	(112,431)
Cash advances and loans granted to third parties		(413)	278
Other cash inflows (outflows)		(28,829)	28,362
Net cash from (used in) investing activities		(98,592)	(85,497)

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

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

13

Sociedad Química y Minera de Chile S.A. and Subsidiaries**CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**

	Note	03/31/2012 ThUS\$	03/31/2011 ThUS\$
Cash flows from (used in) financing activities			
Proceeds from long-term loans		60,000	100,000
Repayment of loans		(60,000)	(110,000)
Other cash inflows (outflows)		(58)	(9)
Net cash from (used in) financing activities		(58)	(10,009)
Net increase (decrease) in cash and cash equivalents before the effect of changes in the exchange rate		3,834	(54,300)
Effects of exchange rate fluctuations on cash held		326	(15,137)
Net increase (decrease) in cash and cash equivalents		4,160	(39,163)
Cash and cash equivalents at beginning of period		444,992	524,652
Cash and cash equivalents at end of period	7	449,152	563,815

The accompanying notes form an integral part of these 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

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Foreign currency translation differences reserves	Cash flow hedging reserves	Actuarial gains (losses) from defined benefit plans	Other reserves	Subtotal other reserves	Retained earnings	Equity		
								attributable owners of Parent	Non-controlling interest	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Equity at beginning of the period	477,386	(1,251)	(10,230)	(2,954)	(1,677)	(16,112)	1,351,560	1,812,834	51,546	1,864,380
Restated opening balance of equity	477,386	(1,251)	(10,230)	(2,954)	(1,677)	(16,112)	1,351,560	1,812,834	51,546	1,864,380
Profit (loss)							150,029	150,029	1,725	151,754
Other comprehensive income		1,374	(2,959)			(1,585)		(1,585)	63	(1,522)
Comprehensive income		1,374	(2,959)	-	-	(1,585)	150,029	148,444	1,788	150,232
Dividends										
Increase (decrease) in transfers and other changes										
Increase (decrease) in equity	-	1,374	(2,959)	-	-	(1,585)	150,029	148,444	1,788	150,232

Equity as of March 31, 2012	477,386	123	(13,189)	(2,954)	(1,677)	(17,697)	1,501,589	1,961,278	53,334	2,014,612
--------------------------------	---------	-----	----------	---------	---------	----------	-----------	-----------	--------	-----------

The accompanying notes form an integral part of these 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

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Foreign currency translation differences reserves			Actuarial gains from defined benefit plans		Other reserves	Retained earnings	Equity	
		cash flow (losses)	hedging reserves	reserves	from defined benefit plans	attributable to owners of the Parent			Non-controlling interest Total	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Equity at beginning of the period	477,386	1,530	(9,207)	(2,036)	(9,713)	1,155,131	1,622,804	48,016	1,670,820	
Restated opening balance of equity	477,386	1,530	(9,207)	(2,036)	(9,713)	1,155,131	1,622,804	48,016	1,670,820	
Profit (loss)	-	-	-	-	-	111,395	111,395	736	112,131	
Other comprehensive income	-	(77)	(2,320)	-	(2,397)	-	(2,397)	(23)	(2,420)	
Comprehensive income	-	(77)	(2,320)	-	(2,397)	111,395	108,998	713	109,711	
Total changes in equity	-	(77)	(2,320)	-	(2,397)	111,395	108,998	713	109,711	
Equity as of March 31, 2011	477,386	1,453	(11,527)	(2,036)	(12,110)	1,266,526	1,731,802	48,729	1,780,531	

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

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

16

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

Notes to the Consolidated Financial
Statements

as of March 31, 2012

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

Notes to the consolidated financial statements as of March 31, 2012

Note 1 – Identification and Activities of the Company and Subsidiaries

1.1 Historical background

Sociedad Química y Minera de Chile S.A. "SQM" is an open stock corporation organized under the laws of the Republic of Chile, Tax Identification No.93.007.000-9. 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 Registry of Commerce of Santiago, on page 4,537 No. 1,992. SQM's headquarters are located at El Trovador 4285, Fl. 6, Las Condes, Santiago, Chile. The Company's telephone number 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.

1.2 Main domicile where the Company performs its production activities

The Company's main domiciles are: Calle Dos Sur plot No. 5 - Antofagasta; Arturo Prat 1060 - Tocopilla; Administración Building w/n - Maria Elena; Administración Building w/n Pedro de Valdivia - María Elena, Former Florencia office w/n - Sierra Gorda, Anibal Pinto 3228 - Antofagasta, Kilometer 1378 5 Norte Highway - Antofagasta, Coya Sur Plant w/n - Maria Elena, kilometer 1760 5 Norte Highway - Pozo Almonte, Pampa Yumbes w/n - Tal-tal.

1.3 Codes of main activities

The codes of the main activities as established by the Chilean Superintendence of Securities and Insurance are as follows:

-	1700 (Mining)
-	2200 (Chemical products)
-	1300 (Investment)

1.4 Description of the nature of operations and main activities

Our products are mainly derived from mineral deposits found in northern Chile. We mine and process caliche ore and brine deposits. The caliche ore in northern Chile contains the only known nitrate and iodine deposits in the world and is the world's largest commercially exploited source of natural nitrates. The brine deposits of the Salar de Atacama, a salt-encrusted depression within the Atacama desert in northern Chile, contain high concentrations of lithium and potassium as well as significant concentrations of sulfate and boron.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

18

Notes to the consolidated financial statements as of March 31, 2012

Note 1 – Identification and Activities of the Company and Subsidiaries (continued)

1.4 Description of the nature of operations and main activities, continued

From our caliche ore deposits, we produce a wide range of nitrate-based products used for specialty plant nutrients and industrial applications, as well as iodine and iodine derivatives. At the Salar de Atacama, we extract brines rich in potassium, lithium, sulfate and boron in order to produce potassium chloride, potassium sulfate, lithium solutions, boric acid and bischofite (magnesium chloride). We produce lithium carbonate and lithium hydroxide at our plant near the city of Antofagasta, Chile, from the solutions brought from the Salar de Atacama. We market all of these products through an established worldwide distribution network.

We sell our products in more than 100 countries worldwide through a worldwide distribution network and generate approximately more than 87% of our revenue from foreign countries in 2011.

Our products are divided into six categories: specialty plant nutrition, iodine and its derivatives, lithium and its derivatives, industrial chemicals, potassium and other products and services, described as follows:

Specialty plant nutrients 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. Within this type of business, potassium derivative products and specially potassium nitrate have had a leading role given the contribution they make to develop crops insuring an improvement in post-crop life in addition to improving quality, flavor and fruit color. The potassium nitrate, which is sold in multiple formats and as a part of other specialty mixtures, is complemented by sodium nitrate, potassium sodium nitrate, and more than 200 fertilizing mixtures.

Iodine: is the biggest producer of iodine at worldwide level, which is a product which is widely used in the pharmaceutical industry, technology and nutrition. Additionally, iodine is used as X ray contrast media and polarizing film for LCD displays.

Lithium: the Company's lithium is mainly used for manufacturing rechargeable batteries for cell phones, cameras and notebooks. Through the manufacturing of lithium-based products, SQM provides significant materials to face great challenges such as the efficient use of energy and raw materials. Lithium is not only used for rechargeable batteries

and in new technologies for vehicles propelled by electricity, but is also used in industrial applications to lower melting temperature and to help saving costs and energy

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 1 – Identification and Activities of the Company and Subsidiaries (continued)

1.4 Description of the nature of operations and main activities, continued

Industrial Chemicals Industrial chemicals are products used as supplies for a number of production processes. SQM participates in this line of business during more than 30 years producing sodium nitrate, potassium nitrate, boric acid and potassium chloride. Industrial nitrates have increased their importance over the last few years due to their use as storage means for thermal energy at solar energy plants, which are widely used in countries as Spain and the United States in their search for decreasing CO₂ emissions

Potassium: The potassium is a primary essential macro-nutrient, and even though does not form part of the plant's structure, has a significant role for the developing of its basic functions, validating the quality of a crop, increasing post-crop life, improving the crop flavor, its amount in vitamins and its physical appearance. Within this business line, SQM has also potassium chlorate and potassium sulfate, both extracted from the salt layer located under the Salar de Atacama (the Atacama Saltpeter Deposit.) In this business line SQM has focused a significant part of its investments plan, allowing a significantly increase in the Company's production levels in the last 2 years.

Potassium: The potassium is a primary essential macro-nutrient, and even though does not form part of the plant's structure, has a significant role for the developing of its basic functions, validating the quality of a crop, increasing post-crop life, improving the crop flavor, its amount in vitamins and its physical appearance. Within this business line, SQM has also potassium chlorate and potassium sulfate, both extracted from the salt layer located under the Salar de Atacama (the Atacama Saltpeter Deposit.)

Other products and services: This operating segment includes revenue from commodities, provision of services, interest, royalties and dividends.

1.5 Other background

Employees

As of March 31, 2012 and December 3, 2011, the Company's employees were as follows:

03/31/2012 12/31/2011

Permanent employees	5,223	4,902
---------------------	-------	-------

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

20

Notes to the consolidated financial statements as of March 31, 2012

Note 1 – Identification and Activities of the Company and Subsidiaries (continued)**1.5****Other background, continued**

Main shareholders

The table below establishes certain information about the beneficial property of Series A and Series B shares of SQM as of March 31, 2012 and December 31, 2011. 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 controlled in the Central Securities Depository and reported to the Superintendence of Securities and Insurance (SVS) and the Chilean Stock Exchange, whose main shareholders are as follows

Shareholder 03/31/2012	Number of Series		Number of		Total			
	A shares with ownership	% of Series A shares	Series B shares with ownership	% of Series B shares B	shares	%	shares	%
Inversiones El Boldo Limitada	44,751,196	31.33 %	17,571,676	14.60 %			23.68	%
Sociedad de Inversiones Pampa Calichera S.A.(*)	44,758,830	31.34 %	12,241,799	10.17 %			21.66	%
The Bank of New York	-	-	41,693,849	34.64 %			15.84	%
Inversiones RAC Chile Limitada	19,200,242	13.44 %	2,699,773	2.24 %			8.32	%
Potasios de Chile S.A.(*)	18,179,147	12.73 %	156,780	0.13 %			6.97	%
Inversiones Global Mining (Chile) Limitada (*)	8,798,539	6.16 %	-	-			3.34	%
Banchile Corredores de Bolsa S.A.	141,453	0.10 %	4,287,036	3.56 %			1.68	%
Corpbanca Corredores de Bolsa S.A.	11,189	0.01 %	4,264,733	3.54 %			1.62	%
Banco Itau on behalf of investors	-	-	4,075,292	3.39 %			1.55	%
Inversiones La Esperanza Limitada	3,693,977	2.59 %	-	-			1.40	%

(*) **Total Pampa Group 31.97%**

Shareholder as of 12/31/2011	Number of Series	% of Series	Number of	% of Series B	Total	% of
------------------------------	------------------	-------------	-----------	---------------	-------	------

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

	A shares with ownership	A shares	Series B shares with ownership	shares B	shares	B	shares	with	ownership
Inversiones El Boldero Limitada	44,751,196	31.33	%	17,571,676	14.60	%	23.68	%	
Sociedad de Inversiones Pampa Calichera S.A.(*)	44,758,830	31.34	%	12,241,799	10.17	%	21.66	%	
The Bank of New York	-	-		42,036,912	34.92	%	15.97	%	
Inversiones RAC Chile Limitada	19,200,242	13.44	%	2,699,773	2.24	%	8.32	%	
Potasios de Chile S.A.(*)	18,179,147	12.73	%	156,780	0.13		6.97	%	
Inversiones Global Mining (Chile) Limitada (*)	8,798,539	6.16	%	-	-		3.34	%	
Banchile Corredores de Bolsa S.A.	136,919	0.10	%	4,890,193	4.06	%	1.91	%	
Corpbanca Corredores de Bolsa S.A.	11,189	0.01		4,264,250	3.54	%	1.62	%	
Inversiones La Esperanza Limitada	3,693,977	2.59	%	-	-		1.40	%	
Banco Itau on behalf of investors	-	-		3,693,080	3.07	%	1.40	%	

(*) Total Pampa Group 31.97%

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 2 - Bases of presentation for consolidated financial statements

2.1

Accounting period

These consolidated financial statements cover the following period:

Consolidated Statements of Financial Position for the period ended March 31, 2012 and the year ended December 31, 2011.

- Consolidated Statements of Changes in Equity for the period ended March 31, 2012 and December 2011.
- Consolidated Statements of Comprehensive Income for the period between January 1 and March 31, 2012 and 2011.
- Consolidated Statements of Cash Flows, indirect method for the periods ended March 31, 2012 and 2011.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 2 - Bases of presentation for consolidated financial statements (continued)

2.2

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 represent the full, explicit and unreserved application of the aforementioned international standards issued by the International Accounting Oversight Board (IASB).

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.

2.3

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items:

- inventories are recorded at the lower of cost and net realizable value;
- other current and non-current financial liabilities at amortized cost;
- financial derivatives at fair value; and
- staff severance indemnities and pension commitments at actuarial value.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

23

Notes to the consolidated financial statements as of March 31, 2012

Note 2 - Bases of presentation for consolidated financial statements (continued)

2.4 Accounting pronouncements

Accounting pronouncements

At the date of these consolidated financial statements, the following accounting pronouncements had been issued by the IASB but its application date is not effective.

New standards	Mandatory application for:
IAS 19 Employee Benefits	January 1, 2013
IAS 27 Separate Financial Statements	January 1, 2013
IFRS 9 Financial Instruments	January 1, 2013
IFRS 10 Consolidated financial statements	January 1, 2013
IFRS 11 Joint arrangements	January 1, 2013
IFRS 12 Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13 Fair Value Measurement	January 1, 2013

IAS 19 Revised “Employee Benefits”

Issued in June 2011, supersedes IAS 19 (1998). This revised standard amends the recognition and measurement of defined benefit plan expenses and termination benefits. Additionally, it includes amendments to disclosures of all employee benefits.

IAS 27 “Separate Financial Statements”

Issued in May 2011, supersedes IAS 27 (2008). The scope of this standard is restricted from this change solely to separate financial statements, given that the aspects linked to the definition of control and consolidation were removed and included in IFRS 10. Its early adoption is allowed together with IFRS 10, IFRS 11 and IFRS 12 and the amendment to IAS 28.

IFRS 9 “Financial Instruments”

Issued in December 2009, amends the classification and measurement of financial assets.

Subsequently, this standard was amended in November 2010 to include the treatment and classification of financial liabilities. Its early adoption is permitted.

IFRS 10 “Consolidated Financial Statements”

Issued in May 2011, supersedes SIC 12 “Consolidation – Special Purpose Entities” and portions of IAS27 “Consolidated Financial Statements”. It establishes clarifications and new parameters for the definition of control, as well as the preparation of consolidated financial statements. Its early adoption is permitted together with IFRS 11, IFRS 12 and amendments to IAS 27 and IAS 28.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 2 - Bases of presentation for consolidated financial statements (continued)

2.4 2.4 Accounting pronouncements, continued

NIF 11 “Joint Arrangements”

Issued in May 2011, supersedes IAS 31 “Interests in Joint Ventures” and SIC 13 “Joint Controlled Entities”. Its amendments include the elimination of the concept of jointly-controlled assets and the possibility of proportional consolidation of entities under common control. Its early adoption is permitted together with IFRS 10, IFRS 12 and amendments to IAS 27 and IAS 28.

IFRS 12 “Disclosure of Interests in Other Entities”

Issued in May 2011, is applicable for entities with investments in subsidiaries, joint ventures and associates. Its early adoption is permitted together with IFRS 10, IFRS 11 and amendments to IAS 27 and IAS 28

IFRS 13 “Fair Value Measurement”

Issued in May, gathers in one single standard the method for measuring fair value of assets and liabilities and disclosures required for this purpose and incorporates new concepts and clarifications for measurement.

Improvements and Amendments	Mandatory application for:
IAS 1 Presentation of Financial Statements	July 1, 2012
IAS 28 Investments in Associates and Joint Ventures	January 1, 2013

IAS 1 “Presentation of Financial Statements”

Issued in June 2011, the main amendment is that it requires that items in Other Comprehensive Income must be classified and grouped by assessing whether they will be reclassified to subsequent periods. Its early adoption is permitted.

IAS 28 “Investments in Associates and Joint Ventures”

Issued in May 2011, regulates the accounting treatment of these investments through the application of the equity method. Its early adoption is permitted together with IFRS 10, IFRS 11 and NIFRS 12 and the amendment to IAS 27.

The Company's management estimates that the adoption of standards, amendments and interpretations described above are under evaluation and it is expected that they will not have a significant impact on the Consolidated Financial Statements of the Company.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 2 - Basis of presentation for consolidated financial statements (continued)

2.5 Transactions in foreign currency

(a) Functional and presentation currency

The Company's quarter consolidated financial statements are presented in United States dollars ("U.S. dollars" or "USD"), which is the Company's functional and presentation currency and is the currency of the main economic environment in which it operates.

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

The quarter consolidated financial statements are presented without decimals.

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 consolidated financial statements.
- Statement of income account items using the average exchange rate for the year.
- Equity accounts are stated at the historical exchange rate prevailing at acquisition date.

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

(b) 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 March 31, 2012 and December 31, 2011 have been translated to U.S. dollars at the exchange rates prevailing at those dates. The corresponding Chilean pesos were converted at Ch\$487.44 per US\$1.00 as of March 31, 2012, and Ch\$519.20 per US\$1.00 as of December 31, 2011.

The values of the UF (a Chilean peso-denominated, inflation-indexed monetary unit) used to convert the UF denominated assets and liabilities as of March 31, 2012 amounted to Ch\$22,533.51 (US\$46,23), and as of December 31, 2011 amounted to Ch\$22,294.03 (US\$42.94).

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 2 - Basis of presentation for consolidated financial statements (continued)

2.5 Transactions in foreign currency, (continued)

Foreign subsidiaries

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

	03/31/2012	12/13/2011
	US\$	US\$
Brazilian Real	1.82	1.88
New Peruvian Sol	2.67	2.77
Argentinean Peso	4.39	4.30
Japanese Yen	82.03	77.74
Euro	0.75	0.77
Mexican Peso	12.85	13.98
Australian Dollar	0.96	1.03
Pound Sterling	0.63	0.64
South African Rand	7.66	8.10
Ecuadorian Dollar	1.00	1.00
Chilean Peso	487.44	519.20
UF	46.23	42.94

(c) Transactions and balances

Non-monetary transaction balances denominated in a currency other than the functional currency (U.S. dollar) are translated using the exchange rate in force for the functional currency at the transaction date. Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate of the functional currency prevailing at the closing date of the consolidated classified statement of financial position. All differences are taken to the statement of income with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These items are recognized in other comprehensive income upon the disposal of the investment, at which time they are recognized in the statement of income. Tax charges and credits attributable to exchange differences on

those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 2 - Basis of presentation for consolidated financial statements (continued)

2.5 Transactions in foreign currency, continued

(d) Group entities

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

Assets and liabilities are translated at the closing date exchange rate as of the date of the consolidated statement of financial position.

- Revenue and expenses in each profit or loss account are translated at average exchange rates for the year.

All resulting foreign currency exchange differences are recognized as a component separate in the foreign currency translation difference reserve

In consolidation, foreign currency exchange differences which arise from the conversion of a net investment in foreign entities are taken to net equity (other reserves). 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.

2.6 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. Subsidiaries apply the same accounting policies that its Parent.

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. For each business combination, the acquirer measures the non-controlling interests in the acquiree at fair value or as a proportional part of the acquiree's net identifiable assets.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 2 - Basis of presentation for consolidated financial statements (continued)**2.6 Basis of consolidation, continued****Companies included in consolidation:**

TAX ID No.	Foreign subsidiaries	Country of origin	Functional currency	Ownership interest			12/31/2011 Total
				03/31/2012 Direct	Indirect	Total	
Foreign	Nitratos Naturais Do Chile Ltda.	Brazil	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Nitrate Corporation Of Chile Ltd.	United Kingdom	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	US\$	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	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Corporation N.V.	Dutch Antilles	US\$	0.0002	99.9998	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	US\$	0.0013	99.9987	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	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Perú 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	US\$	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	US\$	2.7900	97.2100	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

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

Foreign	SQM Oceania Pty Limited	Australia	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Rs Agro-Chemical Trading A.V.V.	Aruba	US\$	98.3333	1.6667	100.0000	100.0000
Foreign	SQM Indonesia S.A.	Indonesia	US\$	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	US\$	-	-	-	100.0000
Foreign	SQM Italia SRL	Italy	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Comercial Caimán Internacional S.A.	Cayman Islands	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Africa Pty.	South Africa	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Lithium Specialties LLC	USA	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Iberian S.A.(**)	Spain	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Iodine Minera B.V.	The Netherlands	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Agro India Pvt. Ltd.	India	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Beijing Commercial Co. Ltd.	China	US\$	0.0000	100.0000	100.0000	100.0000

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Nota 2 - Basis of presentation for consolidated financial statements (continued)**2.6 Basis of consolidation, continued****Companies included in consolidation:**

TAX ID No.	Domestic subsidiaries	Country of origin	Functional currency	Ownership interest			
				03/31/2012			12/31/2011
			Direct	Indirect	Total	Total	
96.801.610-5	Comercial Hydro S.A.	Chile	US\$	0.0000	60.6383	60.6383	60.6383
96.651.060-9	SQM Potasio S.A.	Chile	US\$	99.9974	0.0000	99.9974	99.9974
96.592.190-7	SQM Nitratos S.A.	Chile	US\$	99.9999	0.0001	100.0000	100.0000
96.592.180-K	Ajay SQM Chile S.A.	Chile	US\$	51.0000	0.0000	51.0000	51.0000
86.630.200-6	SQMC Internacional Ltda.	Chile	Chilean peso	0.0000	60.6381	60.6381	60.6381
79.947.100-0	SQM Industrial S.A.	Chile	US\$	99.0470	0.9530	100.0000	100.0000
79.906.120-1	Isapre Norte Grande Ltda.	Chile	Chilean peso	1.0000	99.0000	100.0000	100.0000
79.876.080-7	Almacenes y Depósitos Ltda.	Chile	Chilean peso	1.0000	99.0000	100.0000	100.0000
79.770.780-5	Servicios Integrales de Tránsitos y Transferencias S.A.	Chile	US\$	0.0003	99.9997	100.0000	100.0000
79.768.170-9	Soquimich Comercial S.A.	Chile	US\$	0.0000	60.6383	60.6383	60.6383
79.626.800-K	SQM Salar S.A.	Chile	US\$	18.1800	81.8200	100.0000	100.0000
78.602.530-3	Minera Nueva Victoria Ltda.	Chile	US\$	99.0000	1.0000	100.0000	100.0000
78.053.910-0	Proinsa Ltda.	Chile	Chilean peso	0.0000	60.5800	60.5800	60.5800
76.534.490-5	Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	Chile	Chilean peso	0.0000	100.0000	100.0000	100.0000
76.425.380-9	Exploraciones Mineras S.A.	Chile	US\$	0.2691	99.7309	100.0000	100.0000
76.064.419-6	Comercial Agrorama Ltda. (*)	Chile	Chilean peso	0.0000	42.4468	42.4468	42.4468
76.145.229-0	Agrorama S.A. (***)	Chile	Chilean peso	0.0000	60.6377	60.6377	60.6377

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

(**) On December 14, 2011, Fertilizantes Naturales S.A. changed its company name to SQM Iberian S.A.

(***) This subsidiary was incorporated on April 7, 2011.

Subsidiaries are consolidated on a line by line basis by including in the consolidated financial statements all of their assets, liabilities, revenues, expenses and cash flows upon making the respective adjustments and eliminations of intragroup operations.

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

Non-controlling interests represent the portion of subsidiary net assets and operating results not owned directly or indirectly by the parent company.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 2 - Basis of presentation for consolidated financial statements (continued)

2.7 Significant accounting judgments, estimates and assumptions

The information contained in these consolidated financial statements is the responsibility of the Company's management, who expressly indicate that they have applied all the principles and criteria included in IFRS, issued by the IASB.

In the accompanying consolidated financial statements, judgments and estimates have been made by management to quantify certain assets, liabilities, revenues, expenses and commitments recorded and or disclosed therein. Basically, these estimates refer to the following:

- The useful lives of tangible and intangible assets and their residual values.
- Impairment evaluations of certain assets, including trade receivables.
- Assumptions used for the actuarial calculation of commitments for employee pensions and staff severance indemnities.
- Provisions for commitments assumed with third parties and contingent liabilities.
- Inventory provisions based on technical studies which cover the different variables affecting products in stock (density, humidity, among others) and allowances on slow-moving spare parts in inventory.
- Future costs for the closure of mining facilities.
- The determination of the 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 information available as of the date of preparation of these consolidated financial statements, it is possible that events that may occur in the future could make their modification necessary in future years. Changes would be recorded prospectively, recognizing the effects of the change in estimates in the respective future consolidated financial statements.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies

3.1 Inventory

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

32

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.2 Trade and other receivables

Trade and other receivables relate to non-derivative financial assets with fixed and determinable payments 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

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. 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 interest income when interest is accrued over the term of the operation.

3.3 Investments recognized using the equity method

Interests in companies in which control is exercised together with another company (joint ventures) 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 consolidated classified 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 companies' results for the reporting period.

Unrealized profit on transactions with associates and subsidiaries are eliminated in consolidation of the ownership percentage that the Company has on these entities. Unrealized losses are also eliminated unless the transaction provided evidence of loss from impairment of the assets transferred.

Changes in equity of the associates are recognized proportionally with a debit or credit to “Other reserves” and classified according to their origin.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.3 Investments recognized using the equity method, continued

The associated companies 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 income.

If the resulting amount according to the equity method is negative, the Company's equity interest is reduced to zero in the consolidated classified statement of financial position unless the Company has a contractual commitment to resolve the equity position. In this case, the respective provision for risks and expenses is recorded.

Dividends received in these companies are recorded by reducing the equity value and proportional profit or loss recognized in conformity with their interest, and are included in the consolidated statement of income under the caption "Equity in income (losses) of associates and joint ventures accounted for using the equity method".

3.4 Property, plant and equipment

Tangible property, plant and equipment assets are stated at acquisition cost, net of the related accumulated depreciation, amortization and impairment losses that they might have experienced.

In addition to the price paid for the acquisition of tangible property, plant and equipment, the Company has considered the following concepts as part of the acquisition cost, as applicable:

1. Accrued interest 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 is ThUS\$4,332 as of March 31, 2012 and ThUS\$22,249 as of December 31, 2011.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

34

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.4 Property, plant and equipment, continued

2. The future costs that the Company will have to experience related to the closure of its facilities at the end of their useful life are included at the present value of disbursements expected to be required to settle the obligation.

Construction-in-progress is transferred to property, plant and equipment in operation once the assets are available for use and the related depreciation and amortization begins on that date.

Extension, modernization or improvement costs that 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 expense as incurred.

Property, plant and equipment, net in the case of their residual values are depreciated using the straight-line method over its estimated useful lives. When portions of a property, plant and equipment item have different useful lives, these portions are recorded as separate items. The useful life is reviewed annually, and revised if necessary.

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

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 it has been considered that the carrying value of assets does not exceed the net recoverable value of such assets.

Property, plant and equipment, net in the case of their residual values are depreciated using the straight-line method over its estimated 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 portions are recorded as separate items. The useful life is reviewed regularly (annually).

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.4 Property, plant and equipment, continued

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

Types of property, plant and equipment	Life minimum	Life maximum
Buildings	3	60
Plant and equipment	3	35
Information technology equipment	3	10
Fixtures and fittings	3	35
Moto vehicles	5	10
Other property, plant and equipment	2	30

Gains or losses which are generated from the sale or disposal of property, plant and equipment are recognized as income (or loss) in 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 Government. Property rights are usually obtained 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 license fees. Such license fees, which are paid annually, are recorded as prepaid expenses and amortized over the following twelve month period. 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.

Costs derived from daily maintenance of property, plant and equipment are recognized when incurred.

3.5 Investment properties

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

Investment properties are initially stated at 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 accrued provisions for value impairment.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.6 Financial information by operating segment

IFRS 8 requires that companies adopt a “management approach” to disclose information on the operations generated by 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.

An operating segment is a group of assets and operations responsible for providing products or services subject to risks and performance different from 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 from those of other segments that operate in other economic environments.

For assets and liabilities the allocation to each segment is not possible given that these are associated with more than one segment, except for depreciation, amortization and impairment of assets, which are directly allocated to the applicable segments, in accordance with the criteria established in the costing process for product inventories.

The following operating segments have been identified by the Company:

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

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

37

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.7 Revenue recognition

Revenue includes the fair value of considerations received or receivable for the sale of goods and services during performance of the Company's activities. Revenue is presented net of value added tax, estimated 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 will 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 that could 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 rendering of services is recognized considering the degree of completion of the service as of the date of presentation of the consolidated classified 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

38

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.7 Revenue recognition, continued

(c) Interest income

Interest income is recognized when interest is accrued in consideration of the principal pending payment using the effective interest rate method.

(d) Income from dividends

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

3.8 Income tax and deferred taxes

Corporate income tax for the year is determined as the sum of current taxes from the different consolidated companies. Current taxes are based on the application of the various types of taxes attributable to taxable income for the year.

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 expected to be applicable when the assets and liabilities are realized.

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

Tax on companies and variations in deferred tax assets or liabilities that are not the result of business combinations are recorded in statement of income accounts or equity accounts in the consolidated classified statement of financial position, considering the origin of the gains or losses which have generated them.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.8 Income tax and deferred taxes, continued

As of the date of these consolidated financial statements, the carrying value of deferred tax assets has been reviewed and reduced to the extent there will not be sufficient taxable income to allow the recovery of all or a portion of the deferred tax assets. Likewise, as of the date of the consolidated financial statements, deferred tax assets that are not recognized were evaluated and not recognized as it was not more likely than not that future taxable income will allow for recovery of the deferred tax asset.

With respect to deductible temporary differences associated with investments in subsidiaries, associated companies and interest in joint ventures, deferred tax assets are recognized solely provided that it is more likely than not that the temporary differences will be 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 legally receivable right of offsetting tax assets against tax liabilities and the deferred tax is related to the same tax entity and authority.

3.9 Earnings per share

The basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary owners of the parent by the weighted average number of ordinary shares outstanding during the year.

The Company has not conducted any type of operation of potential dilutive effect that assumes diluted earnings per share other than the basic earnings per share.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

40

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.10 Impairment of non-financial assets

Assets subject to depreciation and amortization are subject to impairment testing, 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 the book value 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 that 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.

As of March 31, 2012 and December 31, 2011, the Company is unaware of any indication of impairment with regard to its assets.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

41

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.10 Impairment of non-financial assets, continued

For assets other than acquired goodwill, an annual evaluation is conducted of whether there is impairment loss indicators recognized previously that 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 that 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 revalued amount. Should this be the case, the reversal is treated as an increase in revaluation

3.11 Financial assets

The Company classifies its financial assets under the following categories: at fair value through profit or loss, loans and trade receivables, financial assets held-to-maturity and financial assets available-for-sale. The classification depends on the purpose for which financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of assets is deemed to be impaired if and only if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset or group of assets (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

(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 for the purpose of being sold in the short-term. Derivatives are also classified as

acquired for trading unless they are designated as hedge accounts. 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

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.11 Financial assets, continued

(b) Loans and trade receivables

Loans and trade receivables are non-derivative financial assets with fixed or determinable payments not quoted in any active market. These are included in current assets, except for those with maturities exceeding 12 months from the closing date, which are classified as non-current assets. Loans and trade receivables are included under the caption “Trade and other receivables” in the consolidated classified statement of financial position and are stated at amortized cost. The subsequent measurement at amortized cost is calculated using the effective interest rate method less impairment.

(c) Financial assets held-to-maturity

Financial assets held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities which management has the positive intention and ability of holding to maturity. If a significant amount of financial assets held to maturity were to be 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 that have been 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 other comprehensive income those variations in fair value, if any.

3.12 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.

Financial debt obligations are recorded at face value and as non-current when maturity is over twelve months and as current when maturity is less than twelve months. Interest expenses are recorded the year in which they are accrued under a financial approach.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.12 Financial liabilities, continued

In accordance with IAS 32 and 39, debt-related expenses are accounted for in the accompanying consolidated classified statements of financial position, deducting the associated debt and are imputed to the results of the year within the life of the debt using the effective interest rate method.

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

44

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.13 The environment

In general, the Company follows the criteria of considering amounts used in environmental protection and improvement as environmental expenses. However, the cost of facilities, machinery and equipment used for the same purpose are considered property, plant and equipment

3.14 Minimum dividend

According to the Corporations Act, a publicly traded corporation must pay dividends according to the policy decided at the General Shareholders' Meeting of each year, with a minimum of 30% of the net income of the year if the corporation does not have unabsorbed accumulated deficit from prior years, unless it is otherwise decided with the unanimous vote of the issued and subscribed shares.

3.15 Consolidated statements of cash flows

Cash equivalents relate to short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to low risk of change in value, and expire in less than three months from the date of acquisition of the instrument

For the purposes of the consolidated statements of cash flows, cash and cash equivalents comprise the balance of cash and cash equivalents as defined previously.

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

3.16 Obligations related to employee termination benefits 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. In the case of the United States employees, certain obligations are in accordance with the related pension plan, valid until the year 2002.

These obligations are valued using actuarial calculations, which consider such assumptions 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.

Note 3 – Significant accounting policies (continued)

3.16 Obligations related to employee termination benefits and pension commitments, continued

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

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

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

The discount rate used by the Company for calculating the obligation was 6% for the periods ended March 31, 2012 and December 31, 2011.

The Company's subsidiary SQM North America has established pension plans for its retired employees that are calculated by measuring the projected obligation using a net salary progressive rate net of adjustments for inflation, mortality and turnover assumptions, deducting the resulting amounts at present value using a 6.5% interest rate. The net balance of this obligation is presented under the non-current provisions for employee benefits.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.17 Financial derivatives and hedge transactions

Derivatives are recognized initially at fair value as of the date in which the derivatives contract is signed and subsequently they are valued at fair value. The method for recognizing the resulting loss or gain depends on whether the derivative has been designated as an accounting hedge 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 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 10.3. (Hedge assets) Movements in the cash flow hedge reserve are classified as a non-current asset or liability if the remaining expiration period of the hedged item 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.

Investing 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

47

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.17 Financial derivatives and hedge transactions, continued

For fair value hedging related to items recorded at amortized cost, the adjustment of the fair value is amortized against profit or loss during the period through maturity. Any adjustment to the carrying value of a hedged financial instrument for which the 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 hedges

The effective portion of gains or losses from the hedge instrument is initially recognized with a debit or credit to other reserves, whereas any ineffective 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 or loss, as when the hedged interest 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 other reserves are transferred to the initial carrying value of the non-financial asset or liability.

Should the expected firm transaction or commitment no longer be expected to occur, the amounts previously recognized in equity are transferred to profit or loss. If a hedge instrument expires, is sold, finished, and exercised without any replacement, or if a rollover is performed or if its designation as hedging is revoked, the amounts previously recognized in other reserves 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

48

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.18 Leases

(a) Lease – Finance lease

Leases are classified as finance leases when the Company holds 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 the interest expenses to obtain ongoing interest on the pending balance of the debt. The respective lease obligations, net of interest expense, are included in other non-current liabilities. The interest element of finance cost is debited in the consolidated statement of 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) Lease – Operating lease

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

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.19 Prospecting expenses

Those prospecting expenses associated with mineral reserves being exploited are included under Inventory and amortized according to the estimated mineral content reserves. Prospecting expenses associated with future mineral reserves are presented under other non-financial assets as and when minerals included in the future reserve have caliche ore-grade, which makes the mining property economically commercializable.

Those expenses incurred on mining properties in which the product has a low caliche ore-grade that is not economically commercializable, are directly charged to profit or loss.

3.20 Other provisions

Provisions are recognized when:

- The Company has a present obligation as the result of a past event.
- It is more likely than not that certain resources must be used, including benefits, to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

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 consolidated statement of 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 that 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 provisions to cover risks and expenses based on a better estimate to deal with possible or certain and quantifiable responsibilities from current litigation, compensations or obligations, pending expenses for which the amount has not yet been determined, collaterals and other similar guarantees for which the Company is responsible. These are recorded at the time the responsibility or the obligation that determines the compensation or payment is generated.

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

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.21 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 payroll on a straight-line basis during the period between the date on which these options are granted and the payment date. (See Note No.16).

3.22 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 prepayments within current assets.

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

3.23 Intangible assets

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

(a) Goodwill acquired

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

carrying value of goodwill related to the entity sold.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

51

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.23 Intangible assets, continued

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

(b) Water rights

Water rights acquired by the Company relate to 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.

(c) 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.

(d) Computer software

Licenses for IT programs acquired are capitalized based on costs that 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 that 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 for IT programs recognized as assets are amortized over their estimated useful lives.

No impairment of intangible assets exists as of March 31, 2012 and December 31, 2011

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 3 – Significant accounting policies (continued)

3.24 Research and development expenses

Research and development expenses are expensed in the period in which the disbursement is made, with the exception of property, plant and equipment acquired for use in research and development, which are recognized in the accounting under the respective item within property, plant and equipment.

3.25 Classification of balances as current and non-current

In the attached statement of financial position, balances are classified in consideration of their remaining recovery (maturity) dates; i.e., those maturing on a date equal to or lower than twelve months are classified as current and those with maturity dates exceeding the aforementioned period are classified as non-current.

The exception to the foregoing relates to deferred taxes, which are classified as non-current, regardless of the anticipated recovery date.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 4 – Financial risk management

4.1 Risk management policy

The Risk Management Policy of the Company is oriented towards safeguarding the stability and sustainability of Sociedad Química y Minera de Chile S.A. and Subsidiaries in relation to all such relevant financial uncertainty components.

The operations of the Company are subject to certain risk factors that may affect the financial position or results of the same. Among these risks, the most relevant are market risk, liquidity risk, currency risk, bad debt risk, and interest rate risk.

There may be additional risks that might also affect the commercial operations, the business, the financial position or the results of the Company, but at this time they are not significant.

The financial risk management structure includes identifying, determining, analyzing, quantifying, measuring and controlling these events. The Management, in particular the Finance Management, is responsible for constantly assessing the financial risk. The Company uses derivatives to cover a significant portion of these risks.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 4 – Financial risk management (continued)

4.2 Risk factors

4.2.1 Market risk

Market risks are those uncertainties associated with fluctuations in market variables that affect the assets and liabilities of the Company, such as:

a) Country risk: The economic position of the countries where the Company has a presence may affect its financial position. For example, the sales carried out in emerging markets expose SQM to risks related to economic conditions and trends in those countries. On the other hand, inventories may also be affected by the economic situation of these countries and/ or the global economy, amongst other probable economic impacts.

b) Price volatility risk: The prices of the products of the Company are affected by the fluctuations of international prices of fertilizers and chemical products and changes in productive capacities or market demand, all of which might affect the Company's business, financial condition and operational results.

c) Commodity Price risk: The Company is exposed to changes in the prices of raw materials and energy which may have an impact on its production costs, thus giving rise to instability in the results.

At present, the Company has a direct annual expense close to US\$110 million on account of petrol, gas and equivalents and close to US\$ 60 million on account of electricity. Variations of 10% in the prices of energy the Company required to operate, may involve in the short-term movements in costs of approximately US\$17 million.

4.2.2 Doubtful accounts risk

A contraction of the global economy and the potentially negative effects in the financial position of our clients may extend the receivables collection time for SQM, increasing the bad debt exposure. While measures have been taken in order to minimize risk, the global economy may trigger losses that might have a material adverse effect on the

business, financial position or the results of the Company's operations.

As a way to mitigate these risks, SQM actively controls debt collection and uses measures such as, loan insurance, letters of credit, and prepayments with regard to some receivables.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

55

Notes to the consolidated financial statements as of March 31, 2012

Note 4 – Financial risk management (continued)

4.2.3 Currency risk

As a result of the influence in the price determination, of its relationship with sales costs and since a significant part of the business of the Company is carried out in that foreign currency, the functional currency of SQM is the United States dollar. However, the global business activities of the Company expose the same to the foreign exchange fluctuations of several currencies with respect to the US dollar. Therefore, SQM has hedge contracts to ensure its main mismatches (assets net of liabilities) in currencies other than the US dollar against the foreign exchange fluctuation. Those contracts are periodically up-dated depending upon the mismatch amount to be covered in these currencies. Occasionally and subject to the Board of Directors' approval, the Company insures cash flows from certain specific items in currency other than U.S. dollar at short-term.

A significant portion of the costs of the Company, particularly payroll, is related to the Chilean peso. Therefore, an increase or decrease in the exchange rate against the dollar would affect the net income of SQM. Approximately US\$ 400 million cost of the Company are related to the Chilean peso. The effect of such obligations in the consolidated condensed statements of financial position is covered by operations of derivative instruments that hedge the mismatch of balance in this currency.

As of December 31, 2011, the Company had derivative instruments classified as hedging currency and interest rate associated with all the obligations denominated bonds both in Chilean pesos and UF, with a fair value of US\$ 56.1 million. As of March 2012, 2012, this value amounts to US\$ 86.9 million, both for SQM.

As of March 31, 2012, the Chilean peso to US dollar Exchange rate was Ch\$ 487.44 per US\$ 1.00, and as of December 31, 2011 it was Ch\$ 519.20 per US\$ 1.00.

Note 4 – Financial risk management (continued)

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

56

Notes to the consolidated financial statements as of March 31, 2012

4.2.4 Interest rate risk

Interest rate fluctuations, due to the uncertain future behavior of markets, may have a material impact on the financial results of the Company.

The Company has short and long-term debts valued at LIBOR plus a spread. The Company is partially exposed to fluctuations of said rate, as SQM currently holds hedging derivative instruments to hedge a portion of its liabilities subject to the LIBOR rate fluctuations.

As of March 31, 2012, approximately 25% of the Company's financial obligations are valued at LIBOR, therefore significant increases in the rate may impact its financial position. A 100 point variation in this rate may trigger variations in the financial expenses close to US\$ 3.3 million. Notwithstanding, this effect is significantly counterbalanced by the returns of the Company's investments that also relate to LIBOR.

In addition, as of March 31, 2011, the Company's financial debt is mainly in the long-term, with 11% with maturities under 12 months which decreases the exposure to changes in the interest rates.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 4 – Financial risk management (continued)

4.2.5 Liquidity risk

Liquidity risk is related to the fund requirements to comply with payment obligations. The object of the Company is to keep financial flexibility by comfortably balancing the fund requirements and the flows from the regular business conduct, bank loans, public bonds, short term investments, and negotiable instruments, amongst other.

The company has an important capital expense program which is subject to change over time.

On the other hand, world financial markets go through contraction and expansion periods that are not foreseeable in the long-term and may affect SQM's access to financial resources. These factors may have a material adverse impact on the business, financial position, and operational results of the Company.

SQM constantly monitors that its obligations and investments match, taking care as part of its financial risk management strategy of the obligations and investments maturities from a conservative perspective. As of March 31, 2012, the Company had non-committed and available bank credit lines for a total of approximately US\$ 617 million, in addition to committed bank lines for US\$ 40 million, available in case additional resources are needed.

The position in other cash and cash equivalents so generated by the Company is invested in highly liquid mutual funds which have an AAA risk rating.

4.3 Risk measurement

The Company has methods to measure the effectiveness and efficiency of risk strategies, both prospectively and retrospectively. Those methods are consistent with the risk management profile of the Group.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

58

Notes to the consolidated financial statements as of March 31, 2012

Note 5 – Changes in accounting estimates and policies (consistent presentation)

5.1 Changes in accounting estimates

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

5.2 Changes in accounting policies

As of March 31, 2012, the Company's consolidated financial statements present no changes in accounting policies or estimates compared to the prior period.

The consolidated classified statements of financial position as of March 31, 2012 and December 31, 2011 and the statements of comprehensive income, equity and cash flows for the periods ended March 31, 2012 and March 31, 2011, 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

Notes to the consolidated financial statements as of March 31, 2012

Note 6 – Background of consolidated companies

6.1 Parent’s separate assets and liabilities

	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Assets	3,897,765	3,626,748
Liabilities	(1,936,487)	(1,813,914)
Assets (liabilities)	1,961,278	1,812,834

6.2 Parent

As provided in the Company’s by-laws, no shareholder can concentrate more than 32% of the Company’s voting right shares and therefore there is no controlling entity.

6.3 Joint arrangements of the controlling interest

Sociedad de Inversiones Pampa Calichera S.A., Potasios de Chile S.A. and Global Mining Investments (Chile) S.A. together, the Pampa Group, are the owners of a number of shares equivalent to 31.97% as of March 31, 2012 of all the shares currently issued, subscribed and fully-paid shares of SQM S.A. On the other hand, Kowa Company Ltd., Inversiones La Esperanza (Chile) Limitada, Kochi S.A. and La Esperanza Delaware Corporation together the Kowa Group, are the owners of a number of shares equivalent to 2.08% of all the shares currently issued, subscribed and fully-paid of SQM S.A.

The Pampa Group as well as the Kowa Group have informed SQM S.A., the Chilean Superintendence of Securities and Insurance, the relevant stock markets in Chile and abroad that they are not and have never been related parties among themselves. This despite the fact that both “Groups” entered into a Joint Venture Agreement (JVA) on December 21, 2006 in regard to these shares. Consequently, Pampa Group, for itself, does not concentrate more than 32% of the voting right shares of SQM S.A. and nor does the Kowa Group concentrate more than 32% of the voting right shares of SQM S.A.

Likewise, the Joint Venture Agreement has not transformed the Pampa Group and Kowa Group into related parties among themselves. The JVA has transformed the Pampa Group and Kowa Group, as controlling interest holders of SQM S.A., into parties related to SQM S.A.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 6 – Background of consolidated companies (continued)

6.3 Joint arrangements of the controlling interest, continued

Detail of effective concentration

Tax ID Number	Name	Ownership interest %
96.511.530-7	Sociedad de Inversiones Pampa Calichera S.A.	21.66
96.863.960-9	Global Mining Investments (Chile) S.A.	3.34
76.165.311-5	Potasios de Chile S.A.	6.97
Total Pampa Group		31.97
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

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 6 – Background of consolidated companies (continued)**6.4 Information on consolidated subsidiaries**

Financial information as of March 31, 2012 of the companies in which the group exerts control and significant influence is as follows:

03/31/2012

Subsidiary	Tax ID No.	Country of incorporation	Functional currency	Ownership interest			Assets ThUS	Liabilities \$ThUS	Total \$
				Direct	Indirect	Total			
SQM Nitratos S.A.	96.592.190-7	Chile	US\$	99.9999	0.0001	100.0000	924,189	739,804	1
Proinsa Ltda. SQMC	78.053.910-0	Chile	Chilean peso	-	60.5800	60.5800	217	-	2
Internacional Ltda.	86.630.200-6	Chile	Chilean peso	-	60.6381	60.6381	286	-	2
SQM Potasio S.A. Serv.	96.651.060-9	Chile	US\$	99.9974	-	99.9974	830,546	120,904	7
Integrales de Tránsito y Transf. S.A.	79.770.780-5	Chile	US\$	0.0003	99.9997	100.0000	294,754	268,002	2
Isapre Norte Grande Ltda.	79.906.120-1	Chile	Chilean peso	1.0000	99.0000	100.0000	1,251	801	4
Ajay SQM Chile S.A.	96.592.180-K	Chile	US\$	51.0000	-	51.0000	26,704	6,201	2
Almacenes y Depósitos Ltda.	79.876.080-7	Chile	Chilean peso	1.0000	99.0000	100.0000	446	1	4
SQM Salar S.A.	79.626.800-K	Chile	US\$	18.1800	81.8200	100.0000	1,521,582	609,816	9
SQM Industrial S.A.	79.947.100-0	Chile	US\$	99.0470	0.9530	100.0000	2,057,685	1,233,354	8
Minera Nueva	78.602.530-3	Chile	US\$	99.000	1.0000	100.0000	112,996	4,013	1

Victoria Ltda. Exploraciones Mineras S.A. Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A. Soquimich Comercial S.A. Comercial	76.425.380-9	Chile	US\$	0.2691	99.7309	100.0000	31,896	4,151	2
Agrorama Ltda. Comercial Hydro S.A. Agrorama S.A. SQM North America Corp.	76.534.490-5	Chile	Chilean peso	-	100.0000	100.0000	835	713	1
	79.768.170-9	Chile	US\$	-	60.6383	60.6383	222,535	113,634	1
	76.064.419-6	Chile	Chilean peso	-	42.4468	42.4468	11,560	10,241	1
	96.801.610-5	Chile	Chilean peso	-	60.6383	60.6383	7,808	272	7
	76.145.229-0	Chile	Chilean peso	-	60.6377	60.6377	2,179	2,178	1
	Foreign	United States	US\$	40.0000	60.0000	100.0000	226,729	211,000	1

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 6 – Background of consolidated companies (continued)**6.4 Information on consolidated subsidiaries, continued****03/31/2012**

Subsidiary	Tax ID No.	Country of incorporation	Functional currency	Ownership interest			Assets ThUS	Liabilities \$ThUS	Total equity \$ThUS\$
				Direct	Indirect	Total			
RS Agro Chemical Trading A.V.V.	Foreign	Aruba	US\$	98.3333	1.6667	100.0000	5,223	-	5,223
Nitratos Naturais do Chile Ltda.	Foreign	Brazil	US\$	-	100.0000	100.0000	312	4,812	(4,500)
Nitrate Corporation of Chile Ltd.	Foreign	United Kingdom	US\$	-	100.0000	100.0000	5,076	-	5,076
SQM Corporation N.V.	Foreign	Dutch Antilles	US\$	0.0002	99.9998	100.0000	70,647	3,715	66,932
SQM Perú S.A.	Foreign	Peru	US\$	0.9800	99.0200	100.0000	1,887	2,116	(229)
SQM Ecuador S.A.	Foreign	Ecuador	US\$	0.0040	99.9960	100.0000	12,088	11,544	544 (
SQM Brasil Ltda.	Foreign	Brazil	US\$	2.7900	97.2100	100.0000	426	1,124	(698)
SQI Corporation N.V.	Foreign	Dutch Antilles	US\$	0.0159	99.9841	100.0000	14	36	(22)
SQMC Holding Corporation L.L.P.	Foreign	Aruba	US\$	0.1000	99.9000	100.0000	20,938	2,142	18,796
SQM Japan Co. Ltd.	Foreign	Japan	US\$	1.0000	99.0000	100.0000	2,264	587	1,677
SQM Europe N.V.	Foreign	Belgium	US\$	0.8600	99.1400	100.0000	474,374	459,060	15,314
	Foreign	Italy	US\$	-	100.0000	100.0000	1,376	17	1,359

SQM Italia
SRL
SQM

Indonesia	Foreign	Indonesia	US\$	-	80.0000	80.0000	5	1	4
-----------	---------	-----------	------	---	---------	---------	---	---	---

S.A.
North
American
Trading
Company

Virginia	Foreign	United States	US\$	-	100.0000	100.0000	306	39	267
----------	---------	---------------	------	---	----------	----------	-----	----	-----

SQM
LLC

Virginia	Foreign	United States	US\$	-	100.0000	100.0000	29,206	14,830	14,376
----------	---------	---------------	------	---	----------	----------	--------	--------	--------

SQM
Comercial
de México
S.A. de C.V.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 6 – Background of consolidated companies (continued)**6.4 Information on consolidated subsidiaries, continued****03/31/2012**

Subsidiary	Tax ID No.	Country of incorporation	Functional currency	Ownership interest			Assets ThUS\$	Liabilities ThUS\$	Total equity ThUS\$
				Direct	Indirect	Total			
SQM investment Corporation N.V.	Foreign	Dutch Antilles	US\$	1.0000	99.0000	100.0000	60,720	45,698	15,022
Royal Seed Trading Corporation A.V.V.	Foreign	Aruba	US\$	1.6700	98.3300	100.0000	198,287	203,903	(5,616)
SQM Lithium Specialties LLP	Foreign	United States	US\$	-	100.0000	100.0000	15,786	1,265	14,521
Soquimich SRL Argentina Comercial	Foreign	Argentina	US\$	-	100.0000	100.0000	430	156	274
Caimán Internacional S.A.	Foreign	Panama	US\$	-	100.0000	100.0000	413	1,157	(744)
SQM France S.A.	Foreign	France	US\$	-	100.0000	100.0000	351	114	237
Administración y Servicios Santiago S.A. de C.V.	Foreign	Mexico	US\$	-	100.0000	100.0000	135	1,149	(1,014)
SQM Nitratos México S.A. de C.V.	Foreign	Mexico	US\$	-	51.0000	51.0000	30	16	14
Soquimich European Holding B.V.	Foreign	The Netherlands	US\$	-	100.0000	100.0000	136,456	75,672	60,784
	Foreign	Spain	US\$	-	100.0000	100.0000	95,490	93,756	1,734

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

SQM Iberian S.A										
Iodine Minera B.V.	Foreign	The Netherlands	US\$	-	100.0000	100.0000	14,500	-		14,500
SQM Africa Pty Ltd.	Foreign	South Africa	US\$	-	100.0000	100.0000	76,802	70,110		6,692
SQM Oceania Pty Ltd.	Foreign	Australia	US\$	-	100.0000	100.0000	5,310	1,946		3,364
SQM Agro India Pvt. Ltd.	Foreign	India	US\$	-	100.0000	100.0000	47	13		34
SQM Beijing Commercial Co. Ltd.	Foreign	China	US\$	-	100.0000	100.0000	3,726	2,416		1,310
Total							7,590,983	4,386,055		3,204,922

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 6 – Background of consolidated companies (continued)**6.4 Information on consolidated subsidiaries, continued****12/31/2011**

Subsidiary	Tax ID No.	Country of incorporation	Functional currency	Ownership interest			Assets ThUS\$	Liabilities ThUS\$	Total e ThUS\$
				Direct	Indirect	Total			
SQM Nitratos S.A.	96.592.190-7	Chile	US\$	99.9999	0.0001	100.0000	819,424	665,515	153,90
Proinsa Ltda.	78.053.910-0	Chile	Chilean peso	-	60.5800	60.5800	204	-	204
SQMC Internacional Ltda.	86.630.200-6	Chile	Chilean peso	-	60.6381	60.6381	268	-	268
SQM Potasio S.A. Serv.	96.651.060-9	Chile	US\$	99.9974	-	99.9974	771,112	120,138	650,97
Integrales de Tránsito y Transf. S.A.	79.770.780-5	Chile	US\$	0.0003	99.9997	100.0000	277,296	250,558	26,738
Isapre Norte Grande Ltda.	79.906.120-1	Chile	Chilean peso	1.0000	99.0000	100.0000	1,127	716	411
Ajay SQM Chile S.A.	96.592.180-K	Chile	US\$	51.0000	-	51.0000	26,977	9,855	17,122
Almacenes y Depósitos Ltda.	79.876.080-7	Chile	Chilean peso	1.0000	99.0000	100.0000	419	1	418
SQM Salar S.A.	79.626.800-K	Chile	US\$	18.1800	81.8200	100.0000	1,438,672	610,538	828,13
SQM Industrial S.A.	79.947.100-0	Chile	US\$	99.0470	0.9530	100.0000	1,889,981	1,066,598	823,38
Minera Nueva Victoria S.A..	78.602.530-3	Chile	US\$	99.000	1.0000	100.0000	112,628	4,527	108,10
Exploraciones Mineras S.A.	76.425.380-9	Chile	US\$	0.2691	99.7309	100.0000	31,878	4,082	27,796
Sociedad Prestadora de	76.534.490-5	Chile	Chilean peso	-	100.0000	100.0000	757	648	109

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

Servicios de
Salud Cruz
del Norte
S.A.

Soquimich
Comercial
S.A.

79.768.170-9

Chile

US\$

-

60.6383

60.6383

191,346

82,750

108,59

Comercial
Agrorama
Ltda.

76.064.419-6

Chile

Chilean
peso

-

42.4468

42.4468

11,555

10,264

1,291

Comercial
Hydro S.A.

96.801.610-5

Chile

Chilean
peso

-

60.6383

60.6383

7,681

241

7,440

Comercial
Agrorama
S.A.

76.145.229-0

Chile

Chilean
peso

-

60.6377

60.6377

328

226

102

SQM North
America
Corp.

Foreign

United States

US\$

40.0000

60.0000

100.0000

188,554

176,816

11,738

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 6 – Background of consolidated companies (continued)**6.4 Information on consolidated subsidiaries, continued****12/31/2011**

Subsidiary	Tax ID No.	Country of incorporation	Functional currency	Ownership interest			Assets ThUS\$	Liabilities ThUS\$	Total equity ThUS\$	Net profit (loss) ThUS\$
				Direct	Indirect	Total				
RS Agro Chemical Trading A.V.V.	Foreign	Aruba	US\$	98.3333	1.6667	100.0000	5,224	-	5,224	(4)
Nitratos Naturais do Chile Ltda.	Foreign	Brazil	US\$	-	100.0000	100.0000	2,349	6,804	(4,455)	271
Nitrate Corporation of Chile Ltd.	Foreign	United Kingdom	US\$	-	100.0000	100.0000	5,076	-	5,076	-
SQM Corporation N.V.	Foreign	Dutch Antilles	US\$	0.0002	99.9998	100.0000	89,469	3,715	85,754	40,340
SQM Perú S.A.	Foreign	Peru	US\$	0.9800	99.0200	100.0000	6,466	6,611	(145)	(759)
SQM Ecuador S.A.	Foreign	Ecuador	US\$	0.0040	99.9960	100.0000	9,724	9,176	548	(83)
SQM Brasil Ltda.	Foreign	Brazil	US\$	2.7900	97.2100	100.0000	354	1,050	(696)	113
SQI Corporation N.V.	Foreign	Dutch Antilles	US\$	0.0159	99.9841	100.0000	17	36	(19)	6
SQMC Holding Corporation L.L.P.	Foreign	Aruba	US\$	0.1000	99.9000	100.0000	21,131	614	20,517	10,926
SQM Japan Co. Ltd.	Foreign	Japan	US\$	1.0000	99.0000	100.0000	2,968	1,078	1,890	518
SQM Europe N.V.	Foreign	Belgium	US\$	0.8600	99.1400	100.0000	430,994	393,419	37,575	20,135

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

SQM Italia SRL	Foreign	Italy	US\$ -	100.0000	100.0000	1,333	17	1,316	-
SQM Indonesia S.A.	Foreign	Indonesia	US\$ -	80.0000	80.0000	5	1	4	(1)
North American Trading Company	Foreign	United States	US\$ -	100.0000	100.0000	306	39	267	-
SQM Virginia LLC	Foreign	United States	US\$ -	100.0000	100.0000	29,207	14,830	14,377	(3)
SQM Comercial de México S.A. de C.V.	Foreign	Mexico	US\$ 0.0013	99.9987	100.0000	68,572	48,406	20,166	(1,061)

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 6 – Background of consolidated companies (continued)**6.4 Information on consolidated subsidiaries, continued****12/31/2011**

Subsidiary	Tax ID No.	Country of incorporation	Functional currency	Ownership interest			Assets ThUS\$	Liabilities ThUS\$	Total equity ThUS\$	Net p (loss) ThUS\$
				Direct	Indirect	Total				
SQM investment Corporation N.V.	Foreign	Dutch Antilles	US\$	1.0000	99.0000	100.0000	65,123	41,991	23,132	1,88
Royal Seed Trading Corporation A.V.V.	Foreign	Aruba	US\$	1.6700	98.3300	100.0000	196,735	203,543	(6,808)	1,25
SQM Lithium Specialties LLP	Foreign	United States	US\$	-	100.0000	100.0000	15,785	1,264	14,521	(3
Soquimich SRL Argentina Comercial	Foreign	Argentina	US\$	-	100.0000	100.0000	429	144	285	(78
Caimán Internacional S.A.	Foreign	Panama	US\$	-	100.0000	100.0000	477	1,232	(755)	(14
SQM France S.A.	Foreign	France	US\$	-	100.0000	100.0000	351	114	237	-
Administración y Servicios Santiago S.A. de C.V.	Foreign	Mexico	US\$	-	100.0000	100.0000	13	915	(902)	100
SQM Nitratos México S.A. de C.V.	Foreign	Mexico	US\$	-	51.0000	51.0000	27	17	10	-
Soquimich European Holding B.V.	Foreign	The Netherlands	US\$	-	100.0000	100.0000	153,211	72,969	80,242	38,8
SQM Iberian S.A.	Foreign	Spain	US\$	-	100.0000	100.0000	27,225	25,638	1,587	258

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

Iodine Minera B.V.	Foreign	The Netherlands	US\$ -	100.0000	100.0000	13,228	7	13,221	3,10
SQM Africa Pty Ltd.	Foreign	South Africa	US\$ -	100.0000	100.0000	62,335	52,657	9,678	7,82
SQM Venezuela S.A.	Foreign	Venezuela	US\$ -	100.0000	100.0000	5	328	(323)	(157
SQM Oceania Pty Ltd.	Foreign	Australia	US\$ -	100.0000	100.0000	4,349	1,042	3,307	2,37
SQM Agro India Pvt. Ltd.	Foreign	India	US\$ -	100.0000	100.0000	63	18	45	(27
SQM Beijing Commercial Co. Ltd.	Foreign	China	US\$ -	100.0000	100.0000	2,147	1,910	237	140
Total						6,984,905	3,893,058	3,091,847	864,

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 6 – Background of consolidated companies (continued)

6.5 Detail of transactions between consolidated companies

a) Transactions conducted in 2012

During the first quarter of 2012, there were no transactions between subsidiaries.

b) Transactions conducted in 2011

On April 7, 2011, Agrorama S.A. was incorporated with ownership interest by Soquimich Comercial S.A. of 99.999% and by Sociedad Productora de Insumos Agrícolas Ltda. of 0.001%. This new company will have share capital of ThCh\$100.000 (ThUS\$ 211), its lifespan will be indefinite and its line of business will be the trading and distribution of fertilizers, pesticides and agricultural products or supplies.

On August 30, 2011, SQM Industrial S.A. made a capital contribution of ThUS\$8,000 in its subsidiary SQMC Mexico S.A. de CV.

During September 2011, SQM Industrial S.A. made a capital contribution of ThUS\$14,017 to its subsidiary, SQMC México S.A. de CV, increasing its ownership interest to 99.8739% .

During September 2011, the subsidiary, Soquimich European Holding B.V., acquires from its associate, Nutrisi Holding N.V. ownership interest of 66.6% which it maintained in the subsidiary, Fertilizantes Naturales S.A. for ThUS\$3,179.

On December 12, 2011, the subsidiary, Comercial Agrorama Callegari Ltda. changed its name to “Comercial Agrorama Limitada”.

On December 14, 2011, Fertilizantes Naturales S.A. changed its name to SQM Iberian S.A.

During December 2011, the subsidiary, Soquimich European Holding B.V. sell its ownership interest of 50% in Nutrisi Holding N.V. for ThUS\$5,736.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 7 – Cash and cash equivalents

7.1 Types of cash and cash equivalents

As of March 31, 2011 and December 31, 2011, cash and cash equivalents are detailed as follows:

a) Cash	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Cash on hand	104	73
Cash in banks	27,458	37,950
Other demand deposits	6,470	16,552
Total cash	34,032	38,023

b) Cash equivalents	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Short-term deposits, classified as cash equivalents	272,642	263,396
Short-term investments, classified as cash equivalents	142,478	143,573
Total cash equivalents	415,120	406,969
Total cash and cash equivalents	449,152	444,992

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 7 – Cash and cash equivalents (continued)

7.2 Short-term investments, classified as cash equivalents

As of March 31, 2012 and December 31, 2011, short-term investments, classified as cash and cash equivalents relate to mutual funds (investment liquidity funds) for investments in:

Institution	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Legg Mason - Western Asset Institutional Liquid Reserves	52,844	47,162
BlackRock - Institutional cash series PLC	44,433	48,025
JP Morgan US dollar Liquidity Fund Institutional	45,201	48,386
Total	142,478	143,573

Short-term investments are highly liquid fund manager accounts that are basically invested in short-term fixed rate notes in the U.S. market.

7.3 Information on cash and cash equivalents by currency

As of March 31, 2012 and December 31, 2011, information on cash and cash equivalents by currency is detailed as follows:

Original currency	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Chilean Peso (*)	233,803	123,265
US Dollar	202,892	297,257
Euro	6,052	16,343
Mexican Peso	153	29
South African Rand	3,528	5,450
Japanese Yen	1,821	2,292
Peruvian Sol	5	16
Brazilian Real	47	21
Chinese Yuan	841	300

Indonesian rupee	5	5
Pound sterling	5	14
Total	449,152	444,992

(*) The Company maintains financial derivative policies which allow dollarizing these term deposits in Chilean pesos.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

70

Notes to the consolidated financial statements as of March 31, 2012

Note 7 – Cash and cash equivalents (continued)

7.4 Amount of significant restricted (unavailable) cash balances

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

As of March 31, 2012 and December 31, 2011, 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

Notes to the consolidated financial statements as of March 31, 2012

Note 7 – Cash and cash equivalents (continued)

7.5 Short-term deposits, classified as cash equivalents

The detail at the end of each period is as follows:

Receiver of the deposit	Type of deposit	Original Currency	Interest rate	Placement date	Expiration date	Principal ThUS\$	Interest to-date ThUS\$	Accrued ThUS\$ 03/31/2012	12/31/2011 ThUS\$
Banco Crédito e Inversiones	Fixed term	Chilean peso	0.48	03/08/2012	05/08/2012	20,054	73	20,127	9,677
Banco Crédito e Inversiones	Fixed term	Chilean peso	0.50	03/15/2012	05/08/2012	20,032	54	20,086	9,676
Banco Crédito e Inversiones	Fixed term	Chilean peso	0.49	03/16/2012	05/08/2012	9,901	24	9,925	25,209
Banco Crédito e Inversiones	Fixed term	Chilean peso	0.50	03/22/2012	05/08/2012	20,100	30	20,130	20,010
Banco Crédito e Inversiones	-	-	-	-	-	-	-	-	20,531
Banco Crédito e Inversiones	-	-	-	-	-	-	-	-	20,011
Banco Crédito e Inversiones	-	-	-	-	-	-	-	-	20,014
Banco de Chile	Fixed term	Chilean peso	0.45	02/10/2012	04/10/2012	19,870	149	20,019	-
Banco de Chile	Fixed term	Chilean peso	0.45	01/19/2012	04/12/2012	20,804	224	21,028	-
Banco de Chile	Fixed term	Chilean peso	0.46	02/07/2012	05/07/2012	19,845	161	20,006	-
Banco de Chile	Fixed term	Chilean peso	0.48	03/06/2012	05/08/2012	9,983	40	10,023	-
Banco Estado	Fixed term	Chilean peso	0.49	02/29/2012	05/03/2012	6,858	34	6,892	-
Banco Estado	Fixed term	Chilean peso	0.49	02/29/2012	05/03/2012	4,898	25	4,923	-
Banco Estado	Fixed term	Chilean peso	0.48	02/09/2012	05/08/2012	24,555	201	24,756	-
Banco Santander-Santiago	Fixed term	Chilean peso	0.45	01/26/2012	04/25/2012	12,037	117	12,154	12,093

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

Banco Santander-Santiago	Fixed term	US\$	1.25	02/14/2012	05/14/2012	20,000	32	20,032	20,110
Banco Santander-Santiago	-	-	-	-	-	-	-	-	20,110
Banco Santander-Santiago	-	-	-	-	-	-	-	-	20,110
Banco Security	Fixed term	Chilean peso	1.45	02/23/2012	05/23/2012	12,067	18	12,085	-
Citibank New – York	Overnight	Chilean peso	0.01	03/30/2012	04/02/2012	7,300	-	7,300	115

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 7 – Cash and cash equivalents (continued)

7.5 Short-term deposits, classified as cash equivalents

The detail at the end of each period is as follows:

Receiver of the deposit	Type of deposit	Original Currency	Interest rate	Placement date	Expiration date	Principal ThUS\$	Interest accrued ThUS\$	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Citibank New - York	Overnight	US\$	0,01	03/30/2012	04/02/2012	151	-	151	1,586
Santander	-	-	-	-	-	-	-	-	3,001
Corpbanca	Fixed term	Chilean peso	0,49	01/19/2012	04/12/2012	20,277	238	20,515	16,043
Corpbanca	Fixed term	Chilean peso	0,48	01/25/2012	04/24/2012	10,167	108	10,275	20,016
Corpbanca	Fixed term	Chilean peso	0,48	01/25/2012	04/24/2012	8,092	86	8,178	10,032
Corpbanca	-	-	-	-	-	-	-	-	10,008
IDBI Bank	Fixed term	Indian rupee	-	03/31/2012	04/30/2012	2	-	2	2
Banco BBVA Chile	Fixed term	Chilean peso	0,46	01/26/2012	04/25/2012	3,996	39	4,035	5,042
Total								272,642	263,396

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 8 - Inventory

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

Type of inventory	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Raw materials	8,924	10,111
Supplies for production	36,382	31,602
Products-in-progress	384,080	355,894
Finished products	382,747	346,795
Total	812,133	744,402

Inventory reserves recognized as of March 31, 2012 amount to ThUS\$62,978, as of December 31, 2011 amounted to ThUS\$58,220. Inventory reserves have been made based on a technical study that covers the different variables affecting products in stock (density, humidity, among others). Additionally, reserves are recognized if goods are sold cheaper than the related cost, and for differences that arise from inventory counts.

As of March 31, 2012, the sum registered as cost of sale related to inventory in the statement of income amounts to ThUS\$216,951 and as of March 31, 2011 to ThUS\$223,417.

The breakdown of inventory reserves is detailed as follows:

Type of inventory	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Raw material reserves	593	593
Supplies for production reserves	-	500
Products-in-progress reserves	36,519	33,811
Finished product reserves	25,866	23,316
Total	62,978	58,220

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

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

74

Notes to the consolidated financial statements as of March 31, 2012

Note 9 – Related party disclosures

9.1 Related party disclosures

Balances pending at period-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 March 31, 2012, the Company has not recorded any impairment in accounts receivable 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.

9.2 Relationships between the parent and the entity

According to the Company's by-laws, no shareholder can own more than 32% of the Company's voting right shares.

Sociedad de Inversiones Pampa Calichera S.A., Potasios de Chile S.A., and Global Mining Investments (Chile) S.A., collectively the Pampa Group, are the owners of a number of shares that are equivalent to 31.97% as of March 31, 2012 of the current total amount of shares issued, subscribed and fully-paid of the Company. In addition, Kowa Company Ltd., Inversiones La Esperanza (Chile) Limitada, Kochi S.A. and La Esperanza Delaware Corporation, collectively the Kowa Group, are the owners of a number of shares equivalent to 2.08% of the total amount of shares of SQM S.A. issued, subscribed and fully-paid.

The Pampa Group and the Kowa Group have informed SQM S.A., the Chilean SVS and the relevant 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 entered into a Joint Action Agreement (JAA) related to those shares. Consequently, the Pampa Group, by itself, does not concentrate more than 32% of the voting right capital of SQM S.A., and the Kowa Group does not concentrate by itself more than 32% of the voting right capital of SQM S.A.

Likewise, the Joint Action Agreement has not transformed the Pampa and Kowa Groups into related parties between them. The Joint Action 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

75

Notes to the consolidated financial statements as of March 31, 2012

Note 9 – Related party disclosures (continued)

9.2 Relationships between the parent and the entity

Detail of effective concentration

Tax ID No.	Name	Ownership interest %
96.511.530-7	Sociedad de Inversiones Pampa Calichera S.A.	21.66
96.863.960-9	Global Mining Investments (Chile) S.A.	3.34
76.165.311-5	Potasios de Chile S.A.	6.97
Total Pampa Group		31.97
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

9.3 Intermediate parent that publicly issues financial statements

The following intermediate parent of Sociedad Química y Minera de Chile S.A publicly issues financial statements:

Soquimich Comercial S.A.

9.4 Detailed identification of the link between the parent and the subsidiary

As of March 31, 2012 and December 31, 2011, the detail is as follows:

Tax ID No.	Name	Country of origin	Functional currency	Nature
Foreign	Nitratos Naturais Do Chile Ltda.	Brazil	US\$	Subsidiary
Foreign	Nitrate Corporation Of Chile Ltd.	United Kingdom	US\$	Subsidiary

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

Foreign	SQM North America Corp.	United States	US\$	Subsidiary
Foreign	SQM Europe N.V.	Belgium	US\$	Subsidiary
Foreign	Soquimich S.R.L. Argentina	Argentina	US\$	Subsidiary
Foreign	Soquimich European Holding B.V.	The Netherlands	US\$	Subsidiary
Foreign	SQM Corporation N.V.	Dutch Antilles	US\$	Subsidiary
Foreign	SQI Corporation N.V.	Dutch Antilles	US\$	Subsidiary
Foreign	SQM Comercial De México S.A. de C.V.	Mexico	US\$	Subsidiary
Foreign	North American Trading Company	United States	US\$	Subsidiary
Foreign	Administración y Servicios Santiago S.A. de C.V.	Mexico	US\$	Subsidiary
Foreign	SQM Perú S.A.	Peru	US\$	Subsidiary
Foreign	SQM Ecuador S.A.	Ecuador	US\$	Subsidiary
Foreign	SQM Nitratos Mexico S.A. de C.V.	Mexico	US\$	Subsidiary
Foreign	SQMC Holding Corporation L.L.P.	United States	US\$	Subsidiary
Foreign	SQM Investment Corporation N.V.	Dutch Antilles	US\$	Subsidiary
Foreign	SQM Brasil Limitada	Brazil	US\$	Subsidiary
Foreign	SQM France S.A.	France	US\$	Subsidiary
Foreign	SQM Japan Co. Ltd.	Japan	US\$	Subsidiary
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	US\$	Subsidiary
Foreign	SQM Oceania Pty Limited	Australia	US\$	Subsidiary
Foreign	Rs Agro-Chemical Trading A.V.V.	Aruba	US\$	Subsidiary
Foreign	SQM Indonesia S.A.	Indonesia	US\$	Subsidiary
Foreign	SQM Virginia L.L.C.	United States	US\$	Subsidiary
Foreign	SQM Venezuela S.A.	Venezuela	US\$	Subsidiary
Foreign	SQM Italia SRL	Italy	US\$	Subsidiary

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 9 – Related party disclosures (continued)**9.4 Detailed identification of the link between the parent and the subsidiary, continued**

As of March 31, 2012 and December 31, 2011, the detail is as follows:

Tax ID no.	Name	Country of origin	Functional currency	Nature
Foreign	Comercial Caimán Internacional S.A.	Cayman Islands	US\$	Subsidiary
Foreign	SQM Africa Pty. Ltd.	South Africa	US\$	Subsidiary
Foreign	SQM Lithium Specialties LLC	United States	US\$	Subsidiary
Foreign	SQM Iberian S.A.	Spain	US\$	Subsidiary
Foreign	Iodine Minera B.V.	The Netherlands	US\$	Subsidiary
Foreign	SQM Agro India Pvt. Ltd.	India	US\$	Subsidiary
Foreign	SQM Beijing Commercial Co. Ltd.	China	US\$	Subsidiary
96.801.610-5	Comercial Hydro S.A.	Chile	US\$	Subsidiary
96.651.060-9	SQM Potasio S.A.	Chile	US\$	Subsidiary
96.592.190-7	SQM Nitratos S.A.	Chile	US\$	Subsidiary
96.592.180-K	Ajay SQM Chile S.A.	Chile	US\$	Subsidiary
86.630.200-6	SQMC Internacional Ltda.	Chile	Chilean peso	Subsidiary
79.947.100-0	SQM Industrial S.A.	Chile	US\$	Subsidiary
79.906.120-1	Isapre Norte Grande Ltda.	Chile	Chilean peso	Subsidiary
79.876.080-7	Almacenes y Depósitos Ltda.	Chile	Chilean peso	Subsidiary
79.770.780-5	Servicios Integrales de Tránsitos y Transferencias S.A.	Chile	US\$	Subsidiary
79.768.170-9	Soquimich Comercial S.A.	Chile	US\$	Subsidiary
79.626.800-K	SQM Salar S.A.	Chile	US\$	Subsidiary
78.602.530-3	Minera Nueva Victoria Ltda.	Chile	US\$	Subsidiary
78.053.910-0	Proinsa Ltda.	Chile	Chilean peso	Subsidiary
76.534.490-5	Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	Chile	Chilean peso	Subsidiary
76.425.380-9	Exploraciones Mineras S.A.	Chile	US\$	Subsidiary
76.064.419-6	Comercial Agrorama Ltda.	Chile	Chilean peso	Subsidiary
76.145.229-0	Agrorama S.A.	Chile	Chilean peso	Subsidiary
77.557.430-5	Sales de Magnesio Ltda.	Chile	Chilean peso	Associate
Foreign	Abu Dhabi Fertilizer Industries WWL	Arabia	Arab Emirates dirham	Associate
Foreign	Doktor Tarsa Tarim Sanayi AS	Turkey	Turkish lira	Associated
Foreign	Ajay North America	United States	US\$	Associate
Foreign	Ajay Europe SARL	France	Euro	Associate
Foreign	SQM Eastmed Turkey	Turkey	Euro	Associate

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

Foreign	SQM Thailand Co. Ltd.	Thailand	Thai baht	Associate
Foreign	Sichuan SQM Migao Chemical Fertilizers Co Ltda.	China	US\$	Joint business
Foreign	Coromandel SQM	India	Indian rupee	Joint business
Foreign	SQM Vitas Fzco.	Arab Emirates	Arab Emirates dirham	Joint business
Foreign	SQM Qindao-Star Co. Ltda.	China	US\$	Joint business
Foreign	Kowa Company Ltd.	Japan	US\$	Other related parties
96.511.530-7	Sociedad de Inversiones Pampa Calichera	Chile	US\$	Other related parties
79.049.778-9	Callegari Agricola S.A.	Chile	Chilean peso	Other related parties
Foreign	SQM Vitas Brasil Agroindustria	Brazil	US\$	Joint business or significant influence
Foreign	SQM Vitas Perú S.A.C.	Peru	US\$	Joint business or significant influence
Foreign	SQM Vitas Southern Africa Pty.	South Africa	US\$	Joint business or significant influence
Foreign	Misr Speciality Fertilizers(*)	Egypt	Egyptian pound	Associate
Foreign	NU3 N.V. (*)	Belgium	Euro	Associate
Foreign	NU3 B.V. (*)	The Netherlands	Euro	Associate

(*) Ownership relationship up to 2011

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 9 – Related party disclosures (continued)

9.5 Detail of related parties and transactions with related parties

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

Maturity terms for each case vary by virtue of the transaction giving rise to them.

As of March 31, 2012 and December 31, 2011, there are no allowances for doubtful accounts related to balances pending of transactions with related parties as there is no impairment in them.

Tax ID No.	Company	Nature	Country of origin	Transaction	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Foreign	Doktor Tarsa Tarim Sanayi As	Associate	Turkey	Sale of products	2,549	26,748
Foreign	Ajay Europe S.A.R.L.	Associate	France	Sale of products	7,053	27,743
Foreign	Ajay North America LLC.	Associate	United States	Sale of products	11,014	47,501
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	Sale of products	2,251	8,234
Foreign	Kowa Company Ltd.	Other related parties	Japan	Sale of products	25,711	138,818
Foreign	NU3 B.V.	Associate	The Netherlands	Sale of products	-	15,708
Foreign	NU3 N.V.	Associate	Belgium	Sale of products	-	9,993
Foreign	SQM Thailand Co. Ltd.	Associate	Thailand	Sale of products	58	7,355
Foreign	SQM Vitas Brasil Agroindustria	Joint control or significant influence	Brazil	Sale of products	276	34,514

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

Foreign	SQM Vitas Perú S.A.C.	Joint control or significant influence	Peru	Sale of products	7,417	13,608
Foreign	SQM Vitas Southern Africa Pty.	Joint control or significant influence	South Africa	Sale of products	1,662	2,287
Foreign	SQM Vitas Fzco.	Joint venture	United Arab Emirates	Sale of products	94	1,562

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 9 – Related party disclosures (continued)**9.6****Trade receivables due from related parties, current:**

Tax ID No.	Name	Nature	Country of origin	Currency	03/31/2012 ThUS\$	12/31/2011 ThUS\$
77.557.430-5	Sales de Magnesio Ltda.	Associate	Chile	Chilean peso	100	685
96.511.530-7	Soc.de Inversiones Pampa Calichera	Jointly controlled entity	Chile	US\$	8	8
79.049.778-9	Callegari Agrícola S.A.	Other related party	Chile	Chilean peso	292	314
Foreign	Doktor Tarsa Tarim Sanayi AS	Associate	Turkey	US\$	3,721	3,899
Foreign	Ajay Europe S.A.R. L.	Associate	France	US\$	8,096	4,603
Foreign	Ajay North America LLC.	Associate	United States	US\$	8,294	7,387
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	US\$	4,764	4,587
Foreign	Misr Speciality Fertilizers	Associate	Egypt	US\$	406	199
Foreign	Kowa Company Ltd.	Jointly controlled entity	Japan	US\$	28,815	44,188
Foreign	SQM Thailand Co. Ltd.	Associate	Thailand	US\$	5,172	5,521
Foreign	Qingdao SQM-Star Corp	Joint venture	China	US\$	27	71
Foreign	SQM Vitas Brasil Agroindustria	Joint venture	Brazil	US\$	21,827	27,523
Foreign	SQM Vitas Perú S.A.C.	Joint venture	Peru	US\$	15,860	17,534
Foreign	SQM Vitas Southern Africa PTY	Joint venture	South Africa	US\$	908	597
Foreign	Coromandel Fertilizers Limited	Joint venture	India	Indian rupee	49	23
Total to-date					98.339	117,139

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

79

Notes to the consolidated financial statements as of March 31, 2012

Note 9 – Related party disclosures (continued)

9.7

Trade payables due to related parties, current:

Tax ID No.	Name	Nature	Country of origin	Currency	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Foreign	SQM Vitas Fzco	Joint venture	United Arab Emirates	Arab Emirates dirham	707	873
Total to-date					707	873

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 9 – Related party disclosures (continued)

9.8 Board of directors and senior management

1) Board of directors

The Company 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 28, 2011.

As of March 31, 2012, the Company has an Audit Committee made up of three members of the Board of Directors. This Committee performs those duties provided in Article 50 bis of Law No. 18,046 on Shareholders Company, the Shareholders' Company Act.

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-sharing. In addition, there were no transactions conducted between the Company, its directors or members of Senior Management.

2) Directors' Compensation

2.1 2012

2.1.1 Board of Directors

Directors' compensation is detailed as follows:

a)

A payment of a monthly fixed gross amount of UF 300 in favor of the Chairman of the Company's Board of Directors and UF 50 in favor of the seven remaining board members regardless of their attendance at Board meetings or the number of meetings attended during the related month.

A payment in domestic currency in favor of the Chairman of the Company's Board of Directors consisting of a b) variable and gross amount equivalent to 0.35% of profit for the period effectively earned by the Company during fiscal year 2012.

A payment in domestic currency in favor of each Company's directors excluding the Chairman of the Board, c) consisting of a variable and gross amount equivalent to 0.04% of profit for the period effectively earned by the Company during fiscal year 2012.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 9 – Related party disclosures (continued)

9.8 Board of directors and senior management, continued

The fixed and variable amounts indicated above will not be subject to any charge between them, and those expressed as a percentage will be paid immediately after the shareholders at the respective Annual General Shareholders' Meeting of the Company 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 fiscal year ending December 31, 2012.

e) Therefore, the remunerations and profit sharing paid to members of the Board of Directors and Audit Committee during 2012 amount to ThUS\$64.

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 three Directors who are a part of the Company's Audit Committee regardless of the number of meetings conducted during the respective month.

b) A payment in domestic currency and in favor of each of the three Directors of a variable and gross amount equivalent to 0.013% of the Company's profit for the period effectively earned by the Company during fiscal year 2012.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 9 – Related party disclosures (continued)

9.8 Board of directors and senior management, continued

2.2 2011

2.2.1 Board of directors

Directors' compensation is detailed as follows:

A payment of a monthly fixed gross amount of UF 300 in favor of the Chairman of the Company's Board of
a) Directors and UF 50 in favor of the seven remaining board members regardless of their attendance at Board meetings or the number of meetings attended during the respective month.

A payment in domestic currency in favor of the Chairman of the Company's Board of Directors consisting of a
b) variable and gross amount equivalent to 0.35% of profit for the period effectively earned by the Company during fiscal year 2011.

A payment in domestic currency in favor of each Company's directors excluding the Chairman of the Board,
c) consisting of a variable and gross amount equivalent to 0.04% of profit for the period effectively earned by the Company during fiscal year 2011.

The fixed and variable amounts indicated above will not be subject to any charge between them, and those expressed as a percentage will be paid immediately after the shareholders at the respective Annual General
d) Shareholders' Meeting of the Company 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 fiscal year ending December 31, 2012.

Therefore, the remunerations and profit sharing paid to members of the Board of Directors and Audit Committee
e) during 2012 amount to ThUS\$3,030.

2.2.2 Audit Committee

The remuneration of Directors Committee is composed of:

a) A payment of a monthly, fixed and gross amount of UF 17 in favor of each of the three Directors who are a part of the Company's Audit Committee regardless of the number of meetings conducted during the respective month.

b) A payment in domestic currency and in favor of each of the three Directors of a variable and gross amount equivalent to 0.013% of the Company's profit for the period effectively earned by the Company during fiscal year 2011.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 9 – Related party disclosures (continued)

9.8 Board of directors and senior management, continued

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

4) Senior management compensation

As of March 31, 2012, the global compensation paid to the 119 main executives amounts to ThUS\$ 14,774 (ThUS\$ 22,509 as of December 31, 2011). This includes monthly fixed salary and variable performance bonuses.

The Company has a bonuses intermediate and bi-intermediate plan for compliance target and level of individual contribution to the Company's profit or loss. These benefits are structured in a minimum and maximum of gross remunerations which are paid once a year or every two years.

5) 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 2012 and 2016 (See Note 16).

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 period ended December 31, 2011 or compensation for the concept of pensions, life insurance, paid time off, profit sharing, incentives, or benefits due to disability other than those mentioned in the preceding points.

8) In accordance with IAS 24, we should report that one of the Company's Board of Directors is member of the Ultramar Group. During the period ended March 31, 2012, the amount of operations with this Group is approximately ThUS\$6,503 (ThUS\$13,751 as of December 31, 2011).

9.9 Compensation of key management personnel

	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Compensation of key management personnel	14,774	22,509

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

84

Notes to the consolidated financial statements as of March 31, 2012

Note 10 – Financial instruments

Financial assets in conformity with IAS 39 are detailed as follows:

10.1	Types of other financial assets	
Types of other financial assets	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Other current financial assets (1)	157,898	129,069
Derivatives (2)	6,825	14,455
Hedging assets, current	42,055	25,737
Total other current financial assets	206,778	169,261
Other non-current financial assets (3)	115	117
Hedging assets, non-current	44,925	30,371
Total other non-current financial assets	45,040	30,488

(1) Relates to term deposits with maturities exceeding 90 days from the investment date.

(2) Relate to forwards and options that were not classified as hedging instruments (see detail in Note 10.3).

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

Detail of other current financial assets

Institution	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Banco Santander	21,224	13,753
BBVA	20,860	33,528
Banco de Crédito e Inversiones	50,250	17,739
Banco de Chile	28,683	44,849
Corpbanca	36,881	19,200

Total 157,898 129,069

10.2 Trade and other receivables, current and non-current

	03/31/2012			12/31/2011		
	Current	Non-current	Total	Current	Non-current	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Trade receivables, current	494,844	-	494,844	387,607	-	387,607
Prepayments, current	10,257	-	10,257	10,706	-	10,706
Other receivables, current	8,833	1,263	10,096	13,749	1,070	14,819
Total trade and other receivables, current	513,934	1,263	515,197	412,062	1,070	413,132

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 10 – Financial instruments, (continued)**10.2****Trade and other receivables, continued**

	03/31/2012			12/31/2011		
	Assets before allowances	Allowance for doubtful trade receivables	Assets for trade receivables, net	Assets before allowances	Allowance for doubtful trade receivables	Assets for trade receivables, net
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Receivables related to credit operations, current	512,035	(17,191)	494,844	404,320	(16,713)	387,607
Trade receivables, current	512,035	(17,191)	494,844	404,320	(16,713)	387,607
Prepayments, current	10,257	-	10,257	10,706	-	10,706
Other receivables, current	10,841	(2,008)	8,833	15,709	(1,960)	13,749
Trade and other receivables, current	533,133	(19,199)	513,934	430,735	(18,673)	412,062
Other receivables, non-current	1,263	-	1,263	1,070	-	1,070
Non-current receivables	1,263	-	1,263	1,070	-	1,070
Total trade and other receivables	534,396	(19,199)	515,197	431,805	(18,673)	413,132

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 10 – Financial instruments (continued)**10.2****Trade and other receivables, continued****Portfolio stratification, continued**

The Company's policy is to require guarantees (such as letters of credit, guarantee clauses and others) and/or maintaining insurance policies for certain accounts as deemed necessary by management.

Unsecuritized portfolio

As of March 31, 2012 and December 31, 2011, the detail of the unsecuritized portfolio is as follows:

03/31/2012

	Not overdue - 30 days	31 and 60 - 90 days	91 - 120 days	121 - 150 days	151 - 180 days	181 - 210 days	211 - 250 days	Over 250 days	Total		
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$		
Number of customers, non-renegotiated portfolio	4,182	1,884	560	449	82	368	324	289	324	2,149	10,611
Non-renegotiated portfolio, gross	425,680	47,182	7,308	7,781	2,273	626	9,964	193	281	9,574	510,862
Number of customers, renegotiated portfolio	3	5	1	-	-	-	-	-	-	-	9
Renegotiated portfolio, gross	720	439	14	-	-	-	-	-	-	-	1,173
Total portfolio, gross	426,400	47,621	7,322	7,781	2,273	626	9,964	193	281	9,574	512,035

12/31/2011

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

	Not overdue ThUS\$	1 - 30 days ThUS\$	31 and 60 days ThUS\$	61 - 90 days ThUS\$	91 - 120 days ThUS\$	121 - 150 days ThUS\$	151 - 180 days ThUS\$	181 - 210 days ThUS\$	211 - 250 days ThUS\$	over 250 days ThUS\$	Total ThUS\$
Number of customers, non-renegotiated portfolio	5,369	1,701	640	401	340	340	332	335	340	2,147	11,945
Non-renegotiated portfolio, gross	348,299	27,945	4,778	12,058	817	87	407	103	299	8,673	403,466
Number of customers, renegotiated portfolio	1	2	-	-	-	-	-	-	-	-	3
Renegotiated portfolio, gross	504	350	-	-	-	-	-	-	-	-	854
Total portfolio, gross	348,803	28,295	4,778	12,058	817	87	407	103	299	8,673	404,320

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 10 – Financial instruments (continued)

10.2 Trade and other receivables, continued

The detail of allowance is as follows:

	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Allowance and write-offs		
Allowance for non-renegotiated portfolio	19,290	21,961
Write-offs for the period	(91)	(3,288)

a) Credit risk concentration

Credit risk concentrations with respect to trade receivables are reduced due to the great number of entities included in the Company's client database and their distribution throughout the world.

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

Notes to the consolidated financial statements as of March 31, 2012

Note 10 – Financial instruments (continued)**10.3 Hedging assets and liabilities**

The balance represents derivative instruments measured at fair value which have been classified as hedges from exchange and interest rate risks related to the total obligations relating to bonds of the Company in Chilean pesos and UF (and the exchange risk in Chilean pesos of the Company's investment plans). As of March 31, 2012 the face value of cash flows in Cross Currency Swap contracts agreed upon in US dollars amounted to ThUS\$405,486 and as of December 31, 2011 such contracts amounted to ThUS\$ 405,486.

Hedging assets	Derivative instruments (CCS)	Effect on profit or loss for the period, derivative instruments	Hedging reserve in gross equity	Deferred tax hedging reserve in equity	Hedging reserve in equity
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
March 31, 2012	86.980	34.777	(15.932)	2.854	(13.078)
December 31, 2011	56.108	(39.718)	(12.184)	2.104	(10.080)
Hedging liabilities	Derivative instruments (IRS)	Effect on profit or loss for the period, derivative instruments	Hedging reserve in gross equity	Deferred tax hedging reserve in equity	Hedging reserve in equity
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
March 31, 2012	309	(79)	(110)	-	(110)
December 31, 2011	355	(205)	(150)	-	(150)

The balances in the effect on profit or loss column consider the interim effects of the contracts in force as of March 31, 2012 and December 31, 2011.

SQM
Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 10 – Financial instruments (continued)

10.3 Hedging assets and liabilities, continued

Derivative contract maturities are detailed as follows:

Series	Contract amount ThUS\$	Currency	Maturity date
C	76,972	UF	12/01/2026
G	33,673	Chilean peso	01/05/2014
H	146,360	UF	01/05/2013
I	56,041	UF	04/01/2014
J	92,440	Chilean peso	04/01/2014

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 to hedge the exchange rate financial risks associated with bonds payable. Hedges are documented and tested to measure their 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 and interest payments.

Hedge Accounting

The Company classifies derivative instruments as hedging that may include derivative or embedded derivatives either as fair value hedge derivative instruments, cash flow hedge derivative instruments, or hedge derivative instruments for net investment in a business abroad.

a) Fair value hedge

Changes in fair values of derivative instruments classified as fair value hedge derivative instruments are accounted for in gains and losses immediately along with any change in the fair value of the hedged item that is attributable to the risk being hedged.

The Company documents the relationship between hedge instruments and the hedged item along with the objectives of its risk management and strategy to carry out different hedging transactions. In addition, upon commencement of the period hedged and then on a quarterly basis the Company documents whether hedge instruments have been efficient and met the objective of hedging market fluctuations for the purpose of which we use the effectiveness test. A hedge instrument is deemed effective if the effectiveness test result is between 80 to 120%.

The hedge instruments are classified as effective or not effective on the basis of the effectiveness test results. This note includes the detail of fair values of derivatives classified as hedging instruments.

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

Notes to the consolidated financial statements as of March 31, 2012

Note 10 - Financial instruments (continued)

10.3 Hedging assets and liabilities, continued

b) Cash flow hedges

Cash flow hedges cover exposure to the cash flow variations attributable to a risk associated with a specific transaction that is very likely to be executed, that may have material effects on the results of the Company.

c) Hedging of the net investment in a business abroad:

To-date, the Company has not classified hedges for the amount related to the entity's share as presented in its financial statements, in the business net assets.

10.4 Financial liabilities

Other current and non-current financial liabilities

As of March 31, 2012 and December 31, 2011, the detail is as follows:

	03/31/2012			12/31/2011		
	Current ThUS\$	Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Non-current ThUS\$	Total ThUS\$
Bank loans	142,708	329,214	471,922	141,436	329,150	470,586
Obligations with the public (bonds payable)	20,732	942,631	963,363	17,129	907,877	925,006
Other financial liabilities	9,193	-	9,193	2,443	-	2,443
Total	172,633	1,271,845	1,444,478	161,008	1,237,027	1,398,035

Current and non-current loans assumed

As of March 31, 2012 and December 31, 2011, the detail is as follows:

	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Long-term loans	329,214	329,150
Short-term loans	140,468	140,538
Current portion of long-term loans	2,240	898
Short-term loans and current portion of long-term loans	142,708	141,436
Total loans assumed	471,922	470,586

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 10 - Financial instruments (continued)**10.4****Financial liabilities, continued**

a)

Bank loans, current:

As of March 31, 2012 and December 31, 2011, the detail of this caption is as follows:

Tax ID No.	Debtor Subsidiary	Country	Tax ID No.	Creditor	Country	Currency	or adjustment index	Effective Amortization rate	Nominal rate	03/31/2012 Current maturities		Total ThUS\$	
										Up to 90 days ThUS\$	91 days to 1 year ThUS\$		
93.007.000-9	SQM S.A.	Chile	97.032800-8	Banco Bova Chile	United States	US \$		Upon maturity	0.75 %	0.75 %	20,021	-	20,021
93.007.000-9	SQM S.A.	Chile	97.004400-5	Banco Chile	United States	US \$		Upon maturity	2.12 %	2.12 %	94	20,000	20,094
93.007.000-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	US \$		Upon maturity	3.26 %	2.72 %	1,628	-	1,628
79.626.800-K	SQM Salar S.A.	Chile	97.030000-7	Banco Estado	Chile	US \$		Upon maturity	1.24 %	1.24 %	20,177	-	20,177
79.626.800-K	SQM Salar S.A.	Chile	97.004400-5	Banco Chile	Chile	US \$		Upon maturity	1.45 %	1.45 %	8	20,000	20,008
79.626.800-K	SQM Salar S.A.	Chile	97.018500-1	Scotiabank Americano	Chile	US \$		Upon maturity	0.88 %	0.88 %	20,012	-	20,012
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Bank of America	United States	US \$		Upon maturity	1.83 %	1.47 %	-	288	288
Foreign	Royal Seed	Aruba	Foreign	Export State	United States	US \$		Upon maturity	2.08 %	1.74 %	-	244	244

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

Foreign	Trading Corporation A.V.V. Royal Seed Trading Corporation A.V.V.	Canada Foreign Trust (Cayman) Ltd. The Bank of Tokyo-Mitsubishi UFJ, Lda. (New York)	Cayman Islands	US	\$	Upon maturity	1.78 %	1.59 %	-	42	42	
Foreign	Royal Seed Trading Corporation A.V.V.	Tokyo-Mitsubishi UFJ, Lda. (New York)	States	US	\$	Upon maturity	1.61 %	1.23 %	-	293	293	
79.947.100-0	SQM Industrial S.A. Chile	Banco Chile 000-5	Chile	US	\$	Upon maturity	1.58 %	1.58 %	20,137	-	20,137	
79.947.100-0	SQM Industrial S.A. Chile	Scotiabank S.A. 000-1	Chile	US	\$	Upon maturity	0.88 %	0.88 %	20,019	-	20,019	
Total										102,096	40,867	142,963
Borrowing costs										-	(255)	(255)
Total										102,096	40,612	142,708

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

Notes to the consolidated financial statements as of March 31, 2012

Note 10 - Financial instruments (continued)**10.4 Financial liabilities, continued**

Tax ID No.	Debtor	Country	Creditor	Currency	or index	Amortization rate	Effective rate	Nominal rate	12/31/2011		
									Up to 90 days	91 days to 1 year	Total
	Subsidiary	Country	Financial Institution	Country	or index				ThUS\$	ThUS\$	ThUS\$
93.007.000-9	SQM S.A.	Chile	Banco BCI Chile	United States	US \$	Upon maturity	1.00 %	1.00 %	20,094	-	20,094
93.007.000-9	SQM S.A.	Chile	Banco Estado	United States	US \$	Upon maturity	0.95 %	0.95 %	20,089	-	20,089
93.007.000-9	SQM S.A.	Chile	Banco Estado NY Branch	United States	US \$	Upon maturity	2.95 %	2.72 %	-	645	645
79.626.800-K	SQM Salar S.A.	Chile	Banco Estado	Chile	US \$	Upon maturity	1.24 %	1.24 %	-	20,114	20,114
79.626.800-K	SQM Salar S.A.	Chile	Banco Chile	Chile	US \$	Upon maturity	1.03 %	1.03 %	20,085	-	20,085
79.626.800-K	SQM Salar S.A.	Chile	Scotiabank Americano	Chile	US \$	Upon maturity	0.75 %	0.75 %	48	20,000	20,048
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Bank of America	United States	US \$	Upon maturity	1.74 %	1.47 %	-	140	140
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Export Development Canada	United States	US \$	Upon maturity	1.95 %	1.75 %	-	24	24
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	US \$	Upon maturity	1.66 %	1.35 %	207	-	207

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

Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	The Bank of Tokyo-Mitsubishi UFJ, Lda. (New York)	Chile	US \$	Upon maturity	1.51 %	1.23 %	-	137	137	
79.947.100-0	SQM Industrial S.A.	Chile	97.004.000-5	Banco Chile	Chile	US \$	Upon maturity	1.58 %	1.58 %	-	20,057	20,057	
79.947.100-0	SQM Industrial S.A.	Chile	97.018.000-1	Scotiabank Americano	Chile	US \$	Upon maturity	0.70 %	0.70 %	51	20,000	20,051	
Total											60,574	81,117	141,691
Borrowing costs											(61)	(194)	(255)
Total											60,513	80,923	141,436

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 10 - Financial instruments (continued)

10.4 Financial liabilities, continued

b) Unsecured obligations, current:

As of March 31, 2012 and December 31, 2011, the detail of current unsecured interest-bearing obligations is composed of promissory notes and bonds, as follows:

Bonds

TAX ID No.	Debtor	Number of registration or instrument	Series	Maturity date	Adjustment index for the bond	Periodicity of Payment of interest	Effective rate	Nominal rate	03/31/2012 Current maturities		
									Up to 90 days	91 days to 1 year	Total
	Subsidiary	Country							ThUS\$	ThUS\$	ThUS\$
93.007.000-9	SQM S.A	Chile	184	Single	US \$	Semi-annual Upon maturity	7.23 %	6.13 %	5,623	-	5,623
93.007.000-9	SQM S.A	Chile	184	Single	US \$	Semi-annual Upon maturity	6.17 %	5.50 %	6,086	-	6,086
93.007.000-9	SQM S.A	Chile	446	C	UF	Semi-annual	6.84 %	4.00 %	4,830	3,468	8,298
93.007.000-9	SQM S.A	Chile	563	G	Ch \$	Semi-annual Upon maturity	6.64 %	7.00 %	-	700	700
93.007.000-9	SQM S.A	Chile	564	H	UF	Semi-annual	6.80 %	4.90 %	-	2,116	2,116
93.007.000-9	SQM S.A	Chile	563	I	UF	Semi-annual Upon maturity	5.59 %	3.00 %	-	-	-
93.007.000-9	SQM S.A	Chile	563	J	Ch\$	Semi-annual Upon maturity	5.24 %	5.50 %	-	-	-
			Total						16,539	6,284	22,823
			Bond issue costs						(1,816)	(275)	(2,091)
			Total						14,723	6,009	20,732

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

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 10 - Financial instruments (continued)**10.4****Financial liabilities, continued**

Debtor		Country	Number of registration or ID of the instrument	Series	Maturity date	Adjustment index for the bond	Periodicity Payment of interest	Repayment	Effective rate	Nominal rate	12/31/2011 Current mat	Up to 91 days to ye ThUS\$	91 to ye ThUS\$
Tax ID No.	Subsidiary												
93.007.000-9	SQM S.A	Chile	184	Single		US\$	Semi-annual	Upon maturity	6.75%	6.13%	-	2	
93.007.000-9	SQM S.A	Chile	184	Single		US\$	Semi-annual	Upon maturity	5.94%	5.50%	-	2	
93.007.000-9	SQM S.A	Chile	446	C		UF	Semi-annual	Semi-annual	6.59%	4.00%	-	6	
93.007.000-9	SQM S.A	Chile	563	G		Ch\$	Semi-annual	Upon maturity	7.10%	7.00%	1,354	-	
93.007.000-9	SQM S.A	Chile	564	H		UF	Semi-annual	Semi-annual	6.01%	4.90%	4,045	-	
93.007.000-9	SQM S.A	Chile	563	I		UF	Semi-annual	Upon maturity	6.22%	3.00%	-	4	
93.007.000-9	SQM S.A	Chile	563	J		Ch\$	Semi-annual	Upon maturity	5.81%	5.50%	-	1	
			Total									5,399	1
			Bond issue costs									(276)	(
			Total									5,123	1

c)

Types of non-current interest-bearing loans

Non-current interest-bearing loans as of March 31, 2012 and December 31, 2011 are detailed as follows:

Non-current interest-bearing bank loans

Debtor		Creditor				Currency			
Tax ID No.	Subsidiary	Country	Tax ID No.	Financial institution	Country	or adjustment index	Repayment	Effective rate	
93.007.000-9	SQM S.A. Royal Seed Trading Corporation A.V.V.	Chile	Foreign	Banco Estado NY Branch	United States	US\$	Upon maturity	3.2	
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	US\$	Upon maturity	1.7	
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Bank of America	United States	US\$	Upon maturity	1.8	
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Export Development	Cayman Islands	US\$	Upon maturity	2.0	
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	The Bank of Tokyo-Mitsubishi UFJ, Ltd (New York)	United States	US\$	Upon maturity	1.6	
Total	Borrowing costs								
Total									

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

Notes to the consolidated financial statements as of March 31, 2012

Note 10 - Financial instruments (continued)

10.4 Financial liabilities, continued

Debtor		Creditor			Currency	or adjustment index	Repayment
Tax ID No.	Subsidiary	Country	Tax ID No.	Financial institution	Country		
93.007.000-9	SQM S.A. Royal Seed Trading Corporation A.V.V.	Chile	Foreign	Banco Estado NY Branch	United States	US\$	Upon maturity
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	US\$	Upon maturity
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Bank of America	United States	US\$	Upon maturity
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Export Development	Cayman Islands	US\$	Upon maturity
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	The Bank of Tokyo-Mitsubishi UFJ, Ltd (New York)	United States	US\$	Upon maturity
Total	Borrowing costs						

d) Non-current unsecured interest-bearing bonds

The breakdown of non-current unsecured interest-bearing bonds as of March 31, 2011 and December 31, 2011 is detailed as follows:

Debtor	Number of	Currency	Periodicity
--------	-----------	----------	-------------

Tax ID No.	Subsidiary	Country	registration or ID of the instrument	Series	Maturity date	or adjustment index	Payment of interest	Repayment	Effective rate
93.007.000-9	SQM S.A	Chile	184	Single		US\$	Semi-annual	Upon maturity	7.23 %
93.007.000-9	SQM S.A	Chile	184	Single		US\$	Semi-annual	Upon maturity	6.17 %
93.007.000-9	SQM S.A	Chile	446	C		UF	Semi-annual	Semi-annual	6.84 %
93.007.000-9	SQM S.A	Chile	564	H		UF	Semi-annual	Semi-annual	5.80 %
93.007.000-9	SQM S.A	Chile	563	G		Ch\$	Semi-annual	Upon maturity	6.64 %
93.007.000-9	SQM S.A	Chile	563	I		UF	Semi-annual	Upon maturity	5.59 %
93.007.000-9	SQM S.A	Chile	563	J		Ch\$	Semi-annual	Upon maturity	5.24 %
			Total						
			Bond issue costs						
			Total						

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

Notes to the consolidated financial statements as of March 31, 2012

Note 10 - Financial instruments (continued)**10.4****Financial liabilities, continued**

Debtor		Number of registration or ID of the instrument			Series	Maturity date	Currency or Periodicity	adjustment index	Payment of interest	Repayment	Effective rate
Tax ID No.	Subsidiary	Country									
93.007.000-9	SQM S.A	Chile	184		Single		US\$	Semi-annual	Upon maturity		6.75
93.007.000-9	SQM S.A	Chile	184		Single		US\$	Semi-annual	Upon maturity		5.94
93.007.000-9	SQM S.A	Chile	446		C		UF	Semi-annual	Semi-annual		6.59
93.007.000-9	SQM S.A	Chile	564		H		UF	Semi-annual	Semi-annual		6.01
93.007.000-9	SQM S.A	Chile	563		G		Ch\$	Semi-annual	Upon maturity		7.10
93.007.000-9	SQM S.A	Chile	563		I		UF	Semi-annual	Upon maturity		6.22
93.007.000-9	SQM S.A	Chile	563		J		Ch\$	Semi-annual	Upon maturity		5.81
			Total								
			Bond issue costs								
			Total								

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 10 - Financial instruments (continued)

10.4 Financial liabilities, continued

e) Additional information

- Bonds

As of March 31, 2012 and December 31, 2011, ThUS\$20,732 and ThUS\$17,129, respectively are presented at short-term related to principal, current portion plus interest accrued at that date, not including bond issue costs. At the non-current portion, the Company presented ThUS\$942,631 as of March 31, 2012 and ThUS\$907,877 as of December 31, 2011 related to principal installments of Series C bonds, single Series bonds, Series G bonds, Series H bonds, Series I bonds, Series J bonds and single series second issue bonds.

As of March 31, 2012 and December 31, 2011, the details of each issue are as follows

Series “C” bonds

On January 25, 2006, the Company placed Series C bonds for UF 3,000,000 (ThUS\$101,918) at an annual rate of 4.00%.

As of March 31, 2012 and December 31, 2011, the Company has made the following payments with a charge to the Series C bonds:

Payments made	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Principal	-	6,678
Interest	-	4,169

Single series bonds

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

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 March 31, 2012 and December 31, 2011, the Company has made the following payments with a charge to the Single Series bonds:

	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Payments of interest	-	12,250

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 10 - Financial instruments (continued)

10.4

Financial liabilities, 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 a single payment at the maturity of the term and an annual interest rate of 7%.

As of March 31, 2012 and December 31, 2011, 2010, the Company has made the following payments with a charge to the Series G and H bonds:

	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Payment of interest, Series G bonds	1,405	3,094
Payment of interest, Series H bonds	4,199	8,989

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 maturity of the term and annual interest rate of 3.00%.

As of March 31, 2012 and December 31, 2011, the Company has made the following payments with a charge to the Series J and I bonds:

03/31/2012 12/31/2011

	ThUS\$	ThUS\$
Payment of interest, Series J bonds	2,881	5,665
Payment of interest, Series I bonds	1,028	1,954

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

99

Notes to the consolidated financial statements as of March 31, 2012

Note 10 - Financial instruments (continued)

10.4 Financial liabilities, continued

Single series bonds, second issue

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 with a maturity of 10 years beginning on the aforementioned date with annual interest rate of 5.5% and destined to refinance long-term liabilities

As of March 31, 2012 and December 31, 2011, the detail of payments charged to the line of single series bonds, second issue is as follows:

	31/03/2012	31/12/2011
	ThUS\$	ThUS\$
Interest payment		13,750

10.5 Trade and other payables

	31/03/2012			31/12/2011		
	Current	Non-current	Total	Current	Non-current	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Accounts payable	185,297	-	185,297	182,552	-	182,552
Deferred income	-	-	-	-	-	-
Retained (or accrued)	545	-	545	480	-	480
Total	185,842	-	185,842	183,032	-	183,032

Purchase commitments held by the Company are recognized as liabilities when the goods and services are received by the Company. As of March 31, 2012, the Company has purchase orders amounting to ThUS\$ 50,130 (ThUS\$ 79,045 as of December 31, 2011).

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

100

Notes to the consolidated financial statements as of March 31, 2012

Note 10 - Financial instruments (continued)

10.6 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	03/31/2012	Effect on profit or loss as of 03/31/2012	12/31/2011	Effect on profit or loss as of 12/31/2011
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current				
Derivative instruments (forward)	3,774	(2,720)	1,053	(1,053)
Derivative instruments (options)	4,881	(3,845)	1,036	(1,036)
Derivative instruments (IRS)	538	(224)	354	(120)
	9,193	(6,789)	2,443	(2,209)

Balances in the column effect on profit or loss consider the annual affects of agreements which were in force as of March 31, 2012.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 10 - Financial instruments (continued)**10.7 Financial asset and liability categories****a) Financial Assets**

Description of financial assets	31/03/2012			31/12/2011		
	Current Amount ThUS\$	Non-current Amount ThUS\$	Total Amount ThUS\$	Current Amount ThUS\$	Non-current Amount ThUS\$	Total Amount ThUS\$
Financial assets at fair value through profit or loss, classified as held-for-trading	157,898	-	157,898	129,069	-	129,069
Financial assets at fair value through profit or loss, mandatorily measured at fair value	6,825	-	6,825	14,455	-	14,455
Financial assets at fair value through profit or loss	164,723	-	164,723	143,524	-	143,524
Investments held to maturity	-	115	115	-	117	117
Loans and receivables	513,934	1,263	515,197	412,062	1,070	413,132
Financial assets at fair value through other comprehensive income	86,980	-	86,980	56,108	-	56,108
Total financial assets	765,637	1,378	767,015	611,694	1,187	612,881

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 10 - Financial instruments (continued)**10.7 Financial asset and liability categories (continued)****b) Financial liabilities**

Description of financial liabilities at fair value through profit or loss	03/31/2012			12/31/2011	
	Current	Non-current	Total	Current	Non-current
	Amount	Amount	Amount	Amount	Amount
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Financial liabilities at fair value through profit or loss, designed as such at initial recognition	9,193	-	9,193	2,443	-
Financial liabilities at fair value through profit or loss	9,193	-	9,193	2,443	-
Financial liabilities measured at amortized cost	349,282	1,271,845	1,621,127	341,597	1,237,027
Total financial liabilities	358,475	1,271,845	1,630,320	344,040	1,237,027

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 10 - Financial instruments (continued)

10.8 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.

As of March 31, 2012 and December 31, 2011, assets pledged as guarantees are as follows:

	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Restricted cash		
Isapre Norte Grande Ltda.	513	428
Total	513	428

10.9 Estimated fair value of financial instruments and derivative financial instruments

As required by IFRS 7, 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 consolidated financial statements as of March 31, 2012

Note 10 - Financial instruments (continued)

10.9 Estimated fair value of financial instruments and financial derivatives, continued

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

	03/31/2012		12/31/2011	
	Carrying value ThUS\$	(*) Fair value ThUS\$	Carrying value ThUS\$	(*) Fair value ThUS\$
Cash and cash equivalents	449,152	449,152	444,992	444,992
Current trade and other receivables	513,934	513,934	412,062	412,062
Other current financial assets:				
- Time deposits	157,898	157,898	129,069	129,069
- Derivative instruments	6,825	6,825	14,455	14,455
- Current hedging assets	42,055	42,055	25,737	25,737
Total other current financial assets	206,778	206,778	169,261	169,261
Other non-current financial assets:				
Non-current hedging assets	44,925	44,925	30,371	30,371
Total other non-current financial assets	45,040	45,040	30,488	30,488
Other current financial liabilities:				
- Bank loans	142,708	142,708	141,436	141,436
- Derivative instruments	8,884	8,884	2,174	2,174
- Hedging liabilities	309	309	269	269
- Unsecured obligations	20,732	20,732	17,129	17,129
Total other current financial liabilities	172,633	172,633	161,008	161,008
Current and non-current accounts payable	185,842	185,842	183,032	183,032
Other non-current financial liabilities:				
- Bank loans	329,214	344,936	329,150	348,218
- Unsecured obligations	942,631	1,087,820	907,877	1,074,907
Total other non-current financial liabilities:	1,271,845	1,432,756	1,237,027	1,423,125

Fair value hierarchy

Fair value hierarchies are as follows:

- **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

Notes to the consolidated financial statements as of March 31, 2012

Note 10 - Financial instruments (continued)

10.10 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 5 - Financial Risk Management.

Note 11 – Equity-accounted investees

11.1 Investment in associates recognized according to the equity method of accounting

As of March 31, 2012, and December 31, 2011, in accordance with criteria established in Note 2.6 and Note 3.3, investment in associates recognized according to the equity method of accounting and joint ventures are as follows:

	Note No.	Investment		Share on profit (loss) of equity-accounted investees	
		03/31/2012 ThUS\$	12/31/2011 ThUS\$	03/31/2012 ThUS\$	03/31/2011 ThUS\$
Equity-accounted investees	11.1 to 11.3	44,208	43,057	8,214	3,026
Joint ventures	12 to 12.4	18,952	17,637	(150)	631
Total		63,160	60,694	8,064	3,657

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 11 – Equity-accounted investees (continued)**11.2 Assets, liabilities, revenue and expenses of associates**

03-31-2012

Tax ID No.	Associate	Country of incorporation	Functional currency	Assets ThUS\$	Liabilities ThUS\$	Revenue ThUS\$	Net profit (loss) ThUS\$
77.557.430-5	Sales de Magnesio Ltda.	Chile	Chilean Peso	4,405	757	3,526	478
Foreign	Abu Dhabi Fertilizer Industries WWL	Arabia	U.A.E Dirham	24,055	5,668	12,412	1,272
Foreign	Doktor Tarsa Tarim Sanayi AS	Turkey	Turkish Lira	78,930	50,692	23,418	3,913
Foreign	Ajay North America	United States	US Dollar	48,348	10,616	25,949	7,242
Foreign	Ajay Europe SARL	France	Euro	38,965	24,396	23,311	3,669
Foreign	Misir Specialty Fertilizers	Egypt	Egyptian pound	-	-	-	-
Foreign	SQM Eastmed Turkey	Turkey	Euro	438	264	-	-
Foreign	SQM Thailand Co. Ltd.	Thailand	Thai Bath	8,130	4,227	-	-
	Total			203,271	96,620	88,616	16,574

12-31-2011

Tax ID No.	Associate	Country of incorporation	Functional currency	Assets ThUS\$	Liabilities ThUS\$	Revenue ThUS\$	Net profit (loss) ThUS\$
77.557.430-5	Sales de Magnesio Ltda.	Chile	Chilean Peso	4,484	1,595	8,652	1,335
Foreign	Abu Dhabi Fertilizer Industries WWL	Arabia	U.A.E Dirham	22,964	5,849	38,024	2,985
Foreign	Doktor Tarsa Tarim Sanayi AS	Turkey	Turkish Lira	78,090	53,752	67,205	5,160
Foreign	Ajay North America	United States	US Dollar	47,866	9,876	80,923	23,689
Foreign	Ajay Europe SARL	France	Euro	32,332	14,600	59,189	8,384
Foreign	Mirs Specialty Fertilizers	Egypt	Egyptian pound	5,476	2,802	-	(266)
Foreign	SQM Eastmed Turkey	Turkey	Euro	438	264	29	(94)
Foreign	SQM Thailand Co. Ltd.	Thailand	Thai Bath	8,130	4,227	10,895	175
	Total			199,780	92,965	264,917	41,368

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

107

Notes to the consolidated financial statements as of March 31, 2012

Note 11 – Investment in Associates (continued)**11.3****Detail of investments in associates**

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

Associate	Main activities of the associate	Ownership %	Investment ThUS\$	Share on profit (loss) of equity accounted investees			
				03/31/2012 ThUS\$	12/31/2011 ThUS\$	03/31/2012 ThUS\$	03/31/2011 ThUS\$
Sales de Magnesio Ltda.	Commercialization of magnesium salts.	50	% 1,824	1,444	239	186	
Abu Dhabi Fertilizer Industries Co. W.W.L.	Distribution and commercialization of specialty plant nutrients in the Middle East.	50	% 8,820	8,558	636	338	
Ajay North America L.L.C	Production and commercialization of iodine derivatives.	49	% 14,965	14,866	3,549	971	
Doktor Tarsa Tarim Sanayi AS	Distribution and commercialization of specialty plant nutrients in Turkey.	50	% 14,119	12,169	1,956	755	
Nutrisi Holding N.V.	Holding company	50	% -	-	-	415	
Ajay Europe SARL	Production and distribution of iodine and iodine derivatives.	50	% 2,832	3,102	1,834	356	
Misr Specialty Fertilizers S.A.E.	Production and commercialization of liquid specialty plant nutrients for Egypt.	47.4857	% -	1,270	-	-	
SQM Eastmed Turkey	Production and commercialization of specialty products.	50	% 87	87	-	(18)	
SQM Thailand Co. Ltd.	Distribution and commercialization of specialty plant nutrients.	40	% 1,561	1,561	-	23	
Total				44,208	43,057	8,214	3,026

The Company has no participation in unrecognized losses in investments in associates

The Company presents no investments not accounted for according to the equity method of accounting

The equity method was applied to the Statement of Financial Position as of march 31, 2012 and December 31, 2011.

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 12 - Joint Ventures

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

The method for the recognition of joint ventures in which participation is initially 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 or loss 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 2012

On 2012, the Company Coromandel SQM increased its capital by ThUS\$394. This Company has an ownership of 50% in Soquimich European Holding B.V

b) Operations conducted in 2011

On January 27, 2011, the subsidiary SQM Industrial S.A. conducted a contribution amounting to ThUS\$2,500 in Sichuan SQM Migao Chemical Fertilizer Co.

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 12 - Policy for accounting for joint ventures in a Parent's separate financial statements (continued)**12.3 Detail of assets, liabilities and profit or loss of significant investments in joint ventures by company as of March 31, 2012 and as of December 31, 2011, respectively:****03/31/2012**

Tax ID No.	Joint venture	Country of incorporation	Functional currency	Current	Assets
				ThUS\$	No
Foreign	Sichuan SQM Migao Chemical Fertilizers Co Ltda.	China	US Dollar	17,600	10,
Foreign	Coromandel SQM	India	Indian Rupee	2,292	1,5
Foreign	SQM Vitas Fzco.	United Arab Emirates	U.A.E. Dirham	22,757	11,
Foreign	SQM Qindao-Star Co. Ltda.	China	US Dollar	2,262	38-
	Total			44,911	23,

31/12/2011

Tax ID No.	Joint venture	Country of incorporation	Functional currency	Current	Assets
				ThUS\$	No
Foreign	Sichuan SQM Migao Chemical Fertilizers Co Ltda.	China	US Dollar	18,014	10,
Foreign	Coromandel SQM	India	Indian Rupee	559	1,0
Foreign	SQM Vitas Fzco.	United Arab Emirates	U.A.E. Dirham	24,887	8,9
Foreign	SQM Qindao-Star Co. Ltda.	China	US Dollar	1,974	403
	Total			45,434	20,

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 12 - Policy for accounting for joint ventures in a Parent's separate financial statements (continued)

12.4

Detail of investments in joint ventures:

Joint venture

Main activities of the joint venture

Coromandel SQM

Production and distribution of potassium nitrate.

Sichuan SQM Migao Chemical Fertilizer Co. Ltda.

Production and distribution of soluble fertilizers.

SQM Vitas Fzco.

Production and commercialization of specialty plant and animal nutrition
industrial hygiene.

SQM Quindao-Star Co. Ltda.

Production and distribution of nutrient plant solutions with specialties N

Total

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 13 - Intangible assets and goodwill

13.1 Balances

Balances	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Intangible assets other than goodwill	4,163	4,316
Goodwill	38,605	38,605
Total	42,768	42,921

13.2 Disclosures on intangible assets and goodwill

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

Balances and movements in the main classes of intangible assets as of March 31, 2012, and December 31, 2011 are detailed as follows:

	Useful life	31/03/2012		
		Gross amount ThUS\$	Accumulated Amortization ThUS\$	Net Value ThUS\$
Intangible assets and goodwill				
Trademarks	Finite	3,821	(3,821)	-
Software	Finite	3,530	(1,732)	1,798
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	Finite	1,198	(774)	424
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	Indefinite	3,539	(1,994)	1,545
Other intangible assets	Indefinite	548	(152)	396
Intangible assets other than goodwill		12,636	(8,473)	4,163
Goodwill	Indefinite	40,178	(1,573)	38,605
Total intangible assets and goodwill		52,814	(10,046)	42,768

SQM

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

112

Notes to the consolidated financial statements as of March 31, 2012

Note 13 - Intangible assets and goodwill (continued)

13.2 Disclosures on intangible assets and goodwill, continued

	Useful life	12/31/2011		
		Gross amount ThUS\$	Accumulated Amortization ThUS\$	Net Value ThUS\$
Intangible assets and goodwill				
Trademarks	Finite	3,821	(3,821)	-
Software	Finite	3,476	(1,538)	1,938
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	Finite	1,198	(758)	440
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	Indefinite	3,536	(1,994)	1,542
Other intangible assets	Indefinite	548	(152)	396
Intangible assets other than goodwill		12,579	(8,263)	4,316
Goodwill	Indefinite	40,178	(1,573)	38,605
Total intangible assets and goodwill		52,757	(9,836)	42,921

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.

SQM

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

113

Notes to the consolidated financial statements as of March 31, 2012

Note 13 - Intangible assets and goodwill (continued)

13.2 Disclosures on intangible assets and goodwill, continued

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
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	Indefinite	Indefinite
Other intangible assets	Indefinite	Indefinite
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	1 year	16 years
Trademarks	1 year	5 years
Software	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 consolidated financial statements as of March 31, 2012

Note 13 - Intangible assets and goodwill (continued)

13.2 Disclosures on intangible assets and goodwill, continued

e) Movements in identifiable intangible assets as of March 31, 2012:

	Trademarks	Software	Intellectual property rights, patents and other industrial property rights, service and exploitation of rights	Intellectual property rights, patents and other industrial property rights, service and exploitation of rights	Other intangible assets	Goodwill	Identifiable intangible assets
	Net	Net	way, Net	way, Net	Net	Net	Net
Movements in identifiable intangible assets	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	-	1,938	440	1,542	396	38,605	42,921
Additions		54	-	3	-	-	57
Amortization		(194)	(16)	-	-	-	(210)
Other increases (decreases)			-	-	-	-	-
Final balance	-	1,798	424	1,545	396	38,605	42,768

f) Movements in identifiable intangible assets as of December 31, 2011:

Intellectual property rights, patents and other industrial

Intellectual property rights, patents and other industrial

	Trademarks	Software	property rights, service and exploitation right, rights of way, Net	property rights, service and exploitation right, rights of way, Net	Other intangible assets, Net	Goodwill, Net	Identifiable intangible assets, Net
Movements in identifiable intangible assets	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	4	823	501	1,546	396	38,388	41,658
Additions	-	1,812	-	-	-	217	2,029
Amortization	(4)	(697)	(61)	-	-	-	(762)
Other increases (decreases)	-	-	-	(4)	-	-	(4)
Final balance	-	1,938	440	1,542	396	38,605	42,921

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 14 - Property, plant and equipment

As of March 31, 2012, and December 31, 2011, the detail of property, plant and equipment is as follows:

14.1 Classes of property, plant and equipment

Description of classes of property, plant and equipment	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Property, plant and equipment, net		
Land	109,017	108,992
Buildings	143,541	146,532
Machinery	405,981	424,460
Transport equipment	81,600	82,822
Furniture and fixtures	4,753	5,015
Office equipment	4,879	5,312
Constructions in progress	363,185	297,996
Other property, plant and equipment	664,398	683,913
Total	1,777,354	1,755,042
Property, plant and equipment, gross		
Land	109,017	108,992
Buildings	291,666	291,401
Machinery	972,712	972,179
Transport equipment	203,044	199,998
Furniture and fixtures	19,184	19,090
Office equipment	34,420	34,480
Constructions in progress	363,185	297,996
Other property, plant and equipment	1,194,428	1,194,765
Total	3,187,656	3,118,901

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 14 - Property, plant and equipment (continued)**14.1 Classes of property, plant and equipment, continued**

	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Accumulated depreciation and value impairment of property, plant and equipment, total		
Accumulated depreciation and value impairment of buildings	148,125	144,869
Accumulated depreciation and value impairment of machinery	566,731	547,719
Accumulated depreciation and value impairment of transport equipment	121,444	117,176
Accumulated depreciation and value impairment of furniture and fixtures	14,431	14,075
Accumulated depreciation and value impairment of office equipment	29,541	29,168
Accumulated depreciation and value impairment of other property, plant and equipment	530,030	510,852
Total	1,410,302	1,363,859

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 14 - Property, plant and equipment (continued)**14.2 Reconciliation of changes in property, plant and equipment by class as of March 31, 2012 and December 31, 2011:**

Reconciliation entries of changes in property, plant and equipment by class as of March 31, 2012	Land	Buildings, net	Machinery, net	Transport equipment, net	Furniture and fixtures, net	Office equipment, net	Construction progress	Other property, plant and equipment, net	Property, plant and equipment, net
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	108,992	146,532	424,461	82,822	5,015	5,312	297,996	683,912	1,755,042
Changes									
Additions	-	-	10	1	-	29	70,053	137	70,230
Divestitures	-	-	(7)	-	-	-	-	-	(7)
Depreciation expense	-	(3,256)	(18,919)	(4,268)	(355)	(464)	-	(19,704)	(46,966)
Increase(decrease) in foreign currency exchange	25	(2)	4	12	-	(10)	-	55	84
Reclassifications	-	246	450	3,087	93	12	(4,186)	299	1
Other increases (decreases) (*)	-	22	(18)	(53)	-	-	(678)	(303)	(1,030)
Total changes	25	(2,990)	(18,480)	(1,221)	(262)	(433)	65,189	(19,516)	22,312
Ending balance	109,017	143,542	405,981	81,601	4,753	4,879	363,185	664,396	1,777,354

(*) The net balance of Other increases (decreases) corresponds to: 1) investment plan expenses which are expensed to profit or loss (forming part of cost of sales and other expenses per function, as appropriate), 2) the variation representing the purchase and use of materials and spare parts and 3) projects corresponding mainly to exploration expenditures and stain development.

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 14 - Property, plant and equipment (continued)**14.2 Reconciliation of changes in property, plant and equipment by class as of March 31, 2012 and December 31, 2011, continued:**

Reconciliation entries of changes in property, plant and equipment by class of December 31, 2011	Land	Buildings, net	Machinery, net	Transport equipment, net	Furniture and fixtures, net	Office equipment, net	Construction in progress	Other property, plant and equipment, net	Property, plant and equipment, net
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	107,869	88,320	295,467	48,936	4,450	5,705	356,551	546,674	1,453,977
Changes									
Additions	1,251	178	424	558	39	302	474,042	1,054	477,848
Investitures	(85)	(1,371)	(64)	(451)	-	-	-	-	(1,971)
Depreciation expense	-	(11,477)	(97,046)	(14,902)	(1,281)	(2,053)	-	(69,137)	(195,896)
Increase(decrease) in foreign currency change	(42)	-	1	(23)	-	122	-	(24)	34
Reclassifications		69,410	228,116	48,717	1,805	1,442	(546,769)	197,279	-
Other increases (decreases) (*)	(1)	1,472	(2,438)	(13)	2	(206)	14,172	8,067	21,055
Total changes	1,123	58,212	128,993	33,886	565	(393)	(58,555)	137,239	301,070
Closing balance	108,992	146,532	424,460	82,822	5,015	5,312	297,996	683,913	1,755,047

(*) The net balance of Other increases (decreases) corresponds to: 1) investment plan expenses which are expensed to profit or loss (forming part of cost of sales and other expenses per function, as appropriate), 2) the variation representing the purchase and use of materials and spare parts and 3) projects corresponding mainly to exploration expenditures and stain development.

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 14 - Property, plant and equipment (continued)

14.3 Detail of property, plant and equipment pledged as guarantee

There are no restrictions in title or guarantees for the compliance with obligations which affect property, plant and equipment.

14.4 Additional Information

- 1) Interest capitalized in construction-in-progress

The amount capitalized for this concept amounted to ThUS\$ 4,432 as of March 31, 2012 and ThUS\$ 22,249 as of December 31, 2011.

Financing costs are not capitalized for periods which exceed the normal term of acquisition, construction or installation of the asset, such as the case of delays, interruptions or temporary suspension of the project due to technical, financial or other issues, which prevent that the asset is maintained in good conditions for its use

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 15 – Employee benefits

15.1 Provisions for employee benefits

Classes of benefits and expenses by employee	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Current		
Profit sharing and bonuses	19,270	30,074
Total	19,270	30,074
Non-current		
Profit sharing and bonuses	4,380	4,083
Severance indemnities	30,234	28,188
Pension Plan	1,413	1,413
Total	36,027	33,684

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 15 Employee benefits (continued)

15.2 Policies on defined benefit plan

This policy is applied to all benefits received for services provided by the Company's employees.

Short-term benefits for active employees are represented by salaries, social welfare benefits, paid time-off, sickness leaves and other leaves, profit sharing and incentives and non-monetary benefits; e.g., healthcare service, housing, subsidized or free goods or services. These will be paid in a term which does not exceed twelve months.

The Company only provides compensation and benefits to active employees, with the exemption of SQM North America which applies the definitions under 15.4 below.

For each incentive bonus delivered to the Company's employees, there will be a disbursement in the first quarter of the following year and this will be calculated based on Profit for the period at the end of each period applying a factor obtained subsequent to the employee appraisal process.

Employee benefits include retention bonuses for the Company's executives, which are linked to the Company's share price and it is paid in cash. The short-term portion is presented as provision for current employee benefits and the long-term portion as non-current.

The bonus provided to the Company's directors is calculated based on Profit for the period at each year-end and will consider the application of a percentage factor.

The benefit related to vacations (short-term benefits to employees, current), which is provided in the Labor Code which indicates that employees with more than a year of service will be entitled to annual holidays for a period not lower than fifteen paid business days. The Company provides the benefit of two additional vacation days

Staff severance indemnities are agreed and payable based on the last salary for each year of service for the Company or with certain maximum limits in respect to the number of years to be considered or in respect to monetary terms. In general, this benefit is payable when the employee or worker ceases to provide his/her services to the Company and the right for its collection can be acquired because of different causes, as indicated in the respective agreements; e.g., retirement, dismissal, voluntary retirement, incapacity or disability, death, etc.

Law No. 19,728 published on May 14, 2001 which became effective on October 1, 2002 required “Compulsory Unemployment Insurance” in favor of all depending employees regulated by the Chilean Labor Code. Article 5 of this law provided the financing of this insurance through monthly contribution payments by both the employee and the employer

SQM

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

Note 15 - Employee benefits (continued)**15.3****Other long-term benefits**

The other long-term benefits relate to staff severance indemnities and are recorded at their actuarial value.

Staff severance indemnities at actuarial value	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Staff severance indemnities, Chile	29,635	27,574
Other obligations in companies elsewhere	599	614
Total other non-current liabilities	30,234	28,188
SQM North America's pensions plan	1,413	1,413
Total post employment obligations	1,413	1,413

Staff severance indemnities have been calculated under the actuarial assessment method of the Company's obligations with respect to staff severance indemnities, which relate to defined benefit plans which consist of days of remuneration per year served at the time of retirement under conditions agreed in the respective agreements established between the Company and its employees.

Under this benefit plan, the Company retains the obligation for the payment of staff severance indemnities related to retirements without establishing a separate fund with specific assets, which is referred to as not funded. The discount interest rate of expected flows to be used was 6%.

Benefit payment conditions

The staff severance indemnity benefit relates to remuneration days for year worked for the Company with no limit of salary or years of services for the Company, when employees cease to work for the Company due to turnover or death. In this case, the maximum age for men is 65 years and 60 years old for women, which are the usual ages for retirement due to achieving the senior citizen age according to the Chilean pensions system provided in Decree Law 3,500 of 1980.

Methodology

The determination of the obligation for benefits under IAS 19, Projected Benefit Obligation (PBO) is described as follows:

To determine the Company's total liability, we used a mathematical simulation model which was programmed using a computer and which processed the situation of each employee on an individual basis.

SQM

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

123

Notes to the consolidated financial statements as of March 31, 2012

Note 15 - Employee benefits (continued)

15.3 Other long-term benefits, continued

This model considered months as discrete time; i.e., the Company determined the age of each person and his/her salary on a monthly basis according to the growth rate. Thus, information on each person was simulated from the beginning of the life of his/her employment contract or when he/she started earning benefits up to the month in which it reaches the normal retirement age, generating in each period the possible retirement according to the Company's turnover rate and the mortality rate according to the age reached. When he/she reaches the retirement age, the employee finishes his/her service for the Company and receives indemnity related to retirement due to old age.

The methodology followed to determine the accrual for all the employees adhered to agreements has considered turnover rates and the mortality rate RV-2010 established by the Chilean Superintendence of Securities and Insurance to calculate pension-related life insurance reserves in Chile according to the Accumulated Benefit Valuation or Accrued Cost of Benefit Method. This methodology is established in IAS 19 on Retirement Benefit Costs.

15.4 Post-employment benefit obligations

Our subsidiary SQM North America, has established with its employees a pension plan until 2002 called "SQM North America Retirement Income Plan", which obligation is calculated measuring the expected future forecasted staff severance indemnity obligation using a net salary gradual rate of restatements for inflation, mortality and turnover assumptions discounting the resulting amounts at present value using the interest rate defined by the authorities for 2012 and 2011.

Since 2003, SQM North America offers to its employees benefits related to pension plans based on the 401-K system, which do not generate obligations for the Company.

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

124

Notes to the consolidated financial statements as of March 31, 2012

Note 15 - Employee benefits (continued)

15.5

Staff severance indemnities

As of March 31, 2012 and December 31, 2011, severance indemnities calculated at the actuarial value are as follows:

	2012	2011
	ThUS\$	ThUS\$
Opening balance	(28,188)	(27,208)
Current cost of service	(242)	(7,871)
Interest cost	(1,022)	(1,106)
Actuarial gain/loss	(29)	(151)
Exchange rate difference	(1,751)	2,693
Contributions paid	998	5,455
Balance	(30,234)	(28,188)

The liability recorded for staff severance indemnity is valued at the actuarial value method, using the following actuarial assumptions:

	03/31/2012		12/31/2011	
	RV - 2011		RV - 2010	
Mortality rate				
Actual annual interest rate	6	%	6	%
Voluntary retirement rotation rate:				
Men	0.9	%	0.9	% annual
Women	1.53	%	1.53	% annual
Salary increase	3.0	%	3.0	% annual
Retirement age:				
Men	65		65	years
Women	60		60	years

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

125

Notes to the consolidated financial statements as of March 31, 2012

Note 16 – Executive compensation plan

The Company counts on a compensation plan for its executives, by means of the granting of payments based on the SQM share price change, paid in cash, and the executives may exercise their rights until the year 2016.

Characteristics of the plan:

This compensation plan is related with the company performance through the price of the Series B SQM share (Santiago Stock Exchange)

Participants in this plan:

This compensation plan includes 40 executives of the Company, who are entitled to this benefit, provided they stay with the Company during the dates these options are executed. The dates for exercising the options will be the first 7 calendar days of May following to the fiscal year.

Compensation:

The compensation for each executive is the differential between the average prices of the share during April of each year compared to the base price established by Company's management. The base price fixed by the Company for this compensation plan amounts to US\$ 50 per share. The Company reserves the right to exchange that benefit by shares or share options.

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 16 - Executive compensation plan (continued)

The movement of the options in effect for the period, the average prices for the fiscal year of the options and the average contractual life of the options in effect as of March 31, 2012 and December 31, 2011 are the following:

Movement for the period	2012	2011
In effect as of January 1	2,340,000	3,370,025
Granted during the fiscal year		
Exercised during the fiscal year	-	1,030,025
In circulation as of December 31	-	2,340,000
Average contractual life	45 months	48 months

The amounts accrued by the plan, as of March 31, 2012 and December 31, 2011, amount to:

Effect on profit or loss	2012	2011
	ThUS\$	ThUS\$
Amount accrued during the year	442	11,200

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 17 – Disclosures on equity

The detail and movements in the funds of equity accounts are shown in the consolidated statement of changes in equity.

17.1

Capital management

The main object of capital management relative to the administration of the Company’s financial debt and equity is to ensure the regular conduct of operations and business continuity in the long term, with the constant intention of maintaining an adequate level of liquidity and in compliance with the financial safeguards established in the debt contracts in force. Within this framework, decisions are made in order to maximize the value of SQM.

Capital management must comply with, among others, the limits contemplated in the Financing Policy approved Board of Directors, which establish a maximum consolidated indebtedness level of 1.5 times the debt/equity. This limit can only be exceeded only if the Company’s management has a written and previously granted authorization issued at the Extraordinary Shareholders’ Meeting.

In addition, capital management must comply with the external capital requirements imposed (or covenants) in its financial obligations, which regulate the indebtedness level in 1.4 times, in its more strict level.

In conjunction with the level of indebtedness, it is also important for the Company to maintain a comfortable profile of maturities for its financial obligations, to oversight the relation between its short-term financial obligations and the long-term maturities, and the relation they have with the Company’s asset distribution. Consequently, the Company has maintained a liquidity level of 3 times during the last periods.

The Company’s management controls capital management based on the following ratios:

CAPITAL MANAGEMENT	03/31/2012	12/31/2011	Description (1)	Calculation (1)
-----------------------	------------	------------	-----------------	-----------------

Net Financial Debt	743,623	753,410	Financial Debt – Financial Resources	Other current Financial Liabilities + Other Non-Current Financial Liabilities – Cash and Cash Equivalents – Other Current Financial Assets – Hedging Assets, non-current
Liquidity	3.23	3.11	Current Asset divided by Current Liability	Total Current Assets / Total Current Liabilities
Net Debt / Capitalization	0.27	0.29	Net Financial Debt divided by Total Equity	Net financial debt / (Net financial debt + Total Equity)
ROE	29.5	29.7	% Income divided by Total Equity	Total Income / Equity
ROA	24.3	24.1	% EBITDA – Depreciation divided by Net Total Assets of financial resources less related parties investments	(Gross Income – Administrative Expenses)/ (Total Assets – Cash and Cash Equivalents – Other Current Financial Assets Other Non-Current Financial Assets – Equity-accounted Investees)
Indebtedness	1.03	1.08	Total Liability on Equity	Total Liabilities / Total Equity

(1) Assumes the absolute value of the accounting records

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 17 - Disclosures on equity (continued)

17.1 Capital management, continued

The Company's capital requirements change depending on variables such as: work capital requirements, of new investment financing and dividends, among others. The Company manages its capital structure and makes adjustments on the basis of the predominant economic conditions so as to mitigate the risks associated with adverse market conditions and take advantage of the opportunities there may be to improve the liquidity position.

There have been no changes in the capital management objectives or policy within the years reported in this document. No breaches of external requirements of capital imposed (or *covenants*) have been recorded.

17.2 Disclosures on preferred share capital

Issued share capital is divided into 263,196,524 fully paid and subscribed shares with no par value composed of 142,819,552 Series "A" shares and 120,376,972 Series "B" shares, where both series are preferred shares

The preferential voting rights for each series are detailed as follows:

Series "A":

If the election of the Company's President results in a tie 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 the director elected by Series B shareholders.

As of March 31, 2012, December 31, 2011, the Group does not maintain shares in the parent either directly or through its companies in which it has investments

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

129

Notes to the consolidated financial statements as of March 31, 2012

Note 17 – Disclosures on equity (continued)

17.2 Disclosures on preferred share capital (continued)

Detail of types of capital in preference shares:

Type of capital in preferred shares Description of type of capital in preferred shares	03/31/2012		12/31/2011	
	Series A	Series B	Series A	Series B
Number of authorized shares	142,819,552	120,376,972	142,819,552	120,376,972
Number of fully subscribed and paid shares	142,819,552	120,376,972	142,819,552	120,376,972
Number of subscribed, partially paid shares	-	-	-	-
Par value of shares in ThUS\$	0.9435	2.8464	0.9435	2.8464
Increase (decrease in the number of current shares	-	-	-	-
Number of current shares	-	-	-	-
Number of shares owned by the entity or its subsidiaries or associates	-	-	-	-
Number of shares whose issuance is reserved due to the existence of options or agreements to dispose shares	-	-	-	-
Capital amount in shares ThUS\$	134,750	342,636	134,750	342,636
Amount of premium issuance ThUS\$	-	-	-	-
Amount of reserves ThUS\$	-	-	-	-
Total number of subscribed shares, total	142,819,552	120,376,972	142,819,552	120,376,972

As of March 31, 2011 and December 31, 2011, the Company has not placed any new issuances of shares on the market

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 17 - Disclosures on equity (continued)

17.3 Disclosures on reserves in equity

Reserves for currency exchange conversion

This balance reflects retained earnings for changes in the exchange rate, when converting financial statements of subsidiaries whose functional currency is from each company's origin country and the presentation currency is the US dollar.

Reserve for cash flow hedges

The Company maintains as hedge instruments, financial derivatives related to obligations with the public issued in Unidades de Fomento and Chilean pesos. Changes from the fair value of derivatives designated and classified as hedges are recognized under this classification.

Reserve for actuarial gains or losses in defined benefit plans

Our subsidiary SQM North America has established pension plans for its retired employees that are calculated by measuring the projected obligation of IAS using a net salary progressive rate net of adjustments to inflation, mortality and turnover assumptions, deducting the resulting amounts at present value using a 6.5% interest rate for 2012 and 2011.

Other reserves

Corresponds to the acquisition of the subsidiary SQM Iberian S.A., which was already under ownership of the Company at the acquisition date (IAS27 R).

	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Revaluation surplus		
Reserve for currency exchange conversion	123	(1,251)
Reserve for cash flow hedge	(13,189)	(10,230)
Reserve for actuarial gains or losses in defined benefit plans	(2,954)	(2,954)

Reserve of gains and losses for new measurement of available-for-sale financial assets		
Other reserves	(1,677)	(1,677)
Total other reserves	(17,697)	(16,112)

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 17 - Disclosures on equity (continued)

17.4

Dividend policies

As required by Article 79 of the Chilean Companies Act, unless otherwise decided by unanimous vote of the holders of issued and subscribed shares, we must distribute a cash dividend in an amount equal to at least 30% of our consolidated Profit for the period for year ended as of December 31, unless and except to the extent it has a deficit in retained earnings (losses not absorbed in prior years).

The Company's dividend policy for 2011 is as follows:

- Distribution and payment in favor of each shareholder of a final dividend which will be equivalent to 50% of Profit for the period obtained in 2011

Distribution and payment, if possible during 2011, of a provisional dividend which will be recorded against the aforementioned final dividend. This provisional dividend will be paid probably during the last quarter of 2011 and its amount could not exceed 50% of the retained earnings for distribution obtained during 2011, which are reflected in the Company's financial statements as of September 30, 2011.

The distribution and payment by the Company of the remaining balance of the final dividend related to Profit for the period for the 2011 commercial year in up to two installments, which will have to be effectively paid and distributed prior to June 30, 2012.

An amount equivalent to the remaining 50% of the Company's Profit for the period for 2011 will be retained and destined to the financing of operations of one or more of the Company's investment projects with no prejudice of the possible future capitalization of the entirety or a portion of this.

- The Board of Directors does not consider the payment of any additional or interim dividends.
- The Board of Directors considers as necessary to indicate that the aforementioned Dividends Policy correspond to the intention or expectation of the Board regarding this matter, Consequently, the enforcement of such Policy Dividends is necessarily conditioned to net incomes finally obtained, to the results indicating the Company's regular forecasts or the existence of certain conditions that could affect them, Notwithstanding the above and to the extent that such

policy dividend does not suffer a significant change, SQM S.A. will timely communicate its shareholders on this matter.

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

132

Notes to the consolidated financial statements as of March 31, 2012

Note 17 - Disclosures on equity (continued)

17.5

Provisional dividends

On November 22, 2011, it was reported to the Superintendence of Securities and Insurance that the Board of Directors of Sociedad Química y Minera de Chile S.A. (SQM), in its meeting on November 22 of this year, unanimously agreed to pay and distribute the provisional dividend referred to in SQM's current "2011 Dividends Policy" which was informed to SQM's General Annual Ordinary Shareholders Meeting that was held on April 28 of this year. This, for the essential purpose of being able to pay and distribute as of December 19, 2011, a provisional dividend of US\$0.73329 per share –and which is approximately equivalent to the total amount of US\$193 million and the latter corresponds to 50% of the distributable net income of the fiscal year 2011 that has been accrued at September 30, 2011. The above, is charged against the net income of said fiscal year, in favor of the Shareholders who appeared registered in SQM's Shareholders Registry by the 5th working day prior to December 19th, 2011, and in its equivalent in Chilean pesos according to the value of the "Observed dollar" or "USA dollar" that appears published in the Official Gazette on December 13, 2011.

At the Annual Board of Directors meeting held on April 28, 2011, the Directors unanimously agreed to pay a final dividend of US\$0.7259 per share in relation to net profit for the year. Notwithstanding the above, US\$ 0.41794 per share was already paid as an interim dividend, and this amount should be subtracted from the final dividend detailed above, In line with this, the balance, amounting to US\$ 0.30798 per share, will be paid and distributed among shareholders of the Company who are registered with their respective shareholders registry as of the fifth business day prior to the day in which this dividend will be paid.

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 17 - Disclosures on equity (continued)

17.5

Provisional dividends (continued)

Dividends presented deducted from equity are:

	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Dividends attributable to owners of the parent	-	270,219
Dividends payable	81,325	81,325

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 18 – Provisions and other non-financial liabilities

	18.1					
	Classes of provisions					
	03/31/2012			12/31/2011		
	Current	Non-current	Total	Current	Non-current	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Provision for legal complaints (*)	4,567	3,000	7,567	4,571	3,000	7,571
Provision for dismantling, restoration and rehabilitation cost	-	3,768	3,768	-	3,724	3,724
Other provisions	16,015	-	16,015	12,366	1,871	14,237
Total	20,582	6,768	27,350	16,937	8,595	25,532

Provisions for legal complaints relate to legal expenses for lawsuits whose resolution are pending, and correspond to funds estimated necessary to make the disbursement of expenses incurred for this purpose. This provision relates mainly to the litigation of its subsidiary located in Brazil and United States (see note 19.1) and other minor litigations.

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 18 - Provisions and other non-financial liabilities (continued)

18.2 Description of other provisions

Description of other provisions	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Current provisions, other short-term provisions		
Provision for tax loss in fiscal litigation	1,483	1,441
Royalties, agreement with CORFO (the Chilean Economic Development Agency)	6,354	6,800
Fine to Brazil	2,500	2,500
Indemnity Yara South Africa	4,336	624
Miscellaneous provisions	1,342	1,001
Total	16,015	12,366
Other long-term provisions		
Mine closure	3,768	3,724
Indemnity South Africa	-	1,871
Total	3,768	5,595

18.3 Other non-financial liabilities, current

Description of other liabilities	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Tax withholdings	5,466	9,837
VAT payable	3,055	21,087
Guarantees received	884	920
Accrual for dividend	81,325	81,325
Monthly tax provisional payments	10,336	11,239
Deferred income	39,720	15,284
Withholdings from employees and salaries payable	6,834	5,554
Accrued vacations	15,149	15,874
Other current liabilities	71	841
Total	162,840	161,961

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

136

Notes to the consolidated financial statements as of March 31, 2012

Note 18 - Provisions and other non-financial liabilities (continued)**18.3 Changes in provisions as of March 31, 2012**

Description of items that gave rise to variations	Guarantees		Restructuring	Legal complaints	Onerous contracts	Provision for dismantling, restoration and rehabilitation cost	Other provisions	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Total provisions, initial balance	-	-	7,571	-	-	3,724	14,237	25,532
Changes in provisions:								
Additional provisions	-	-	-	-	-	44	11,105	11,149
Provision used	-	-	(4	)	-	-	(9,371	) (9,375
Increase (decrease) in foreign currency translation	-	-	-	-	-	-	44	44
Total provisions, final balance	-	-	7,567	-	-	3,768	16,015	27,350

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 18 - Provisions and other non-financial liabilities (continued)**18.4 Changes in provisions as of December 31, 2011**

Description of items that gave rise to variations	Guarantees	Restructuring	Legal complaints	Provision for			Total
				Onerous contracts	dismantling, restoration and rehabilitation cost	Other provisions	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Total provisions, initial balance	-	-	4,590	-	3,500	12,424	20,514
Changes in provisions:							
Additional provisions	-	-	3,000	-	224	13,076	16,300
Provision used	-	-	(19)	-	-	(11,080)	(11,099)
Increase (decrease) in foreign currency translation	-	-	-	-	-	(183)	(183)
Total provisions, final balance	-	-	7,571	-	3,724	14,237	25,532

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 18 - Provisions and other non-financial liabilities (continued)

18.5 Detail of main classes of provisions

Legal expenses: This provision depends on the pending resolution of a legal lawsuit, to pay the expenses associated to and incurred during such lawsuit (incurred mainly in Brazil and U.S.A.).

Tax accrual in tax litigation: This accrual relates to lawsuits pending resolution related to taxes in Brazil for two of our subsidiaries, SQM Brazil and NNC

CORFO (Economic Development Agency) Royalties agreement: Relates to the commercialization of mining properties that SQM Salar S.A. pays the Economic Development Agency for on a quarterly basis. The amount of the lease payable is calculated based on sales of products extracted from the Atacama Saltpeter deposit.

The settlement of the aforementioned amounts is performed on a quarterly basis.

To date, the Company and its subsidiaries have no significant uncertainties about the timing and amount of one class of provision.

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 19 - Contingencies and restrictions

According to note 18.1 the Company has only registered a provision for those lawsuits in which the probability to lose is “more likely than not”, The Company is party to lawsuits and other relevant legal actions that are detailed as follows:

19.1 Lawsuits and other relevant events

1. Plaintiff : Compañía de Salitre y Yodo Soledad S.A.
 Defendant : Sociedad Química y Minera de Chile S.A.
 Date : December 1994
 Court : Civil Court of Pozo Almonte
 Reason : Nullity of mining concession Cesard 1 to 29
 Status : Lower court decision in favor of SQM. Appellate court decision pending
 Nominal value : ThUS\$ 211

2. Plaintiffs : JB Comércio de Fertilizantes e Defensivos Agrícolas Ltda. (JB)
 Defendant : Nitratos Naturais do Chile Ltda. (NNC)
 Date : December 1995
 Court : MM 1ª, Vara Cível de Comarca de Barueri, Brazil.
 Reason : Compensation claim filed by JB against NNC for having appointed a distributor in a territory of Brazil for which JB had an exclusive contract.
 Status : Lower court ruling against Nitratos Naturais do Chile Ltda. and recourse of appeal pending resolution.
 Nominal value : ThUS\$1,800

3. Plaintiff : Compañía Productora de Yodo y Sales S.A.
 Defendant : Sociedad Química y Minera de Chile S.A.
 Date : November 1999
 Court : Civil Court of Pozo Almonte
 Reason : Nullity of mining concession Paz II 1 to 25
 Status : First sentence in favor of SQM. Recourse of appeal pending resolution.
 Nominal value : ThUS\$ 162

4. Plaintiff : Compañía Productora de Yodo y Sales S.A.
 Defendant : Sociedad Química y Minera de Chile S.A.
 Date : November 1999
 Court : Civil Court in Pozo Almonte

Reason : Nullity of mining concession Paz III 1 to 25
Status : Lower court decision in favor of SQM. Appellate court decision pending
Nominal value : ThUS\$ 204

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

140

Notes to the consolidated financial statements as of March 31, 2012

Note 19 - Contingencies and restrictions (continued)

19.1 Lawsuits and other relevant events, continued

5. Plaintiff : Nancy Erika Urrea Muñoz
 Defendants : Fresia Flores Zamorano, Duratec-Vinilit S.A. and SQM S.A. and their insurers
 Date : December 2008
 Court : 1st Civil Court of Santiago
 Reason : Labor Accident
 Status : Evidence
 Nominal value : ThUS\$ 550
6. Plaintiffs : Eduardo Fajardo Nuñez, Ana Maria Canales Poblete, Raquel Beltran Parra, Eduardo Fajardo Beltran and Martina Fajardo Beltran.
 Defendants : SQM Salar S.A. and insured parties
 Date : November 2009
 Court : 20th Civil Court in Santiago
 Reason : Labor accident
 Status : Evidence
 Nominal value : ThUS\$ 1,880
7. Plaintiffs : María Loreto Lorca Morales, Nathan Guerrero Lorca, Maryori Guerrero Lorca, Abraham Guerrero Lorca, Esteban Guerrero Lorca and María SolOsorio Tapia et all
 Defendants : Gonzalo Daved Valenzuela, July Zamorano Avendaño, Comercial Transportes y Servicios Generales July Zamorano Avendaño E.I.R.L. And in solidum SQM S.A. and insurers
 Date : August 2010
 Court : 2nd Civil Court of Iquique
 Reason : Claim for damages resulting from the crash of two trucks in July 2008 near Pozo Almonte, causing the death of Mr. Alberto Galleguillos Monardes And Mr. Fernando Guerrero Tapia
 Status : First sentence in favor of SQM S.A. Recourse period still open.
 Nominal value : ThUS\$3,500

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

141

Notes to the consolidated financial statements as of March 31, 2012

Note 19 - Contingencies and restrictions (continued)

19.1 Lawsuits and other relevant events, continued

8. Plaintiff : City of Pomona, California USA
 Defendant : SQM North America Corp (SQM NA)
 The lawsuit also was filed against Sociedad Química y Minera de Chile S.A. this lawsuit has not yet been notified to the Company
 Date : December 2010
 Court : United States District Court for the Central District of California
 Reason : Payment of expenses and other amount related to the treatment of groundwater to allow for consumption by removing the existing perchlorate in such groundwater and that supposedly come from Chilean fertilizer.
 Status : Withdrawal conditioned to the outcome pending of the appeal.
 Nominal value : Not possible to determine
9. Plaintiff : City of Lindsay, California USA
 Defendant : SQM North America Corp (SQM NA)
 The lawsuit also was filed against Sociedad Química y Minera de Chile S.A. this lawsuit has not yet been notified to the Company
 Date : December 2010
 Court : United States District Court for the Eastern District of California
 Reason : Payment of expenses and other amount related to the treatment of groundwater to allow for consumption by removing the existing perchlorate in such groundwater and that supposedly come from Chilean fertilizer.
 Status : Claim.
 Nominal value : Not possible to determine
10. Plaintiff : Metalúrgica FAT Limitada
 Defendant : SQM Salar S.A.
 Date : August 2011
 Court : 9th Civil Court in Santiago
 Reason : Compensation for early termination of supply contract and installation of metal structures.
 Status : Evidence
 Nominal value : THUS\$175

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

142

Notes to the consolidated financial statements as of March 31, 2012

Note 19 - Contingencies and restrictions (continued)

19.1 Lawsuits and other relevant events, continued

11. Plaintiff : Nueva Victoria Mining Company Workers Union
 Defendant : SQM S.A. y SQM Industrial S.A.
 Date : October 2011
 Court : Pozo Almonte Labor Court
 Reason : Protection of basic rights with compensation action for derived injury to honor, reputation, affections or sentiments, all of the above due to the implementation of an ordinary or extraordinary work day
 Status : Pretrial audience
 Nominal value : THUS\$9,000
12. Plaintiff : Sociedad Industrial Minera Nueva Victoria S.A. Company Union.
 Defendant : SQM S.A. and SQM Industrial S.A.
 Date : December 2011
 Court : Labor Court of Pozo Almonte
 Reason : Alleged unpaid overtime
 Status : Hearings
 Nominal value : ThUS\$420
15. Plaintiff : Juan Osvaldo Godoy Barraza
 Defendant : Renta Equipos Besalco Limitada and SQM S.A. and its insurers.
 Date : February 2012
 Court : Labor Court of San Miguel
 Reason : Labor accident. Claim for compensation of moral and material damages resulting from the accident that occurred on July 25, 2007 and that resulted in the partial handicap of the plaintiff following the tip over of the truck he drove in SQM S.A.'s premises in Pedro de Valdivia.
 Status : Lower court ruling for \$48,000,000. and recourse of appeal pending resolution presented by Renta Equipos Besalco Limitada y SQM S.A.
 Nominal value : ThUS\$640

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

143

Notes to the consolidated financial statements as of March 31, 2012

Note 19 - Contingencies and restrictions (continued)

19.1 Lawsuits and other relevant events, continued

14. Plaintiff : Iván Bustamante Sanhueza
Defendant : ICEI Ingeniería y Construcción Limitada y SQM S.A. and its insurance companies
Date : May 2012
Court : Labor Court of San Miguel
Reason : Labor accident. Claim for compensation of moral and material damages resulting from the accident that occurred on December 7, 2011 at the Atacama Saltpeter deposit and that resulted in injuries of the plaintiff as a result of the collapse of a metallic structure.
Status : Pretrial audience
Nominal value : ~US\$300,000

The Company and its subsidiaries have been involved and will probably continue being involved either as plaintiffs or defendants in certain judicial proceedings that have been and will be heard by the Arbitral or Ordinary Courts of Justice that will make the final decision. Those proceedings that are regulated by the appropriate legal regulations are intended to exercise or oppose certain actions or exceptions related to certain mining claims either granted or to be granted and that do not or will not affect in an essential manner the development of the Company and its subsidiaries.

Soquimich Comercial S.A. has been involved and will probably continue being involved either as plaintiff or defendant in certain judicial proceedings through which it intends to collect and receive the amounts owed, the total nominal value of which is approximately ThUS\$ 700.

The Company has made efforts and continues making efforts to obtain payment of certain amounts that are still owed it on occasion of their activities. Such amounts will continue to be required using judicial or non-judicial means by the plaintiffs, and the actions and exercise related to these are currently in full force and effect.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

144

Notes to the consolidated financial statements as of March 31, 2012

Note 19 - Contingencies and restrictions (continued)

19.1 Lawsuits and other relevant events, continued

The Company and its subsidiaries have not received legal notice of any claims other than those mentioned in paragraph I above. The claims detailed above seek to annul certain mining claims that were purchased by SQM S.A. and Subsidiaries, the proportional purchase value of which, with respect to the portion affected by the superimposition, exceeds the nominal and approximate amount of ThUS\$ 150. The claims seek payment of certain amounts allegedly owed by the Company due to its own activities, which exceed the approximate, nominal and individual amount of ThUS\$ 150.

19.2 Restrictions

Bank loans of the Company have similar restrictions to the loans of a similar nature that have been valid at the appropriate times and that amongst others relate to maximum indebtedness and minimum equity. Except for the above, the Company is not exposed to other restrictions or limits on financial indicators relating to contracts and agreements with creditors.

19.3 Commitments

The subsidiary SQM Salar S.A. has signed a rental contract with the Economic Development Agency (CORFO), which establishes that this subsidiary will pay rent to CORFO for the concept of commercialization of certain mining properties owned by CORFO and for the products resulting from this commercialization. The annual rent stated in the aforementioned contract is calculated on the basis of sales of each type of product. The contract is in force until 2030, and rent began being paid in 1996 reflecting an expense amount of ThUS\$ 6,354 as of March 31, 2012 (ThUS\$ 23,951 as of December 31, 2010).

19.4 Restricted or pledged cash

The subsidiary Isapre Norte Grande Ltda. in compliance with that established by the Chilean Superintendence of Healthcare, which regulates the running of pension-related health institutions, maintains a guarantee in financial instruments, delivered in deposits, custody and administration to Banco de Chile.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

145

Notes to the consolidated financial statements as of March 31, 2012

Note 19 - Contingencies and restrictions (continued)

19.4 Restricted or pledged cash, continued

This guarantee, according to the regulations issued by the Chilean Superintendence of Healthcare is equivalent to the total sum owed to its members and medical providers, Banco de Chile reports the present value of the guarantee to the Chilean Superintendence of Healthcare and Isapre Norte Grande Ltda. on a daily basis. As of March 31, 2011, the guarantee amounts to ThUS\$ 513.

19.5 Securities obtained from third parties

The main security received from third parties (distributors) to guarantee Soquimich Comercial S.A.'s compliance with obligations in contracts of commercial mandates for the distribution and sale of fertilizers amounted to ThUS\$4.693 as of March 31, 2012; as of December 31, 2011 these amounted to ThUS \$4,467 which is detailed as follows:

Entity name	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Llanos y Wammes Soc. Com. Ltda	2,052	1,926
Fertglobal Chile Ltda.	1,641	1,541
Tattersall Agroinsumos S.A.	1,000	1,000

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Nota 19 - Contingencies and restrictions (continued)**19.6****Indirect guarantees**

Guarantees in which there is no pending balance indirectly reflect that the respective guarantees are in force and approved by the Company's Board of Directors and have not been used by the respective subsidiary.

Creditor of the guarantee	Debtor	Name	Relationship	Type of guarantee	Pending balances as of	
					the closing date of the	financial statements
					03/31/2012	12/31/2011
					ThUS\$	ThUS\$
Australian and New Zealand Bank	SQM North America Corp	SQM North America Corp	Subsidiary	Bond	-	-
Australian and New Zealand Bank	SQM Europe N.V.	SQM Europe N.V.	Subsidiary	Bond	-	-
Generale Bank	SQM North America Corp	SQM North America Corp	Subsidiary	Bond	-	-
Generale Bank	SQM Europe N.V.	SQM Europe N.V.	Subsidiary	Bond	-	-
Kredietbank	SQM North America Corp	SQM North America Corp	Subsidiary	Bond	-	-
Kredietbank	SQM Europe N.V.	SQM Europe N.V.	Subsidiary	Bond	-	-
Banks and financial institutions	SQM Investment Corp.	SQM Investment Corp.	Subsidiary	Bond	-	-
Banks and financial institutions	SQM Europe N.V.	SQM Europe N.V.	Subsidiary	Bond	-	-
Banks and financial institutions	SQM North America Corp	SQM North America Corp	Subsidiary	Bond	-	-
Banks and financial institutions	Nitratos Naturais do Chile Ltda.	Nitratos Naturais do Chile Ltda.	Subsidiary	Bond	-	-
Banks and financial institutions	SQM México S.A. de C.V.	SQM México S.A. de C.V.	Subsidiary	Bond	-	-
Banks and financial institutions	SQM Brasil Ltda.	SQM Brasil Ltda.	Subsidiary	Bond	-	-
“BNP”	SQM Investment Corp. N.V.	SQM Investment Corp. N.V.	Subsidiary	Bond	-	-
Sociedad Nacional de Minería A.G.	SQM Potasio S.A.	SQM Potasio S.A.	Subsidiary	Bond	-	-
ING Capital LLC	Royal Seed Trading A.V.V.	Royal Seed Trading A.V.V.	Subsidiary	Bond	-	-
Scotiabank & Trust (Cayman) Ltd.	Royal Seed Trading A.V.V.	Royal Seed Trading A.V.V.	Subsidiary	Bond	50,042	50,207
Bank of America	Royal Seed Trading A.V.V.	Royal Seed Trading A.V.V.	Subsidiary	Bond	40,288	40,140
Export Development Canada	Royal Seed Trading A.V.V.	Royal Seed Trading A.V.V.	Subsidiary	Bond	50,245	50,024
The Bank of Tokyo-Mitsubishi UFJ Ltd.	Royal Seed Trading A.V.V.	Royal Seed Trading A.V.V.	Subsidiary	Bond	50,293	50,137
JP Morgan Chase Bank	SQM Industrial S.A.	SQM Industrial S.A.	Subsidiary	Bond	-	-

The Bank of Nova Scotia	SQM Investment Corp. N.V.	Subsidiary	Bond	-
Morgan Stanley Capital Services	SQM Investment Corp. N.V.	Subsidiary	Bond	-

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 20 - Revenue

As of March 31, 2012 and 2011, revenue is detailed as follows:

Types of revenue	03/31/2012	03/31/2011
	ThUS\$	ThUS\$
Sales of goods	528,124	478,584
Provision of services	1,501	1,451
Total	529,625	480,035

Note 21 - Earnings per Share

Basic earnings per share are calculated by dividing net income attributable to the Company's shareholders by the weighted average of the number of shares in circulation during that period. As expressed, earnings per share are detailed as follows:

Basic earnings per share	03/31/2012	03/31/2012
	ThUS\$	ThUS\$
Earnings (losses) attributable to owners of the parent	150,029	111,395

Number of common shares in circulation	03/31/2012	12/31/2011
	Units	Units
	263,196,524	263,196,524

Basic earnings per share (US\$ per share)	03/31/2012	03/31/2012
		0.5700	0.4232

The Company has not made any operation with a potential dilutive effect that assumes diluted earnings per share different from the basic earnings per share.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

148

Notes to the consolidated financial statements as of March 31, 2012

Note 22 - Borrowing costs

The cost of interest is recognized as expenses in the year in which it is incurred, except for interest that is directly related to the acquisition and construction of tangible property, plant and equipment assets and that complies with the requirements of IAS 23. As of March 31, 2012, total interest expenses incurred amount to ThUS\$12,063 (ThUS\$10,627 as of March 31, 2011). The Company capitalizes all interest costs directly related to the construction or to the acquisition of property, plant and equipment, which require a substantial time to be suitable for use.

Costs of capitalized interest, property, plant and equipment

The cost of capitalized interest is determined by applying the average or weighted average of all financing costs incurred by the Company to the monthly end balances of works-in-progress meeting the requirements of IAS 23.

The rates and costs for capitalized interest of property, plant and equipment are detailed as follows:

	03/31/2012		03/31/2011	
Capitalization rate of costs for capitalized interest, property, plant and equipment	7	%	7	%
Amount of costs for interest capitalized in ThUS\$	4,232		5,232	

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 23 - Effect of fluctuations on the foreign currency exchange rates**a) Foreign currency exchange differences recognized in profit or loss except for financial instruments measured at fair value through profit or loss:**

	03/31/2012	03/31/2011
	ThUS\$	ThUS\$
Conversion foreign exchange gains (losses) recognized in the result of the year.	(4,913)	(2,899)
Conversion foreign exchange reserves attributable to the owners of the controlling entity.	1,374	(77)
Conversion foreign exchange reserves attributable to the non-controlling entity.	63	(23)

b) Reserves for foreign currency exchange differences:

As of March 31, 2012, and December 31, 2011, foreign currency exchange differences are detailed as follows:

Detail	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Changes in equity generated through the equity method:		
Comercial Hydro S.A.	937	937
SQMC Internacional Ltda.	30	23
Proinsa Ltda.	22	17
Agrorama Callegari Ltda.	137	102
Isapre Cruz del Norte Ltda.	82	55
Almacenes y Depósitos Ltda.	89	57
Sales de Magnesio Ltda.	142	48
Sociedad de Servicios de Salud S.A.	31	24
Agrorama S.A.	(1)	(11)
Doktor Tarsa	(1,154)	(1,964)
Nutrisi Holding	(42)	(42)
SQM Vitas Fzco	(108)	(159)
Ajay Europe	110	(176)
Misr Specialty Ferti	-	(39)
SQM Eastmed Turkey	(40)	(40)
Charlee SQM (Thailand) Co. Ltda.	(52)	(52)
Coromandel SQM India	(60)	(31)

Total 123 (1,251)

c) Functional and presentation currency

The functional currency in these companies corresponds to the currency of the country of origin of each entity, and its presentation currency is the US dollar.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

150

Notes to the consolidated financial statements as of March 31, 2012

Note 23 - Effect of fluctuations on the foreign currency exchange rates (continued)

d) Reasons to use one presentation currency and a different functional currency

- The total revenues of these subsidiaries are associated with the local currency.
- The commercialization cost structure of these companies is affected by the local currency.
- The equities of these companies are expressed in local currency (Chilean peso).

Note 24 - Environment

24.1 Disclosures of disbursements related to the environment

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 the principles indicated in the Company's Sustainable Development Policy. The Company is currently operating under an Environmental Management System (EMS) that has allowed it to strengthen its environmental performance through the effective application of the Company's Sustainable Development Policy.

Operations that use caliche as a raw material are carried out in desert areas with climatic conditions that are favorable for drying solids and evaporating liquids using solar energy. Operations involving the open-pit extraction of minerals, due to their low waste-to-mineral ratio, generate remaining deposits that slightly alter the environment. A portion of the ore extracted is crushed, a process in which particle emissions occur. Currently this operation is conducted only at the Pedro de Valdivia worksite and no ore crushing process is conducted in the Maria Elena sector.

Many of the Company's products are shipped in bulk at the Port of Tocopilla. In 2007 the city of Tocopilla was declared a zone Saturated with MP10 Particles mainly due to the emissions from the electric power plants that operate in that city. In October 2010 the Decontamination Plan for Tocopilla was put in place. Accordingly, the Company has committed to taking several measures to mitigate the effects derived from bulk product movements in the port. These measures have been successfully implemented since 2007.

The Company carries out environmental follow-up and monitoring plans based on specialized scientific studies. Within this context, the Company 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 (Atacama Saltpeter Deposit) lagoons. Such research includes a population count of the birds, as well as breeding research. Environmental monitoring activities carried out by the Company at the Salar de Atacama and other systems in which it operates are supported by a number of studies that have integrated diverse scientific efforts from prestigious research centers, including Dictuc

from the Pontificia Universidad Católica in Santiago and the School of Agricultural Science of the Universidad de Chile.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

151

Notes to the consolidated financial statements as of March 31, 2012

Note 24 - Environment (continued)

24.1 Disclosures of disbursements related to the environment (continued)

Furthermore, within the framework of the environmental studies which the Company is conducting, the Company performs 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 activities have been especially performed in the areas surrounding Maria Elena and the Nueva Victoria plants. This effort is being accompanied by cultural initiatives within the community and the organization of exhibits in local and regional museums.

As emphasized in its Sustainable Development Policy, the Company strives to maintain positive relationships with the communities surrounding the locations in which it carries out its operations, as well as to participate in communities' development 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, as well as development, and in order to do so, it acts both individually and in conjunction with private and public entities.

24.2 Detail of information on disbursements related to the environment

The accumulated disbursements in which the Company incurred as of March 31, 2012 for the concept of investments in production processes, verification and control of compliance with ordinances and laws relative to industrial processes and facilities, including prior year disbursements related to these projects amounted to ThUS\$ 14,558 and are detailed as follows:

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 24- Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses as of March 31, 2012

Identification of the Parent or subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	Asset / Expense	D
SQM Industrial S.A.	Environmental Management (Expense as of March 2012)	Not classified	Expense	N
SQM Industrial S.A.	JQH9 – Purchase of Bertrams Boiler	Sustainability: Replacement of equipment	Asset	D
SQM Industrial S.A.	JQEZ – Change of Bertrams Prilling Boiler CS	Sustainability: Replacement of equipment	Asset	D
SQM Industrial S.A.	FP55 - FPXA - Zone Mine EIS PB - PB Expansion EIS (Projects: Pampa Blanca Saltwater - Saltwater Stage I)	Sustainability	Asset	D
SQM Industrial S.A.	IQ8G – Improvement of Bureau of Exchange, offices and facilities	Sustainability	Asset	N
SQM Industrial S.A.	JQ8K – DIA Line 4 Floor Drying , Coya Sur (Project: Drying Line 4)	Capacity Expansion	Asset	D
SQM Industrial S.A.	JQB6 - EID Ground NPT4, Coya Sur (Project: NPTIV)	Capacity Expansion	Asset	D
SQM Industrial S.A.	MNYS - Measures of Technological Change Cultural Heritage Dissemination Maria Elena	Sustainability: Environment and Risk prevention	Asset	N
SQM Industrial S.A.	MP5W - TK's Fuel Standards	Sustainability	Asset	N
SQM Industrial S.A.	MPQU - Construction of Hazardous Chemical Supplies warehouse	Sustainability: Environment and Risk prevention	Asset	D
SQM Industrial S.A.	MQ8M - Reconditioning monitoring station ME	Sustainability: Renovation	Asset	N
SQM Industrial S.A.	MQAJ - Improvements to Camp Water and Sewage (P Contesse commitment to DDSS)	Not classified	Asset	N
SQM Industrial S.A.	MQBM - Archaeological Digging Deployment Maria Elena - Toco	Sustainability: Environment and Risk prevention	Asset - Expense	N
SQM Industrial S.A.	PPC1 - Remove switches park OCB sub 3 and 1/12 Pedro de Valdivia	Sustainability: Replacement of equipment	Asset - Expense	N

SQM Industrial S.A.	PPNK - Management of Ammonia PV stoppage plant	Sustainability: Environment and Risk prevention	Asset	N
SQM Industrial S.A.	PPZU - Standardize and certify Plant Fuel Tanks	Sustainability: Environment and Risk prevention	Asset - Expense	N

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

153

Notes to the consolidated financial statements as of March 31, 2012

Note 24- Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses as of March 31, 2012, continued

Identification of the Parent or subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	Asset / Expense	D
SQM Industrial S.A.	SQ7X - Reach 2011-2013	Sustainability	Expense	N
SQM Industrial S.A.	TQ78 - motorized sweepers	Sustainability: Replacement of equipment	Asset	D
SQM S.A.	AQ0A - Well Drilling 4 Uptake Change Point Tamarugal Pampa	Sustainability: Natural Resources	Asset	D
SQM S.A.	IPFT - Cultural Heritage Region I	Sustainability: Environment and Risk prevention	Expense	N
SQM S.A.	IPXE - Environmental Monitoring Plan Llamara Salt flat	Sustainability: Environment and Risk prevention	Expense	N
SQM S.A.	IPXF - Environmental Monitoring Plan Tamarugal Pampa	Sustainability: Environment and Risk prevention	Expense	N
SQM S.A.	IQ08 - PSA Llamara & Pampa Tamarugal	Sustainability: Natural Resources	Expense	D
SQM S.A.	IQ0C - Mine Area Enhancement NV	Sustainability: Environment and Risk prevention	Expense	N
SQM S.A.	IQ1K - Construction of 3 observation wells in Sur Viejo	Sustainability: Natural Resources	Asset	D
SQM S.A.	IQ1M - PSA Re-injection of water to Puquios Llamara	Not classified	Asset	N
SQM S.A.	IQ3S - Hazardous Materials Management Standardization	Sustainability: Environment and Risk prevention	Asset	N
SQM S.A.	IQ52 - New Victoria Environment Office	Not classified	Asset	N
SQM S.A.	IQ53 - Cultural heritage route Soronal adduction (Pampa Hermosa)	Sustainability: Environment and Risk prevention	Asset	N
SQM S.A.	IQ54 - Cultural heritage Pampa Hermosa	Sustainability: Environment and Risk prevention	Asset	N
SQM S.A.	IQ9V - Project Quillagua	Not classified	Asset	N
SQM S.A.	PQB9 - Change of exhaust SO2 gas	Sustainability	Asset	N

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

154

Notes to the consolidated financial statements as of March 31, 2012

Note 24- Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses as of March 31, 2012, continued

Identification of the Parent or subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	Asset / Expense	D
SQM S.A.	IQ6M/ IQ6N - DIA Expansion Nueva Victoria Sur Mine (Projects: Exploration NVS7 2011 and Exploration Nva. Victoria Oeste)	Sustainability: Natural Resources	Asset	N
SQM S.A.	IP83 - DIA Expansion TLN-15 (Projects: Management Administration Expenses SQM Nueva Victoria)	Not classified	Expense	N
SQM Salar S.A.	LQDM – Certification of tanks	Sustainability	Expense	N
SQM Salar S.A.	CQ4M – Regularization of Contractor facilities	Sustainability: Environment and Risk prevention	Asset - Expense	N
SQM Salar S.A.	CQ8U - New Changing Room CL - HL	Capacity Upgrade	Asset	N
SQM Salar S.A.	LP82 - Project for the Promotion of Agricultural Activity in Communities of the Salt deposit	Sustainability	Expense	D
SQM Salar S.A.	LPTF – Environmental study and exploration 2010	Sustainability	Expense	N
SQM Salar S.A.	LPTJ - Improvements Sanitary Works	Sustainability	Asset	N
SQM Salar S.A.	LQ38 - Field Drying Sludge	Sustainability: Environment and Risk prevention	Asset - Expense	N
SQM Salar S.A.	LQAK - garbage rooms MOP and SOP	Sustainability	Expense	N
SIT S.A.	MQ6Y - Maintenance and repair and bureau of exchange Tocopilla ME	Sustainability: Environment and Risk prevention	Asset	N
SIT S.A.	TPR8 - Disposal of liquid waste generation by aspiration	Sustainability: Environment and Risk prevention	Asset - Expense	N
SIT S.A.	TPYX - Enabling the dust collector of the crib and court seal 3 Tocopilla	Sustainability: Environment and Risk prevention	Asset	D
SIT S.A.	TQAP - Paving Field No. 3 and No. 4	Capacity Upgrade	Expense	N
SIT S.A.	TQAV - Paving paths IV	Sustainability: Environment and Risk prevention	Expense	D
Minera Nueva Victoria S.A.	IQ4C - Camp Development (Osmosis and Others)	Capacity Upgrade	Asset	N

SQM Nitratos S.A.

PQI9 – Mine waste water treatment plant

Sustainability: Environment
and Risk prevention

Asset

N
T

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

155

Notes to the consolidated financial statements as of March 31, 2012

Note 24- Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

Future expenses as of March 31, 2012

Identification of the Parent or Subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	Asset / Expense	Description of the asset or expense Item
SQM Industrial S.A.	Environment management (Budget 2012- Expense to March 2012) FP55 - FPXA - EIA Expansion (Projects: Pampa Blanca Saltwater -	Not classified	Expense	Not classified
SQM Industrial S.A.	Saltwater Stage I)	Sustainability	Asset	Development
SQM Industrial S.A.	IQ8G – Improvement of Bureau of Exchange, offices and facilities	Sustainability	Asset	Not classified
SQM Industrial S.A.	MNYS - Measures of Technological Change Cultural Heritage Dissemination Maria Elena	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM Industrial S.A.	MP5W - TK's Fuel Standards	Sustainability	Asset	Not classified
SQM Industrial S.A.	MPQU - Construction of Hazardous Chemical Supplies warehouse	Sustainability: Environment and Risk prevention	Asset	Development
SQM Industrial S.A.	MQ8M - Reconditioning monitoring station ME	Sustainability: Renovation	Asset	Not classified
SQM Industrial S.A.	MQA8 - Normalization gas system, external cafeterias (Stage 1: projects)	Not classified	Expense	Not classified
SQM Industrial S.A.	MQAJ - Improvements to Camp Water and Sewage (P Contesse commitment to DDSS)	Not classified	Asset	Not classified
SQM Industrial S.A.	MQBM - Archaeological Digging Deployment Maria Elena - Toco	Sustainability: Environment and Risk prevention	Asset - Expense	Not classified
SQM Industrial S.A.	PPC1 - Remove switches park OCB sub 3 and 1/12 Pedro de Valdivia	Sustainability: Replacement of equipment	Asset - Expense	Not classified
SQM Industrial S.A.			Asset	Not classified

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

	PPNK - Management of Ammonia PV plant stoppage	Sustainability: Environment and Risk prevention		
SQM Industrial S.A.	PPZU - Standardize and certify Plant Fuel Tanks	Sustainability: Environment and Risk prevention	Asset - Expense	Not classified
SQM Industrial S.A.	SQ7X - Reach 2011-2013	Sustainability	Expense	Not classified

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

156

Notes to the consolidated financial statements as of March 31, 2012

Note 24- Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

Future expenses as of March 31, 2012

Identification of the Parent or Subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	Asset / Expense	Description of the asset or expense Item
SQM Industrial S.A.	TQ78 - motorized sweepers	Sustainability: Replacement of equipment	Asset	Development
SQM Industrial S.A.	TQA2 - Drainage Improvement Villa Prat	Not classified	Asset - Expense	Not classified
SQM Industrial S.A.	6088 – Sustaining of batteries ME	Sustainability	Asset - Expense	Not classified
SQM Industrial S.A.	MQK2 – Elimination of PCBs I	Not classified	Asset - Expense	Not classified
SQM Industrial S.A.	JQH9 – Purchase of Bertrams Boiler	Sustainability: Replacement of equipment	Asset	Development
SQM S.A.	AQ0A - Well Drilling 4 Uptake Change Point Tamarugal	Sustainability: Natural Resources	Asset	Development
SQM S.A.	IPFT - Cultural Heritage Region I	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM S.A.	IPXE - Environmental Monitoring Plan Llamara Salt flat	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM S.A.	IPXF - Environmental Monitoring Plan Tamarugal Pampa	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM S.A.	IQ08 - PSA Llamara & Pampa Tamarugal	Sustainability: Natural Resources	Expense	Development
SQM S.A.	IQ0C - Mine Area Enhancement NV	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM S.A.	IQ1K - Construction of 3 observation wells in Sur Viejo	Sustainability: Natural Resources	Asset	Development
SQM S.A.	IQ1M - PSA Re-injection of water to Puquios Llamara	Not classified	Asset	Not classified
SQM S.A.			Asset	Not classified

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

	IQ3S - Hazardous Materials Management Standardization	Sustainability: Environment and Risk prevention		
SQM S.A.	IQ52 - New Victoria Environment Office	Not classified	Asset	Not classified
SQM S.A.	IQ53 - Cultural heritage route Soronal adduction (Pampa Hermosa)	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM S.A.	IQ54 - Cultural heritage Pampa Hermosa	Sustainability: Environment and Risk prevention	Asset	Not classified

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 24- Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

Future expenses as of March 31, 2012

Identification of the Parent or Subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	Asset / Expense	Description of the asset or expense Item
SQM S.A.	IQ9V - Project Quillagua	Not classified	Asset	Not classified
SQM S.A.	PQB9 - Change of exhaust SO2 gas IQ6M/ IQ6N - DIA Expansion	Sustainability	Asset	Not classified
SQM S.A.	Nueva Victoria Sur Mine (Projects: Exploration NVS7 2011 and Exploration Nva. Victoria Oeste) IP83 - DIA Expansion TLN-15	Sustainability: Natural Resources	Asset	Not classified
SQM S.A.	(Projects: Management Administration Expenses SQM Nueva Victoria)	Not classified	Expense	Not classified
SQM Salar S.A	LPTF – Environmental study and exploration 2010	Sustainability	Expense	Not classified
SQM Salar S.A	LPTJ - Improvements Sanitary Works	Sustainability	Asset	Not classified
SQM Salar S.A	LQDM – Certification of tanks	Sustainability	Expense	Not classified
SQM Salar S.A	LQG8 – Waste room Toconao Campsite	Not classified	Asset - Expense	Not classified
SQM Salar S.A	LQFD – Bureaus of exchange	Sustainability	Asset - Expense	Not classified
SQM Salar S.A	LQI6 – Environmental studies and explorations 2011	Not classified	Asset - Expense	Not classified
SQM Salar S.A	CQ4M – Regularization of Contractor facilities	Sustainability: Environment and Risk prevention	Asset - Expense	Not classified
SQM Salar S.A	CQ8U - New Changing Room CL - HL	Capacity Upgrade	Asset	Not classified
SQM Salar S.A	LP82 - Project for the Promotion of Agricultural Activity in Communities	Sustainability	Expense	Development

	of the Salt deposit			
SIT S.A.	TPR8 - Disposal of liquid waste generation by aspiration	Sustainability: Environment and Risk prevention	Asset - Expense	Not classified
SIT S.A.	TPYX - Enabling the dust collector of the crib and court seal 3 Tocopilla	Sustainability: Environment and Risk prevention	Asset	Development
SIT S.A.	TQAV - Paving paths IV	Sustainability: Environment and Risk prevention	Expense	Development
Minera Nueva Victoria Ltda.	IQ4C - Development Camp (Osmosis and Others)	Capacity Upgrade	Expense	Not classified

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 24- Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

Future expenses as of March 31, 2012

Identification of the Parent or Subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	Asset / Expense	Description of the asset / expense Item
SQM Nitratos S.A	IQDN - Storage Rises – Maintenance of Mine NV	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM Nitratos S.A	PQI9 – Mine waste water treatment plant	Sustainability: Environment and Risk prevention	Asset - Expense	Not classified
				Total

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 24 - Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses, as of December 31, 2011

Identification of the Parent or subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	Asset / Expense	Description of the asset or expense Item
SQM Industrial S.A.	Environment Management (2010 Expense)	Not classified	Expense	Not classified
SQM Industrial S.A.	SQ7X - Reach 2011-2013	Sustainability	Expense	Not classified
SQM Industrial S.A.	ANMI - Infrastructure consulting for the storage of dangerous chemical substances	Sustainability: Environment and Risk prevention	Asset	Development
SQM Industrial S.A.	FNWR EID Discard field Pampa Blanca	Sustainability: Environment and Risk prevention	Expense	Development
SQM Industrial S.A.	FP55 - FPXA - Mine Area EIS PB - PB Expansion EIS (Projects: Pampa Blanca Saltwater - Saltwater Stage I)	Sustainability	Asset	Development
SQM Industrial S.A.	JNTU - Assessment of waters at San Isidro	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM Industrial S.A.	JPX9 - Enhanced Ground Granulated EID-Prilado Coya Sur (Project: Pilot Plant TD and Pilot Testing of Resin)	Sustainability: Research and Development	Asset	Research
SQM Industrial S.A.	MNYS - Measures of Technological Change Cultural Heritage Dissemination Maria Elena	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM Industrial S.A.	MP17 - Standardization Water Chlorination ME / CS / PV	Sustainability	Asset	Not classified
SQM Industrial S.A.	MP5W - TK's Fuel Standards	Sustainability	Asset	Not classified
SQM Industrial S.A.	MPIS - Stabilization of streets and sidewalks dust suppression	Sustainability	Asset	Development
SQM Industrial S.A.	MPL5 - Repair sanitary and electrical services	Sustainability	Asset	Development
SQM Industrial S.A.	MPLS - Automation and Alarm Monitoring Station Hospital information	Not classified	Asset	Not classified

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

160

Notes to the consolidated financial statements as of March 31, 2012

Note 24 - Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses, as of December 31, 2011, continued

Identification of the Parent or subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	Asset / Expense	Description of the asset or expense
SQM Industrial S.A.	MQ51 - Terms of Reference Project ME equity measures	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM Industrial S.A.	PPNK - Management of Ammonia PV stoppage plant	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM Industrial S.A.	PPZU - Standardize and certify Plant Fuel Tanks	Sustainability: Environment and Risk prevention	Asset - Expense	Not classified
SQM Industrial S.A.	JQ8K – DIA Line 4 Floor Drying , Coya Sur (Project: Drying Line 4)	Capacity Upgrade	Asset	Development
SQM Industrial S.A.	IQ8G – Improvement of Bureau of Exchange, offices and facilities	Sustainability	Asset	Not classified
SQM Industrial S.A.	MQ7P - ME Village sewer lids change	Sustainability	Expense	Not classified
SQM Industrial S.A.	JQB6 - EID Ground NPT4, Coya Sur (Project: NPTIV)	Capacity Upgrade	Asset	Development
SQM Industrial S.A.	TQ78 - motorized sweepers	Sustainability: Replacement of equipment	Asset	Development
Minera Nueva Victoria Ltda.	IPMN - Capacity Expansion Sanitary Iris	Capacity upgrade	Asset	Development
SQM Industrial S.A.	MPQU - Construction of Hazardous Chemical Supplies warehouse	Sustainability: Environment and Risk prevention	Asset	Development
SQM Industrial S.A.	PPC1 - Remove switches park OCB sub 3 and 1/12 Pedro de Valdivia	Sustainability: Replacement of equipment	Asset – Expense	Not classified
SQM Industrial S.A.	MQ8M - Reconditioning monitoring station ME	Sustainability: Renovation	Asset	Not classified
SQM Industrial S.A.	MQAJ - Improvements to Camp Water and Sewage (P Contesse commitment to DDSS)	Not classified	Asset	Not classified

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

161

Notes to the consolidated financial statements as of March 31, 2012

Note 24 - Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses, as of December 31, 2011, continued

Identification of the Parent or Subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	Asset / Expense	Description of the asset or expense Item
Minera Nueva Victoria Ltda.	IPNW - Improvements Halls C / D / B Iris	Sustainability	Asset	Not classified
Minera Nueva Victoria Ltda.	IQ4C - Development Camp (Osmosis and Others)	Capacity Upgrade	Asset	Not classified
SIT S.A.	TPLR - Implementation sewage pumping system to sewer	Sustainability: Environment and Risk prevention	Asset	Not classified
SIT S.A.	TPM7 – Environmental nets field 3 and 4	Not classified	Asset - Expense	Not classified
SIT S.A.	TPR8 - Disposal of liquid waste generation by aspiration	Sustainability: Environment and Risk prevention	Asset - Expense	Not classified
SIT S.A.	TPYX - Enabling the dust collector of the crib and court seal 3 Tocopilla	Sustainability: Environment and Risk prevention	Asset	Development
SIT S.A.	TQAV - Paving paths IV	Sustainability: Environment and Risk prevention	Expense	Development
SIT S.A.	TQAP - Paving Field No. 3 and No. 4	Capacity Upgrade	Expense	Not classified
SQM Nitratos S.A	IP6W - Treatment Plant Riles	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM Nitratos S.A	PP0V - Environmental Medium Maintenance Projects ME-PV-NV-PB	Sustainability: Environment and Risk prevention	Asset – Expense	Development
SQM S.A.	AQ0A - Well Drilling 4 Uptake Change Point Tamarugal Pampa	Sustainability: Natural Resources	Asset	Development
SQM S.A.	IPFT - Cultural Heritage Region I	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM S.A.	IPXE - Environmental Monitoring Plan Llamara Salt flat	Sustainability: Environment and Risk prevention	Expense	Not classified

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

162

Notes to the consolidated financial statements as of March 31, 2012

Note 24 - Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses, as of December 31, 2011, continued

Identification of the Parent or Subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	Asset / Expense	Description of the asset or expense Item
SQM S.A.	IPXF - Environmental Monitoring Plan Tamarugal Pampa	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM S.A.	IQ08 - PSA Llamara & Pampa Tamarugal	Sustainability: Natural Resources	Expense	Development
SQM S.A.	IQ0C - Mine Area Enhancement NV	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM S.A.	IQ1K - Construction of 3 observation wells in Sur Viejo	Sustainability: Natural Resources	Asset	Development
SQM S.A.	IQ1M - PSA Re-injection of water to Puquios Llamara	Not classified	Asset	Not classified
SQM S.A.	IQ3S - Hazardous Materials Management Standardization	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM S.A.	IQ52 - New Victoria Environment Office	Not classified	Asset	Not classified
SQM S.A.	IQ53 - Cultural heritage route Soronal adduction (Pampa Hermosa)	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM S.A.	IQ54 - Cultural heritage Pampa Hermosa	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM S.A.	SCI6 - Environmental Studies - Project Region I	Not classified	Asset	Not classified
SQM S.A.	IQ6M - DIA Expansion Nueva Victoria Sur Mine	Sustainability: Natural Resources	Asset	Not classified
SQM S.A.	IQ9V - Quillagua Project	Not classified	Asset	Not classified
SQM Salar S.A	CPTP - Installing emergency showers drinking water	Sustainability	Asset	Not classified

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

163

Notes to the consolidated financial statements as of March 31, 2012

Note 24 - Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses, as of December 31, 2011, continued

Identification of the Parent or subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	Asset / Expense	Description of the asset or expense Item	Amount for the
SQM Salar S.A	CPZH - Management of Descartes Filter Presses Hydroxide	Sustainability: Environment and Risk prevention	Expense	Not classified	39
SQM Salar S.A	LP5J - Water Recharge Study Atacama Salt flat	Sustainability: Environment and Risk prevention	Expense	Research	105
SQM Salar S.A	LP82 - Project for the Promotion of Agricultural Activity in Communities of the Salt deposit	Sustainability	Expense	Development	761
SQM Salar S.A	LPTF – Environmental study and exploration 2010	Sustainability	Expense	Not classified	370
SQM Salar S.A	LPTJ - Improvements Sanitary Works	Sustainability	Asset	Not classified	206
SQM Salar S.A	LQ38 - Field Drying Sludge	Sustainability: Environment and Risk prevention	Asset - Expense	Not classified	26
SQM Salar S.A	CQ8U - New Changing Room CL - HL	Capacity Upgrade	Asset	Not classified	238
SQM Salar S.A	LQAK - garbage rooms MOP and SOP	Sustainability	Expense	Not classified	25
				Total	19,912

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

164

Notes to the consolidated financial statements as of March 31, 2012

Note 24 - Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

Future Expenses

Identification of the Parent or subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	Asset / Expense	Description of the asset or expense Item
SQM Industrial S.A.	Environment management (Budget 2011- Expense to March 2011)	Not classified	Expense	Not classified
SQM Industrial S.A.	SQ7X - Reach 2011-2013	Sustainability	Expense	Not classified
SQM Industrial S.A.	FP55 - FPXA - Mine Area EIS PB - PB Expansion EIS (Projects: Pampa Blanca Saltwater - Saltwater Stage I)	Sustainability	Asset	Development
SQM Industrial S.A.	MNYS - Measures of Technological Change Cultural Heritage Dissemination Maria Elena	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM Industrial S.A.	MP5W - TK's Fuel Standards	Sustainability	Asset	Not classified
SQM Industrial S.A.	MPQU - Construction of Hazardous Chemical Supplies warehouse	Sustainability: Environment and Risk prevention	Asset	Development
SQM Industrial S.A.	PPC1 - Remove switches park OCB sub 3 and 1/12 Pedro de Valdivia	Sustainability: Replacement of equipment	Asset - Expense	Not classified
SQM Industrial S.A.	PPNK - Management of Ammonia PV stoppage plant	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM Industrial S.A.	PPZU - Standardize and certify Plant Fuel Tanks	Sustainability: Environment and Risk prevention	Asset - Expense	Not classified
SQM Industrial S.A.	JQ8K – DIA Line 4 Floor Drying , Coya Sur (Project: Drying Line 4)	Capacity Upgrade	Asset	Development
SQM Industrial S.A.	IQ8G – Improvement of Bureau of Exchange, offices and facilities	Sustainability	Asset	Not classified
SQM Industrial S.A.	JQB6 - EID Ground NPT4, Coya Sur (Project: NPTIV)	Capacity Upgrade	Asset	Development
SQM Industrial S.A.		Not classified	Asset	Not classified

TQA2 - Drainage Improvement
Villa Prat

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

165

Notes to the consolidated financial statements as of March 31, 2012

Note 24 - Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

Future expenses (continued)

Identification of the Parent or subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	Asset / Expense	Description of the asset or expense Item
SQM Industrial S.A.	MQAJ - Improvements to Camp Water and Sewage (P Contesse commitment to DDSS)	Not classified	Asset	Not classified
SQM Industrial S.A.	MQA8 - Normalization gas system, external cafeterias (Stage 1: projects)	Not classified	Asset	Not classified
SQM Industrial S.A.	MQBM - Archaeological Digging Deployment Maria Elena - Toco	Sustainability: Environment and Risk prevention	Expense	Not classified
Minera Nueva Victoria Ltda.	IQ4C - Camp Development (Osmosis and Others)	Capacity Upgrade	Asset	Not classified
SIT S.A.	TPR8 - Disposal of liquid waste generation by aspiration	Sustainability: Environment and Risk prevention	Asset - Expense	Not classified
SIT S.A.	TPYX - Enabling the dust collector of the crib and court seal 3 Tocopilla	Sustainability: Environment and Risk prevention	Asset	Development
SIT S.A.	MQ6Y - Maintenance and repair and bureau of exchange Tocopilla ME	Sustainability: Environment and Risk prevention	Asset	Not classified
SIT S.A.	TQAV - Paving paths IV	Sustainability: Environment and Risk prevention	Expense	Development
SQM Nitratos S.A	IQDN - Storage Rises – Maintenance of Mine NV	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM S.A.	IPFT - Cultural Heritage Region I	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM S.A.	IPXE - Environmental Monitoring Plan Llamara Salt flat	Sustainability: Environment and Risk	Expense	Not classified

SQM S.A.	IPXF - Environmental Monitoring Plan Tamarugal Pampa	prevention Sustainability: Environment and Risk prevention	Expense Not classified
SQM S.A.	IQ08 - PSA Llamara & Pampa Tamarugal	Sustainability: Natural Resources	Expense Development

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 24 - Environment (continued)

24.2 Detail of information on disbursements related to the environment, continued

Future expenses (continued)

Identification of the Parent or subsidiary	Name of the project with which the disbursement is associated	Concept for which the disbursement was made or will be made	Asset / Expense	Description of the asset or expense Item
SQM S.A.	IQ0C - Mine Area Enhancement NV	Sustainability: Environment and Risk prevention	Expense	Not classified
SQM S.A.	IQ1K - Construction of 3 observation wells in Sur Viejo	Sustainability: Natural Resources	Asset	Development
SQM S.A.	IQ1M - PSA Re-injection of water to Puquios Llamara	Not classified	Asset	Not classified
SQM S.A.	IQ3S - Hazardous Materials Management Standardization	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM S.A.	IQ52 - New Victoria Environment Office	Not classified	Asset	Not classified
SQM S.A.	IQ53 - Cultural heritage route Soronal adduction (Pampa Hermosa)	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM S.A.	IQ54 - Cultural heritage Pampa Hermosa	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM S.A.	IQ9V – Quillagua Project	Not classified	Asset – Expense	Not classified
SQM S.A.	PQB9 - Change of exhaust SO2 gas	Sustainability	Asset	Not classified
SQM Salar S.A	CQ4M – Regularization of Contractor facilities	Sustainability: Environment and Risk prevention	Asset	Not classified
SQM Salar S.A	LP82 - Project for the Promotion of Agricultural Activity in Communities of the Salt deposit	Sustainability	Expense	Development
SQM Salar S.A	CQ8U - New Changing Room CL - HL	Capacity Upgrade	Asset	Not classified
				Total

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

167

Notes to the consolidated financial statements as of March 31, 2012

Note 24 - Environment (continued)

24.3 Description of each project, indicating whether they are in process or have been finished

SQM Industrial S.A.

JQH9: The purpose of this project is to purchase Bertram's boilers in order to improve the combustion levels, decreasing and controlling the emission of fumes to the environment. The project is in process.

JQEZ: This Project includes purchasing and installing Bertrams Boilers in Coya Sur Prill, in order to improve the level of combustion, decreasing and controlling the emission of fumes to the environment. The project is in process.

FP55 – FPXA: These 2 projects have a final objective consisting in the installation of a sea water sucking system of 87 km from the Mejillones area to the SQM facilities located in Pampa Blanca. The projected expenses correspond only to the filing of the EIA of the PB mine zone and the EIA of the PB expansion. Both projects are in process.

IQ8G: This project contemplates the improvement of restrooms and the expansion of their capacity. In addition to water storage sector would be improved. The project is in process.

JQ8K: This project has the purpose of building a new drying plant in Coya Sur. The projected expenses correspond only to the environmental filing. The project is in process.

JQB6: Preparation and filing of the EID of project NPT4 of Coya Sur, which increases the salt production capacity. The project is in process.

MNYS: Preparation and execution of a project of geoglyphs conservation; editing and publishing a book and implementing a diffusion center. Construction of a collection deposit. All these are compensation measures of the project Technological Change Maria Elena. The project is in process.

MP5W: Normalization of the fuel storage and distribution system in SQM installations. The project is in process.

MPQU: Construction of warehouses for dangerous chemicals in order to comply with the current regulation and decrease the chance of accidents with high potential.

MQ8M: Performing maintenance to structures and closing monitoring stations in Maria Elena. The project is in process.

MQAJ: Improve the water and sewerage network in Maria Elena for better operations. The project is in process.

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

168

Notes to the consolidated financial statements as of March 31, 2012

Note 24 - Environment (continued)

24.3 Description of each project, indicating whether they are in process or have been finished, continued

MQBM: Implementing archeological measures in Maria Elena – Toco site, such as the archeological registry, analysis of lithic materials, and generation of reports, among others. The project is in process.

PPC1: Purchase and replacement of equipment contaminated with PCB and obsolete equipment without spare parts. The project is in process.

PPNK: Project to ensure the control of the ammonia gas in the crystal plant stoppage. The project is in process.

PPZU: The necessary actions to normalize and certify certified fuel tanks in the plants in María Elena, Coya Sur and Pedro de Valdivia were performed. The project is in process.

SQ7X: The purpose of this project is obtaining and recording information of components and finished products of SQM in the ECHA database to comply with the requirements set forth by the REACH regulation of the European Union. The project is in process.

TQ78: This project contemplates the purchase of sweeping trucks with a vacuum system in order to reduce the emissions of particulate material in the port of Tocopilla. The project is in process.

SQM S.A.

AQ0A: To enable the use of water rights that have been granted in several pits of the Conaf reservation Pampa del Tamarugal and to take them outside of the tamarugo forest and of the reservation, reducing the environmental impact of its exploitation. The project is in process.

IPFT: The project contemplates the implementation of measures committed in projects in the area of the Nueva Victoria mine, update of operations in Nueva Victoria, evaporation ducts and pits in Iris. The project is in process.

IPXE: To implement the plan of environment follow-up of Project Pampa Hermosa in Salar de Llamara. The project is in process.

IPXF: To implement the environment plan follow-up of the project Pampa Hermosa in Pampa del Tamarugal. The project is in process.

IQ08: The project considers the following works for the water reservoirs in Pampa del Tamarugal and Salar de Llamara: constructing and enabling observation and monitoring pits, pumping tests, construction of roads over hard sand terrain and Salar crust. The project is in process.

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

169

Notes to the consolidated financial statements as of March 31, 2012

Note 24 - Environment (continued)

24.3 Description of each project, indicating whether they are in process or have been finished, continued

IQ0C: This project consists in implementing a program of adding value and area adjacent to route 5, which will enable the development of a self-guided tour of the area called Cantón de Lagunas in the context of the saltpeter history. The project is in process.

IQ1K: Construction of the observation pits in Sur Viejo to comply with the environmental commitments proposed in the EIS of Pampa Hermosa and to be able to monitor the water reservoir near said pits. The project is in process.

IQ1M: To implement environmental commitments included in the EIS of project “Pampa Hermosa” to safeguard the puquíos zone that is in the Salar de Llamara water reservoir. The project is in process.

IQ3S: Improvements in the storage installations of dangerous raw materials in Nueva Victoria. The project is in process.

IQ52: This project includes the enabling and expansion of the environment offices in Nueva Victoria. The project is in process.

IQ53: To perform equity assay to the new location of the Soronal abduction trace Project Pampa Hermosa approved through N° 890/2010. The project is in process.

IQ54: This corresponds to the implementation of environmental commitments acquired through the environment assessment of the project Pampa Hermosa (RCA N°890/2010). The project is in process.

IQ9V: To support the development of agriculture and tourist industry in the location of Quillagua, in order to enhance the activity through productive measures, technical assistance and marketing. The project is in process.

PQB9: installation of two larger SO₂ extractors at the end of the process. The project is in process.

IQ6M: Preparation and filing of the EID of the Project “Expansion of Mine Nueva Victoria”. The projected expenses only include the environment document filing. The project is in process.

IP83: Preparation and filing of the EID of the Project “Extension TLN-15”. The projected expenses only include the environment document filing. The project is in process.

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

170

Notes to the consolidated financial statements as of March 31, 2012

Note 24 - Environment (continued)

24.3 Description of each project, indicating whether they are in process or have been finished, continued

SQM Salar S.A.

LQDM: Certification of the liquid fuel storage tanks. The project is in process.

CQ4M: The project contemplates the regularization of the electric facilities, change of cables, electric and illumination control panels. It also contemplates the installation of enough restroom with showers for the contractor's permanent personnel. The project is in process.

CQ8U: To improve the condition and capacity of the exchange rooms in Salar del Carmen. The project is in process.

LP82: To support the development of demonstration lots, provide technical assistance for the improvement of agriculture practices such as watering. The project is in process.

LPTF: To perform semi-annual reports, given that it is necessary to present improvements and optimizations at environmental control points, and the knowledge on geologic and hydrogeologic variables must be improved near Salar de Atacama. The project is in process.

LPTJ: The plan considers the acquisition of stand equipment to ensure the operating continuity of the TAS and OR plants, the change in the current control system of TK's regarding the accumulation of drinking water, wastewater, and wastewater elevation chambers. The project is finished.

LQ38: This project has the purpose to comply with the current regulations and with observations raised by the SEREMI of Health. The project is in process.

LQAK: The project considers the construction of the garbage rooms in the MOP and SOP lunchrooms, in order to increase the capacity of waste storage. The project is in process.

SIT S.A.

MQ6Y: To maintain and repair the bureau of exchange in María Elena and Tocopilla, in order to comply with Decree No.594. The project is in its closing stage.

TPR8: This project pretends to increase the generation of industrial waste through the use of vacuum and no-washing technologies, through the implementation of a vacuum system that avoids the use of water and therefore the generation of liquid industrial waste. The project is in process.

TPYX: To comply with the commitment of decreasing the emission of particulate material towards the city of Tocopilla. The project is in process.

TQAP: to decrease the environmental pollution and losses produced by the product's storage. The project is in process.

TQAV: Paving and maintenance of internal roads of the port of Tocopilla, to decrease pollution and to comply with the Supreme Decree related to the saturated zone. The project is in process.

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 24 - Environment (continued)

24.3 Description of each project, indicating whether they are in process or have been finished, continued

Minera Nueva Victoria Ltda.

IQ4C: Supply, construction and assembly of the osmosis and septic pits plant required to enable that Iris camp plant and other. The project is in its closing stage.

SQM Nitratos S.A.

PQ19: A new pit to replace the current one will be built, with a new waste water treatment technology. The project is in process.

172

Notes to the consolidated financial statements as of March 31, 2012

Note 25 - Other current and non-current non-financial assets

As of March 31, 2011, and December 31, 2011, the detail of other current and non-current assets is as follows:

	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Other non-financial assets, current		
Domestic Value Added Tax	17,766	46,243
Foreign Value Added Tax	10,433	5,879
Bond for end of collective agreement negotiations	2,936	2,363
Prepaid mining licenses	8,445	1,228
Prepaid insurance	4,102	6,979
Other prepayments	849	236
Other assets	1,079	864
Total	45,610	63,792

	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Other non-financial assets, non-current		
Stain development expenses and prospecting expenses (1)	21,657	21,395
Guarantee deposits	513	428
Bond for end of collective agreement negotiations	3,633	2,542
Other assets	321	286
Total	26,124	24,651

Assets for the exploration or evaluation of mineral resources are amortized to the extent that the explored or evaluated area has been exploited. For this purpose, a variable rate is applied to extracted tons, which is determined based on the measured initial reserve and evaluation cost. The Company presents expenses associated with Exploration and Evaluation of Mineral Resources. Of these expenses, those that are under exploitation are included (1) under Inventory and are amortized according to the estimated ore reserves contained, and expenses associated with future reserves are presented under Other non-current assets. Those expenses incurred on properties with low ore grade that are not economically exploitable are directly charged to income. As of March 31, 2012 balances associated with the exploration and assessment of mineral resources is presented under Inventory for ThUS\$ 2,945 (ThUS\$ 3,699 as of December 31, 2011).

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

173

Notes to the consolidated financial statements as of March 31, 2012

Note 25 - Other current and non-current non-financial assets (continued)

Reconciliation of changes in assets for exploration and mineral resource evaluation, by type

Movements in assets for the exploration and evaluation of mineral resources as of March 31, 2012 and December 31, 2011:

Reconciliation	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Assets for the exploration and evaluation of mineral resources, net, opening balance	21,395	21,350
Changes in assets for exploration and assessment of mineral resources:		
Additions, other than business combinations	-	3,777
Depreciation and amortization	(492)	(1,883)
Increase (Decrease) due to transfers and other charges	754	(1,849)
Assets for exploration and assessment of mineral resources, net, closing balance	21,657	21,395

As of the presentation date, no reevaluations of assets for exploration and assessment of mineral resources have been conducted.

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

174

Notes to the consolidated financial statements as of March 31, 2012

Note 26 - Operating segments

26.1 Operating segments

The amount of each item presented in each operating segment is equal to that reported to the maximum authority who makes decisions regarding the operation, in order to decide on the allocation of resources to the defined segments and to assess its performance. The reported information in each segment is obtained from the consolidated financial statements of the company and, therefore, no consolidation is required between the abovementioned data and that reported in the corresponding operating segments, according to what is set forth in paragraph 28 of IFRS 8, "Operating Segments".

Operating segments relate to the following groups of products that generate revenue and for which the Company incurs expenses and the result of which is regularly reviewed by the Company's maximum authority in the decision-making process:

1. - Specialty plant nutrients
2. - Iodine and its derivatives
3. - Lithium and its derivatives
4. - Industrial chemicals
5. - Potassium
6. - Other products and services

Information relative to assets, liabilities and profit and expenses that cannot be assigned to the segments indicated above, due to the nature of production processes, is included under the "Corporate Unit" category of disclosures.

The indicator used by management to performance measurement and resource allocation to each segment, is related to the margin of each segment

Sales between segments are made in the same conditions as those made to third parties, and are consistently measures as presented in the income statement.

Segment assets and segment liabilities are not shown separately, as this information is not easily available. Part of these assets are nor separable due to the type of activity to which they are affected and given this information is not used by the management during the decision-making process related to the allocation of resources to each defined

segment.

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

175

Notes to the consolidated financial statements as of March 31, 2012

Note 26 - Operating segments (continued)

26.2 Information on operating segments as of March 31, 2012 and 2011:

	Specialty plant nutrients	Iodine and its derivatives	Lithium and its derivatives	Industrial chemicals	Potassium	Other products and services	Reportable segments	Operating segments	Elimination of inter-segment amounts	Unallocated amounts	Signifi- cantly reconcil- able entries
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Items	159,095	143,930	47,522	32,268	133,590	13,220	529,625	529,625	-	-	- 52
s from ons with erating of the ty s from	85,936	203,511	41,749	86,243	161,100	94,462	673,001	673,001	(673,001)	-	- -
s and ons with erating of the ty	245,031	347,441	89,271	118,511	294,690	107,682	1,202,626	1,202,626	(673,001)	-	- 52
revenue	-	-	-	-	-	-	-	-	-	-	- -
xpense	-	-	-	-	-	-	-	-	51,264	(63,326)	- (1
ion and ion	(14,256)	(12,897)	(4,258)	(2,891)	(11,971)	(1,185)	(47,458)	(47,458)	-	-	- (4
y's n the loss of s and ures d for by	-	-	-	-	-	-	-	-	-	8,064	- 8,
ax	-	-	-	-	-	-	-	-	-	(52,771)	- (5
g s	-	-	-	-	-	-	-	-	-	-	-

ms other icant												
(loss) kes ne m g s ne m ued s ne	52,453	95,240	24,346	12,560	50,994	671	236,264	236,264	(66,155)	34,416	-	20
	52,453	95,240	24,346	12,560	50,994	670	236,264	236,264	(66,155)	(18,355)	-	15
	52,453	95,240	24,346	12,560	50,994	671	236,264	236,264	(66,155)	(18,355)	-	15
	-	-	-	-	-	-	-	-	(7,399,744)	11,488,750	-	4,
ccounted	-	-	-	-	-	-	-	-	(2,669,870)	2,733,030	-	63
of ent	-	-	-	-	-	-	-	-	-	26,098	-	26
s ent loss	-	-	-	-	-	-	-	-	(4,248,151)	6,322,545	-	2,
ed in loss	(3,608)	(590)	(195)	(869)	(1,124)	(55)	(6,441)	(6,441)	-	(3,622)	-	(1
vs from	-	-	-	-	-	-	-	-	-	102,484	-	10
vs from	-	-	-	-	-	-	-	-	-	(98,592)	-	(9
vs from	-	-	-	-	-	-	-	-	-	(58)	-	(5

SQM

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

Notes to the consolidated financial statements as of March 31, 2012

Note 26 - Operating segments (continued)

26.2 Information on operating segments as of March 31, 2012 and 2011:

11

	Specialty plant nutrients	Iodine and its derivatives	Lithium and its derivatives	Industrial chemicals	Potassium	Other products and services	Reportable segments	Operating segments	Elimination of inter-segments amounts	Unallocated amounts	Signif To reconc 05 entries
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
g segment items	170,999	93,866	42,327	34,267	125,324	13,252	480,035	480,035	-	-	- 48
from											
ns with other segments of entity	65,125	128,015	29,030	48,329	127,670	71,436	469,605	469,605	(469,605)	-	- -
from external s and											
ns with other segments of entity	236,124	221,881	71,357	82,596	252,994	84,688	949,640	949,640	(469,605)	-	- 48
revenue	-	-	-	-	-	-	-	-	-	-	- -
xpense	-	-	-	-	-	-	-	-	46,106	(56,733)	- (1
ion and ion expense	(15,157)	(8,320)	(3,752)	(3,037)	(11,109)	(1,183)	(42,558)	(42,558)	-	-	- (4
y's interest in the											
oss of s and joint	-	-	-	-	-	-	-	-	-	3,657	- 3,
accounted for											
uity method											
ax expense,	-	-	-	-	-	-	-	-	-	(38,956)	- (3
g operations											
ns other than	-	-	-	-	-	-	-	-	-	-	-
at cash											
oss) before	54,869	46,213	17,719	14,278	53,636	890	187,605	187,605	(175,468)	138,950	- 15
ne (loss) from											
g operations	54,869	46,213	17,719	14,278	53,636	890	187,605	187,605	(175,468)	99,994	- 11
ne (loss) from											
ued operations	54,869	46,213	17,719	14,278	53,636	890	187,605	187,605	(175,468)	99,994	- 11
ne (loss)											
	-	-	-	-	-	-	-	-	(6,174,486)	9,658,743	- 3,
	-	-	-	-	-	-	-	-	(2,377,509)	2,444,553	- 67

accounted

of non-current	-	-	-	-	-	-	-	-	-	64,212	-	64	
s	-	-	-	-	-	-	-	-	(3,529,014)	5,232,739	-	1,	
ent loss													
d in profit or	(451)	-	-	-	-	-	(451)	(451)	-	(1
ys from (used	-	-	-	-	-	-	-	-	-	149,806	-	14	
ing activities													
ys from (used	-	-	-	-	-	-	-	-	-	(85,497	)	(8
ing activities													
ys from (used	-	-	-	-	-	-	-	-	-	10,009	-	10	
ing activities													

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 26 - Operating segments (continued)**26.3 Revenue from transactions with other company Operating Segments at March 31, 2012**

Items in the statement of comprehensive income	Specialty plant nutrients ThUS\$	Iodine and its derivatives ThUS\$	Lithium and its derivatives ThUS\$	Industrial chemicals ThUS\$	Potassium ThUS\$	Other products and services ThUS\$	Total segments and Corporate unit ThUS\$
Revenue	159,095	143,930	47,522	32,268	133,590	13,220	529,625

26.3 Revenues from transactions with other company Operating Segments at March 31, 2011

Items in the statement of comprehensive income	Specialty plant nutrients ThUS\$	Iodine and its derivatives ThUS\$	Lithium and its derivatives ThUS\$	Industrial chemicals ThUS\$	Potassium ThUS\$	Other products and services ThUS\$	Total segments and Corporate unit ThUS\$
Revenue	170,999	93,866	42,327	34,267	125,324	13,252	480,035

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 26 - Operating segments (continued)

26.4 Information on geographical areas

As indicated in paragraph 33 of IFRS 8, the entity discloses geographical information on its revenue from operating activities with external customers and from non-current assets that are not financial instruments, deferred income tax assets, assets related to post-employment benefits or rights derived from insurance contracts.

26.5 Information on main customers

With respect to the degree of dependency of the Company on its customers, in accordance with paragraph N° 34 of IFRS N° 8, the Company has no external customers who individually represent 10% or more of its revenue. Credit risk concentrations with respect to trade and other accounts receivable are limited due to the significant number of entities in the Company's portfolio and its worldwide distribution. The Company's policy requires guarantees (such as letters of credit, guarantee clauses and others) and/or to maintain insurance policies for certain accounts as deemed necessary by the Company's Management.

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Nota 26 - Operating segments (continued)**26.6 Segments by geographical areas as of March 31, 2012 and 2011**

Items	Chile	Latin America and the Caribbean	Europe	North America	Asia and others	03/31/2012
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue	40,179	90,485	131,589	154,649	112,723	529,625
Non-current assets:	1,833,586	1,721	30,305	15,414	28,379	1,909,405
Equity-accounted investees	1,450		18,599	14,965	28,146	63,160
Intangible assets other than goodwill	3,731			424	8	4,163
Goodwill	27,146	86	11,373			38,605
Property, plant and equipment, net	1,775,404	1,390	333	25	202	1,777,354
Investment property						0
Other non-current assets	25,855	245			23	26,123

Items	Chile	Latin America and the Caribbean	Europe	North America	Asia and others	03/31/2011
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue	32,332	46,975	220,719	112,264	67,745	480,035
Non-current assets:	1,567,413	1,956	33,024	8,183	37,067	1,647,643
Equity-accounted investees	1,505	-	21,360	7,660	36,519	67,044
Intangible assets other than goodwill	3,771	-	3	486	-	4,260
Goodwill	26,929	86	11,373	-	-	38,388
Property, plant and equipment, net	1,513,290	1,553	288	37	182	1,515,350
Investment property	1,365	-	-	-	-	1,365
Other non-current assets	20,553	317	-	-	366	21,236

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

180

Notes to the consolidated financial statements as of March 31, 2012

Note 26 - Operating segments (continued)

26.7 Property, plant and equipment classified by geographical areas

The company's main productive facilities are located near their mines and extraction facilities in northern Chile. The following table presents the main production facilities as of March 31, 2012 and December 31, 2011:

Location	Products:
Pedro de Valdivia	Production of nitrite, sulfate, and iodine
María Elena	Production of nitrite, sulfate, and iodine
Coya Sur	Production of nitrite, sulfate, and iodine
Nueva Victoria	Production of iodine and nitrate salts
Salar de Atacama	Potassium chloride, Lithium chloride and boric acid
Salar del Carmen	Production of Lithium carbonate and lithium hydroxide, production of boron
Tocopilla	Port facilities

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 27 – Gains (losses) from operating activities in the statement of income by function of expenses, exposed according to their nature

	03/31/2012	03/31/2011		03/31/2012	03/31/2011
	ThUS\$	ThUS\$		ThUS\$	ThUS\$
27.1 Revenue					
Products	528,124	478,584			
Services	1,501	1,451			
Total	529,625	480,035			
27.2 Cost of sales					
Raw material and supplies			(232,738)	(164,475)	
Types of employee benefits expenses					
Salaries and wages			(28,424)	(21,834)	
Other short-term employee benefits			(12,907)	(17,407)	
Termination benefit expenses			(371)	(1,361)	
Total employee benefits expenses			(41.702)	(40,602)	
Depreciation and amortization expenses					
Depreciation expense			(45,421)	(35,042)	
Amortization expense			(492)	(420)	
Impairment loss (review of impairment losses) recognized in profit or loss for the year			(6,441)	(451)	
Other expenses, by nature (1)			33,432	(51,440)	
Total			(293,362)	(292,430)	

(1) Include the variation for finished and in-process products

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

182

Notes to the consolidated financial statements as of March 31, 2012

Note 27 – Gains (losses) from operating activities in the statement of income by function of expenses, exposed according to their nature (continued)

	03/31/2012 ThUS\$	03/31/2011 ThUS\$
27.3 Other income		
Discounts obtained from suppliers	197	135
Compensation received	-	285
Penalties charged to suppliers	42	38
Insurance recovered	2,165	333
Excess in the provision of liabilities with 3rd parties	745	556
Excess in allowance for doubtful accounts	149	104
Sale of materials, spare parts and supplies	351	302
Sale of mining concessions	146	-
Excess indemnity provision Yara South Africa	543	-
Excess inventory provision	-	583
Other services	-	26
Other operating results	325	974
Total	4,663	3,336

	03/31/2012 ThUS\$	03/31/2011 ThUS\$
27.4 Administrative expenses		
Employee benefit expenses by nature		
Salaries and wages	(10,093)	(9,479)
Other short-term benefits to employees	(959)	(834)
Total employee benefit expenses	(11,052)	(10,313)
Other expenses, by nature	(11,933)	(10,255)
Total	(22,985)	(20,568)

SQM

Los Militares 4290,

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

183

Notes to the consolidated financial statements as of March 31, 2012

Nota 27 – Gains (losses) from operating activities in the statement of income by function of expenses, exposed according to their nature (continued)

	03/31/2012 ThUS\$	03/31/2011 ThUS\$
27.5 Other expenses by function		
Depreciation and amortization expenses		
Depreciation of stopped assets	(1,545)	(7,096)
Impairment loss (review of impairment losses) recognized in profit or loss for the year		
Impairment of allowance for doubtful accounts	(622)	(563)
Provision for loss in auction of materials and spare parts	(3,000)	-
Subtotal to date	(3,622)	(563)
Other expenses, by nature		
Legal Expenses	(317)	(2,049)
VAT and other unrecoverable tax	(277)	(147)
Investment plan expenses	(3,311)	(2,363)
Donations rejected as expense	(395)	(386)
Indemnities paid		(871)
Other operating expenses	(624)	(1,490)
Subtotal to date	(4,924)	(7,306)
Total	(10,091)	(14,965)

	03/31/2012 ThUS\$	03/31/2011 ThUS\$
27.6 Other gains (losses)		
Adjustment of Equity Method, prior year	112	(109)
Sale of investment in associates	(309)	-
Other	246	-
Total	49	(109)

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

184

Notes to the consolidated financial statements as of March 31, 2012

Note 27 – Gains (losses) from operating activities in the statement of income by function of expenses, exposed according to their nature (continued)

27.7 Summary of expenses by nature :	03/31/2012 ThUS\$	03/31/2011 ThUS\$
Raw material and supplies	(232,738)	(164,475)
Types of employee benefits expenses		
Salaries and wages	(38,517)	(31,313)
Other short-term employee benefits	(13,866)	(18,241)
Termination benefit expenses	(371)	(1,361)
Total employee benefit expenses	(52,754)	(50,915)
Depreciation and amortization expenses		
Depreciation expense	(46,966)	(42,138)
Amortization expense	(492)	(420)
Impairment loss (review of impairment losses) recognized in profit or loss for the year	(10,063)	(1,014)
Other expenses, by nature	16,575	(69,110)
Total expenses, by nature	(326,438)	(328,072)

This table corresponds to the summary from Note 27.2 to 27.6 required by the Chilean Superintendence of Securities and Insurance

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 28 - Income Tax and Deferred Taxes

As of March 31, 2012 and December 31, 2011, this caption comprises the following:

28.1 Current tax assets:

	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Monthly provisional income tax payments, Chilean companies current year	959	1,758
Monthly provisional income tax payments, Chilean companies prior year	1,789	-
Monthly provisional income tax payments, foreign companies	347	857
Corporate tax credits (1)	2,246	394
Corporate tax absorbed by tax losses (2)	1,758	1,756
Total	7,099	4,765

These credits are available to companies and relate to the corporate tax payment in April of the following year.

(1) These credits include, amongst others, training expense credits (SENCE) and property, plant and equipment acquisition credits that are equivalent to 4% of the property, plant and equipment purchases made during the year.

In addition, some credits relate to the donations the Group has made during 2011 and 2010.

(2) This concept corresponds to the absorption of non-operating losses (NOL's) determined by the company at year end, which must be imputed or recorded in the Retained Taxable Profits Registry (FUT).

In accordance with the laws in force and as provided by article 31, No. 3 of the Income Tax Law, when profits recorded in the FUT that have not been withdrawn or distributed are totally or partially absorbed by NOL's, the corporate tax paid on such profits (20%, 17%, 16.5%, 16%, 15%, 10% depending on the year in which profits were generated) will be considered to be a provisional payment with respect to the portion representing the absorbed accumulated tax profits.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

186

Notes to the consolidated financial statements as of March 31, 2012

Note 28 - Income Tax and Deferred Taxes (continued)

28.1 Current tax assets, continued

Taxpayers are entitled to apply for a refund of this monthly provisional income tax payments on the absorbed profits recorded in the FUT registry via their tax returns (Form 22).

Therefore, the provisional payment for absorbed profits (PPAP) recorded in the FUT is in effect a recoverable tax, and as such the Company records it as an asset.

28.2 Current tax liabilities:

Current tax liabilities	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Companies incorporated in Chile	94,364	72,343
Companies incorporated abroad	4,281	3,068
Tax under article 21	8	7
Total	98,653	75,418

Income tax is determined on the basis of the determination of tax result to which the tax rate currently in force in Chile of 20% is applied.

The provision for royalty is determined by applying the tax rate determined for the Net operating income (NOI).

In conclusion, both concepts represent the estimated amount the Company will have to pay for income tax and specific tax on mining.

28.3 Tax earnings

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

As of March 31, 2012, and December 31, 2011, the Company and its subsidiaries have recorded the following consolidated balances for retained tax earnings, income not constituting revenue subject to income tax, accumulated tax losses and credit for shareholders:

	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Taxable profits with credit rights (1)	1,199,322	1,053,651
Taxable profits without credit rights (1)	188,082	150,234
Taxable loss	14,579	15,069
Credit for shareholders	278,688	242,143

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 28 - Income Tax and Deferred Taxes (continued)

28.3 Tax earnings, continued

The Retained Taxable Profits Registry (FUT) is a chronological registry where the profits generated and distributed by the company are recorded. The object of the FUT is to control the accumulated tax profits of the company that (1) may be distributed, withdrawn or remitted to the owners, shareholders or partners, and the final taxes that must be imposed, called in Chile Global Aggregate Tax (that levies persons resident or domiciled in Chile), or Withholding Tax (that levies persons “Not” resident or domiciled in Chile).

The FUT Register contains profits with credit rights and profits without credit rights, which arise out of the inclusion of the net taxable income determined by the company or the profits received by the company that may be dividends received or withdrawals made during the period.

Profits without credit rights represent the tax payable by the company within the year and filed the following year, therefore they will be deducted from the FUT Registry the following year.

Profits with credit rights may be used to reduce the final tax burden of owners, shareholders or partners, which upon withdrawal are entitled to use the credits associated with the relevant profits.

In summary, companies use the FUT Registry to maintain control over the profits they generate that have not been distributed to the owners and the relevant credits associated with such profits.

28.4 Income tax and deferred taxes

Assets and liabilities recognized in the Statement of financial position are offset if and only if:

¹ The Company has legally recognized before the tax authority the right to offset the amounts recognized in these entries; and

2 Deferred income tax assets and liabilities are derived from income tax related to the same tax authority on:

(i) the same entity or tax subject; or

different entities or tax subjects who intend either to settle current fiscal assets and liabilities for their net amount, (ii) or to realize assets and pay liabilities simultaneously in each of the future periods in which the Company expects to settle or recover significant amounts of deferred tax assets or liabilities.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 28 - Income Tax and Deferred Taxes (continued)

28.4 Income tax and deferred taxes, continued

Deferred income tax assets recognized are those income taxes to be recovered in future periods, related to:

(a) deductible temporary differences;

(b) the offset of losses obtained in prior periods and not yet subject to tax deduction; and

(c) the offset of unused credits from prior periods.

The Company recognizes a deferred tax asset when there is certainty that these can be offset with tax income from subsequent periods, losses or fiscal credits not yet used, but solely as long as it is more likely than not that there will be tax earnings in the future against which to charge to these losses or unused fiscal credits.

Deferred tax liabilities recognized refer to the amounts of income taxes payable in future periods related to taxable temporary differences

d.1 Income tax assets and liabilities as of March 31, 2011 are detailed as follows:

Description of deferred income tax assets and liabilities	Net position, assets		Net position, liabilities	
	Assets ThUS\$	Liabilities ThUS\$	Assets ThUS\$	Liabilities ThUS\$
Depreciation	-	-	-	119,483
Doubtful accounts impairment	-	-	4,244	-
Accrued vacations	-	-	2,476	-
Manufacturing expenses	-	-	-	57,473
Unrealized gains (losses) from sales of products	-	-	107,006	-

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

Fair value of bonds	-	-	2,853	-
Severance indemnity	-	-	-	4,177
Hedging	-	-	-	21,376
Inventory of products, spare parts and supplies	35	-	8,268	-
Research and development expenses	-	-	-	4,494
Tax losses	-	-	1,569	-
Capitalized interest	-	-	-	17,535
Expenses in assumption of bank loans	-	-	-	1,749
Unaccrued interest	-	-	316	-
Fair value of property, plant and equipment	-	-	1,539	-
Employee benefits	-	-	2,279	-
Royalty deferred income taxes	-	-	-	8,443
Other	217	-	4,952	-
Balance to date	252	-	135,502	234,730
Net balance	252	-	-	99,228

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 28 - Income Tax and Deferred Taxes (continued)

28.4 Income tax and deferred taxes, continued

d.2 Income tax assets and liabilities as of December 31, 2011 are detailed as follows:

Description of deferred income tax assets and liabilities	Net position, assets		Net position, liabilities	
	Assets ThUS\$	Liabilities ThUS\$	Assets ThUS\$	Liabilities ThUS\$
Depreciation	-	-	-	114,151
Doubtful accounts impairment	16	-	4,045	-
Vacation accrual	9	-	2,633	-
Production expenses	-	-	-	54,747
Unrealized gains (losses) from sales of products	-	-	97,441	-
Bonds fair value	-	-	2,104	-
Employee termination benefits	-	-	-	3,036
Hedging	-	-	-	16,636
Inventory of products, spare parts and supplies	85	-	7,781	-
Research and development expenses	-	-	-	4,598
Tax losses	-	-	1,046	-
Capitalized interest	-	-	-	17,461
Expenses in assumption of bank loans	-	-	-	1,855
Unaccrued interest	-	-	386	-
Fair value of property, plant and equipment	-	-	1,539	-
Employee benefits	-	-	1,177	-
Royalty deferred income taxes	-	-	-	10,035
Other	194	-	5,773	-
Balance to date	304	-	123,925	222,519
Net balance	304	-	-	98,594

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 28 - Income Tax and Deferred Taxes (continued)

28.4 Income tax and deferred taxes, continued

d.3 Deferred taxes related to benefits for tax losses

The Company's tax loss carryforwards (NOL carryforwards) were mainly generated by losses in Chile, which in accordance with current Chilean tax regulations have no expiration date.

As of March 31, 2012 and December 31, 2011, tax loss carryforwards (NOL carryforwards) are detailed as follows:

	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
Chile	1,569	1,046
Other countries	-	-
Balances to date	1,569	1,046

Tax losses as of December 31 correspond mainly to Servicios Integrales de Tránsitos y Transferencias S.A., Exploraciones Mineras e Isapre Norte Grande Ltda.

d.4 Unrecognized deferred income tax assets and liabilities

As of March 31, 2012 and December 31, 2011, tax loss carryforwards (NOL carryforwards) are detailed as follows:

	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
	Assets (liabilities)	Assets (liabilities)

Tax losses (NOL's)	139		139	
Doubtful accounts impairment	81		81	
Inventory impairment	1,020		1,020	
Pensions plan	(536	)	(536)
Accrued vacations	29		29	
Depreciation	(57	)	(57)
Other	(19	)	(19)
Balances to date	657		657	

Tax losses mainly relate to the United States, and they expire in 20 years.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 28 - Income Tax and Deferred Taxes (continued)

28.4 Income tax and deferred taxes, continued

d.5 Movements in deferred tax assets and liabilities

Movements in deferred tax assets and liabilities as of March 31, 2012 and December 31, 2011 are detailed as follows:

	03/31/2012	12/31/2011
	ThUS\$	ThUS\$
	Liabilities	Liabilities
	(assets)	(assets)
Deferred tax assets and liabilities, net opening balance	98,290	100,416
Increase (decrease) in deferred taxes in profit or loss	1,435	(3,664)
Tax Recovery of first category credit absorbed by tax losses	-	1,756
Increase (decrease) in deferred taxes in equity	(749)	(218)
Balances to date	98,976	98,290

d.6 Disclosures on income tax expense (income)

The Company recognizes current tax and deferred taxes as income or expenses, and they are included in profit or loss, unless they arise from:

(a) a transaction or event recognized in the same period or in a different period, outside profit or loss either in other comprehensive income or directly in equity; or

(b) a business combination

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

192

Notes to the consolidated financial statements as of March 31, 2012

Note 28 - Income Tax and Deferred Taxes (continued)

28.4 Income tax and deferred taxes, continued

Current and deferred tax expenses (income) are detailed as follows :

	03/31/2012	03/31/2011
	ThUS\$	ThUS\$
	Income	Income
	(expense)	(expense)
Current income tax expense		
Current income tax expense	(51,151)	(39,012)
Adjustments to prior year current income tax	(274)	-
Current income tax expense, net, total	(51,425)	(39,012)
Deferred tax expense		
Deferred tax expense (income) relating to the creation and reversal of temporary differences	(1,346)	56
Deferred tax expense (income) relating changes in tax rates or the application of new taxes	-	-
Deferred tax expense, net, total	(1,346)	56
Tax expense (income)	(52,771)	(38,956)

Tax expenses (income) for foreign and domestic parties are detailed as follows:

	03/31/2012	03/31/2011
	ThUS\$	ThUS\$
	Income	Income
	(expense)	(expense)
Current income tax expense by foreign and domestic parties, net		
Current income tax expense, foreign parties, net	(5,485)	388
Current income tax expense, domestic, net	(45,940)	(39,400)
Current income tax expense, net, total	(51,425)	(39,012)

Deferred tax expense by foreign and domestic parties, net				
Deferred tax expense, foreign parties, net	164	(404)	
Deferred tax expense, domestic, net	(1,510	)	460
Deferred tax expense, net, total	(1,346	)	56
Income tax expense	(52,771)	(38,956)

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 28 - Income Tax and Deferred Taxes (continued)

28.4 Income tax and deferred taxes, continued

d.7 Equity interest in taxation attributable to equity-accounted investees

The Company does not recognize any deferred tax liability in all cases of taxable temporary differences associated with investments in subsidiaries, branches and associated companies or interest in joint ventures, because as indicated in the standard, the following two conditions are jointly met

- (a) the parent, investor or interest holder is able to control the time for reversal of the temporary difference; and
- (b) It is more likely than not that the temporary difference is not reversed in the foreseeable future.

In addition, the Company does not recognize deferred income tax assets for all deductible temporary differences from investments in subsidiaries, branches and associated companies or interests in joint ventures because it is not possible to meet for the following requirements:

- (a) Temporary differences are reversed in a foreseeable future; and
- (b) The Company has tax earnings, against which temporary differences can be used.

d.8 Revelations on the tax effects of other comprehensive income components:

Income tax related to components of other income and expense with a charge or credit to net equity	Amount before taxes	03/31/2012 ThUS\$ Expense (income) for income taxes	Amount after taxes
Cash flow hedge	(3,708	) 749	(2,959)

Total	3,708	749	(2,959)
-------	-------	-----	----------

	Amount before taxes	03/31/2011 ThUS\$ Expense (income) for income taxes	Amount after taxes
Income tax related to components of other income and expense with a charge or credit to net equity			
Cash flow hedge	(2,900)	580	(2,320)
Total	(2,900)	580	(2,320)

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 28 - Income Tax and Deferred Taxes (continued)

28.4 Income tax and deferred taxes, continued

d.9 Explanation of the relationship between expense (income) for tax purposes and accounting income

In accordance with paragraph No. 81, letter c) of IAS 12, the Company has estimated that the method that discloses more significant information for the users of its financial statements is the reconciliation of tax expense (income) to the result of multiplying income for accounting purposes by the tax rate in force in Chile. This option is based on the fact that the Parent and its subsidiaries incorporated in Chile generate almost the total amount of tax expense (income) and the fact that amounts of subsidiaries incorporated in foreign countries have no relevant significance within the context of the total amount of tax expense (income.)

Reconciliation of numbers in income tax expenses (income) and the result of multiplying financial gain by the rate prevailing in Chile

	03/31/2012		03/31/2011	
	ThUS\$		TUS\$	
	Income		Income	
	(expense)		(expense)	
Consolidated income before taxes	204,524		151,087	
Income tax rate in force in Chile	20	%	20	%
Tax expense using the legal rate	(40,905	)	(30,217)
Effect of royalty tax expense	(4,713	)	(6,582)
Tax effect of non-taxable revenue	2,455		990	
Tax effect of rates in other jurisdictions	(403	)	(852)
Tax effect of tax rates supported abroad	1,739		(718)
Effect on the tax rate arising from changes in the tax rate	-		-	
Other effects from the reconciliation between carrying amount and the tax expense (income)	(10,944	)	(1,577)
Tax expense using the effective rate	(52,771	)	(38,956)

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

195

Notes to the consolidated financial statements as of March 31, 2012

Note 28 - Income Tax and Deferred Taxes (continued)

28.4 Income tax and deferred taxes, continued

d.10 Tax periods potentially subject to verification:

The Group's Companies are potentially subject to income tax audits by tax authorities in each country. These audits are limited to a number of interim tax periods, which, in general, when they elapse, give rise to the expiration of these inspections.

Tax audits, due to their nature, are often complex and may require several years. Below, we provide a summary of tax periods that are potentially subject to verification, in accordance with tax regulations in force in the country of origin:

a) Chile

According to article 200 of Decree Law No. 830, the tax authority shall review for any deficiencies in its settlement and taxes turn giving rise, by applying a requirement of 3 years term from the expiration of the legal deadline when payment should have been made. Besides, this requirement was extended to 6 years term for the revision of taxes subject to declaration, when such declaration was not been filed or has been presented maliciously false.

b) United States

In the United States, the tax authority may review tax returns for up to 3 years from the expiration date of the tax return. In the event that an omission or error is detected in the tax return of sales or cost of sales, the review can be extended for a period of up to 6 years.

c) Mexico:

In Mexico, the tax authority can review tax returns up to 5 years from the expiration date of the tax return.

d)

Spain:

In Spain, the tax authority can review tax returns up to 4 years from the expiration date of the tax return.

e)

Belgium:

In Belgium, the tax authority may review tax returns for up to 3 years from the expiration date of the tax return if no tax losses exist. In the event of detecting an omission or error in the tax return, the review can be extended for a period of up to 5 years.

f)

South Africa:

In South Africa, the tax authority may review tax returns for up to 3 years from the expiration date of the tax return. In the event an omission or error in the tax return is detected, the review can be extended for a period of up to 5 years.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 29 - Disclosures on the effects of fluctuations in foreign currency

exchange rates

Assets held in foreign currency are detailed as follows:

Class of asset	Currency	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Current assets:			
Cash and cash equivalents	ARS	2	-
Cash and cash equivalents	BRL	47	22
Cash and cash equivalents	CLP	237,358	125,118
Cash and cash equivalents	CNY	841	300
Cash and cash equivalents	EUR	6,052	3,070
Cash and cash equivalents	GBP	5	14
Cash and cash equivalents	IDR	5	5
Cash and cash equivalents	INR	30	45
Cash and cash equivalents	MXN	153	29
Cash and cash equivalents	PEN	5	16
Cash and cash equivalents	YEN	1,821	2,292
Cash and cash equivalents	ZAR	3,528	5,450
Subtotal cash and cash equivalents		249,847	136,361
Other current financial assets	CLF	21,224	-
Other current financial assets	CLP	100,451	129,069
Subtotal other current financial assets		121,675	129,069
Other current non-financial assets	ARS	35	35
Other current non-financial assets	AUD	19	91
Other current non-financial assets	BRL	4	4
Other current non-financial assets	CLF	13	22
Other current non-financial assets	CLP	18,201	46,366
Other current non-financial assets	CNY	35	16
Other current non-financial assets	EUR	5,663	4,504
Other current non-financial assets	INR	16	17
Other current non-financial assets	MXN	414	606
Other current non-financial assets	PEN	30	37
Other current non-financial assets	YEN	3	-
Other current non-financial assets	ZAR	4,931	1,443
Subtotal other current non-financial assets		29,364	53,141
Trade and other receivables	AUD	338	-
Trade and other receivables	BRL	104	41

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

Trade and other receivables	CLF	1,083	1,172
Trade and other receivables	CLP	118,103	107,973
Trade and other receivables	CNY	1,684	1,811
Trade and other receivables	EUR	95,144	60,382
Trade and other receivables	GBP	932	488
Trade and other receivables	MXN	135	141
Trade and other receivables	PEN	148	211
Trade and other receivables	ZAR	17,465	16,004
Subtotal trade and other receivables		235,136	188,223
Receivables from related parties	AED	379	379
Receivables from related parties	CLP	399	999
Receivables from related parties	EUR	7,800	150
Receivables from related parties	YEN	27	93
Receivables from related parties	ZAR	902	-
Subtotal receivables from related parties		9,507	1,621
Current tax assets	CLP	292	590
Current tax assets	EUR	72	70
Current tax assets	MXN	272	6
Current tax assets	PEN	318	239
Current tax assets	YEN	-	34
Current tax assets	ZAR	1,214	-
Subtotal current tax assets		2,168	939
Total current assets		647,697	509,354

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 29 - Disclosures on the effects of fluctuations in foreign currency**exchange rates (continued)**

Class of asset	Currency	03/31/2012 ThUS\$	12/31/2011 ThUS\$
Non-current assets:			
Other non-current financial assets	BRL	31	30
Other non-current financial assets	CLP	20	20
Other non-current financial assets	EUR	3	3
Other non-current financial assets	YEN	57	61
Subtotal other non-current financial assets		111	114
Other non-current non-financial assets	BRL	245	238
Other non-current non-financial assets	CLP	566	477
Other non-current non-financial assets	CNY	23	-
Subtotal other non-current non-financial assets		834	715
Non-current rights receivable	CLF	322	362
Non-current rights receivable	CLP	941	709
Subtotal non-current rights receivable		1,263	1,071
Equity-accounted investees	AED	15,681	14,236
Equity-accounted investees	CLP	1,824	1,444
Equity-accounted investees	EGP	-	1,270
Equity-accounted investees	EUR	5,236	3,102
Equity-accounted investees	INR	902	785
Equity-accounted investees	THB	567	1,561
Equity-accounted investees	TRY	12,796	12,256
Subtotal equity-accounted investees		37,006	34,654
Intangible assets other than goodwill	CLP	78	42
Intangible assets other than goodwill	CNY	8	-
Subtotal intangible assets other than goodwill		86	42
Property, plant and equipment	CLP	2,599	3,264
Subtotal property, plant and equipment		2,599	3,264
Total non-current assets		41,899	39,860
Total assets		689,596	549,214

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

198

Notes to the consolidated financial statements as of March 31, 2012

Note 29 - Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)

Liabilities held in foreign currency are detailed as follows:

Class of liability	Currency	03/31/2012			12/31/2011		
		Up To 90 Days ThUS\$	Over 90 Days Up To One Year ThUS\$	Total ThUS\$	Up To 90 Days ThUS\$	Over 90 Days Up To One Year ThUS\$	Total ThUS\$
Current liabilities							
Other current financial liabilities	CLF	4,830	5,308	10,138	3,769	6,987	10,756
Other current financial liabilities	CLP	-	700	700	1,354	451	1,805
Subtotal other current financial liabilities		4,830	6,008	10,838	5,123	7,438	12,561
Trade and other payables	ARS	-	-	-	3	-	3
Trade and other payables	BRL	329	-	329	320	-	320
Trade and other payables	CHF	224	-	224	221	-	221
Trade and other payables	CLP	88,227	-	88,227	115,694	236	115,930
Trade and other payables	CNY	2,362	-	2,362	1,821	-	1,821
Trade and other payables	EUR	13,862	633	14,495	12,265	181	12,446
Trade and other payables	GBP	50	-	50	24	-	24
Trade and other payables	INR	1	-	1	1	-	1
Trade and other payables	MXN	660	-	660	426	-	426
Trade and other payables	PEN	-	-	-	31	-	31
Trade and other payables	YEN	70	-	70	124	-	124
Trade and other payables	ZAR	1,742	-	1,742	2,831	108	2,939
Subtotal trade and other payables		107,527	633	108,160	133,761	525	134,286
Other short-term provisions	ARS	61	-	61	62	-	62
Other short-term provisions	BRL	-	1,503	1,503	-	1,459	1,459
Other short-term provisions	CLP	11	-	11	29	-	29
Other short-term provisions	EUR	92	-	92	140	-	140
Other short-term provisions	MXN	250	-	250	-	250	250
Other short-term provisions	ZAR	4,336	-	4,336	-	-	-
Subtotal other short-term provisions		4,750	1,503	6,253	231	1,709	1,940
Current tax liabilities	CLP	-	2,871	2,871	-	2,129	2,129
Current tax liabilities	CNY	-	-	-	49	-	49
Current tax liabilities	EUR	-	-	-	-	2,011	2,011
Current tax liabilities	MXN	-	-	-	140	-	140
Current tax liabilities	YEN	-	-	-	-	386	386
Current tax liabilities	ZAR	-	-	-	-	109	109
Subtotal current tax liabilities		-	2,871	2,871	189	4,635	4,824

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

Current provisions for employee benefits	CLP	562	16,653	17,215	6,915	22,807	29,722
Current provisions for employee benefits	MXN	361	1	362	-	334	334
Subtotal current provisions for employee benefits		923	16,654	17,577	6,915	23,141	30,056

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 29 - Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)

Class of liabilities	Currency	03/31/2012			12/31/2011		
		Up To 90 Days ThUS\$	Over 90 Days Up To One Year ThUS\$	Total ThUS\$	Up To 90 Days ThUS\$	Over 90 Days Up To One Year ThUS\$	Total ThUS\$
Other current non-financial liabilities	BRL	11	29	40	12	44	56
Other current non-financial liabilities	CLP	15,882	14,353	30,235	7,464	36,006	43,470
Other current non-financial liabilities	CNY	4	-	4	12	-	12
Other current non-financial liabilities	EUR	686	74	760	631	-	631
Other current non-financial liabilities	MXN	130	87	217	1,331	53	1,384
Other current non-financial liabilities	PEN	70	-	70	118	-	118
Other current non-financial liabilities	ZAR	6	-	6	-	-	-
Subtotal other current non-financial liabilities		16,789	14,543	31,332	9,568	36,103	45,671
Total current liabilities		134,819	42,212	177,031	155,787	73,551	229,338

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

Notes to the consolidated financial statements as of March 31, 2012

Note 29 - Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)

Class of liabilities	Currency	03/31/2012			Total ThUS\$	12/31/2011			
		Over 1 year up to 3 years ThUS\$	Over 3 years up to 5 years ThUS\$	Over 5 years ThUS\$		Currency	Over 1 year up to 3 years ThUS\$	Over 3 years up to 5 years ThUS\$	Over 5 years ThUS\$
Non-current liabilities									
Other non-current financial liabilities	CLF	82,882	13,872	250,374	347,128	76,853	12,881	232,131	321,865
Other non-current financial liabilities	CLP	149,140	-	-	149,140	139,770	-	-	139,770
Subtotal other non-current financial liabilities		232,022	13,872	250,374	496,268	216,623	12,881	232,131	461,635
Deferred tax liabilities	CLP	-	-	15	15	57	-	56	113
Deferred tax liabilities	MXN	466	-	-	466	590	-	-	590
Subtotal deferred tax liabilities		466	-	15	481	647	-	56	703
Non-current provisions for employee benefits	CLP	-	-	29,635	29,635	-	-	27,573	27,573
Non-current provisions for employee benefits	MXN	-	-	107	107	-	-	520	520
Non-current provisions for employee benefits	YEN	-	-	492	492	-	-	94	94
Subtotal non-current provisions for employee benefits		-	-	30,234	30,234	-	-	28,187	28,187
Total non-current liabilities		232,488	13,872	280,623	526,983	217,270	12,881	260,374	490,525

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

201

Notes to the consolidated financial statements as of March 31, 2012

Note 30 - Subsequent events

30.1 Authorization of the financial statements

The consolidated financial statements of Sociedad Química y Minera de Chile S.A. and subsidiaries prepared in accordance with International Financial Reporting Standards for the period ended March 31, 2012 were approved and authorized for issuance by the Board of Directors at their meeting held on May 29, 2012.

30.2 Disclosures on subsequent events

At the 37th Ordinary Shareholder's Meeting held on April 26, 2012, it was agreed to pay a final dividend of US\$1.03679 per share due to the net profits obtained during the commercial year 2011. US\$0.73329 per share must be discounted from such dividend payment due to the interim dividend already paid. In line with this, the balance, amounting to US\$ 0.30350 per share, will be paid and distributed among shareholders of the Company who are registered with their respective registry as of the fifth business day prior to the day in which this dividend will be paid. Such amount will be paid in its equivalent in Chilean pesos according to the value of the "Observed dollar" or "USA dollar" published in the Official Gazette as of April 26, 2012.

Management is not aware of any other significant events that occurred between March 31, 2012 and the date of issuance of these consolidated financial statements that may significantly affect them.

30.3 Detail of dividends declared after the balance sheet date

As of the closing date of these financial statements, there are no dividends declared after the reporting date.

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

202

Notes to the consolidated financial statements as of March 31, 2012

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: August 22, 2012

SQM

Los Militares 4290

Las Condes, Santiago, Chile

Tel: (56 2) 425 2000

www.sqm.com

203