

CHEMICAL & MINING CO OF CHILE INC
Form 6-K
December 08, 2009

UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

Includes financial statements and their related notes for the nine-month period ended September 30, 2009 filed by Sociedad Química y Minera de Chile S.A. before the Superintendencia de Valores y Seguros de Chile on October 27, 2009.

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

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

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

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

Form 20-F

Form 40-F

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

Yes

No

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

On October 27, 2009, the Registrant filed with the Superintendencia de Valores y Seguros of Chile (the "SVS") a report that included information as to the Registrant's consolidated financial condition and results of operations for the nine-month period ended September 30, 2009. Attached is a summary of such consolidated financial information included in the summary and in the report filed with the Superintendencia de Valores y Seguros of Chile. This financial information was prepared on the basis of accounting principles generally accepted in Chile and does not include a reconciliation of such information to accounting principles generally accepted in the United States of America.

THIS REPORT IS AN ENGLISH TRANSLATION OF, AND A CHILEAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES PRESENTATION OF, THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2009 REPORT FILED WITH THE SUPERINTENDENCIA DE VALORES Y SEGUROS (SVS) IN CHILE, AND UNLESS OTHERWISE INDICATED, FIGURES ARE IN US DOLLARS.

Consolidated Financial Statements

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Santiago, Chile
September 30, 2009 and 2008

Consolidated Financial Statements

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

As of September 30, 2009 and 2008
and for the nine month periods ended September 30, 2009 and 2008
(A translation of the original in Spanish- see note 2 (a))

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

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

	Note	As of September 30,	
		2009 ThUS\$	2008 ThUS\$
ASSETS			
Current assets			
Cash		22,071	22,360
Time deposits	33	270,742	77,763
Marketable securities	4	192,315	56,717
Accounts receivable, net	5	279,808	338,798
Other accounts receivable, net	5	68,102	73,307
Accounts receivable from related companies	6	77,698	58,989
Inventories, net	7	646,671	562,517
Recoverable taxes		64,168	43,802
Prepaid expenses		5,184	5,531
Deferred income taxes	15	33,969	16,265
Other current assets		51,530	34,357
Total current assets		1,712,258	1,290,406
Property, plant and equipment, net	8	1,264,408	1,045,724
Other Assets			
Investments in related companies	9	34,282	36,824
Goodwill, net	10	30,269	32,548
Negative goodwill, net	10	(1,074)	(1,279)
Long-term accounts receivable, net	5	1,417	1,044
Long-term accounts receivable from related companies	6	-	2,000
Intangible assets, net		2,622	3,285
Other long-term assets	11	43,104	34,563
Total Other Assets		110,620	108,985
Total assets		3,087,286	2,445,115

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

	Note	As of September 30,	
		2009 ThUS\$	2008 ThUS\$
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term bank debt	12	99,784	22,388
Current portion of long-term debt	12	100,917	1,114
Obligations with the public (commercial papers)	13	53,881	-
Current portion of bonds payable	13	14,957	12,717
Dividends payable		795	546
Accounts payable		156,597	138,820
Other accounts payable		364	364
Notes and accounts payable to related companies	6	765	553
Accrued liabilities	14	52,077	60,706
Withholdings		7,985	11,399
Income taxes		12,439	68,162
Deferred income	32	30,780	55,873
Deferred income taxes	15	-	-
Other current liabilities		2,646	7,797
Total current liabilities		533,987	380,439
Long-term liabilities			
Long-term bank debt	12	275,000	180,000
Long-term Obligations with the Public (Bonds)	13	634,544	299,941
Other accounts payable		242	515
Deferred income taxes	15	60,559	55,005
Long-term accrued liabilities	16	49,500	31,706
Total long-term liabilities		1,019,845	567,167
Minority interest	17	43,721	51,363
Shareholders' equity			
Paid-in capital	18	477,386	477,386
Other reserves	18	160,563	163,095
Retained earnings	18	851,784	805,665
Total shareholders' equity		1,489,733	1,446,146
Total liabilities and shareholders' equity		3,087,286	2,445,115

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

	Note	For the nine months ended September 30,	
		2009 ThUS\$	2008 ThUS\$
Operating results			
Sales		1,049,182	1,376,225
Cost of sales		(648,453)	(830,804)
Gross margin		400,729	545,421
Selling and administrative expenses		(58,763)	(64,037)
Operating income		341,966	481,384
Non-operating results			
Non-operating income	20	19,044	32,245
Non-operating expenses	20	(49,637)	(44,085)
Non-operating loss		(30,593)	(11,840)
Income before income taxes		311,373	469,544
Income tax expense	15	(60,434)	(80,988)
Income before minority interest		250,939	388,556
Minority interest	17	758	(7,485)
Net income before negative goodwill		251,697	381,071
Net income		251,697	381,071

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

	Note	For the nine months ended 2009 ThUS\$	2008 ThUS\$
Cash flows from operating activities			
Net income		251,697	381,071
Charges (credits) to income not representing cash flows			
Depreciation expense	8	112,428	83,535
Amortization of intangible assets		493	528
Write-offs and accruals		38,033	19,090
Gain on equity investments in related companies		(2,562)	(13,497)
Loss on equity investments in related companies		850	33
Amortization of goodwill	10	1,632	1,669
(Profit) loss on sales of assets		(196)	(2,939)
Los from sale of investments		-	(1,387)
Other credits to income not representing cash flows		(3,538)	(3,556)
Other charges to income not representing cash flows		114,184	172,690
Foreign exchange difference, net		8,528	7,585
Net changes in operating assets and liabilities (Increase) decrease:			
Trade accounts receivable		9,111	(185,802)
Inventories		(117,527)	(199,902)
Other assets		(63,382)	(11,994)
Accounts payable		(16,352)	58,619
Interest payable		34,236	990
Net income taxes payable		(159,469)	(40,705)
Other accounts payable		(24,367)	-
VAT and taxes payable		3,126	(13,802)
Minority interest	17	(758)	7,486
Net cash provided from operating activities		186,167	259,712
Cash flows from financing activities			
Proceeds from short term bank financing		270,809	70,239
Bonds payable		372,347	-
Payment of dividends		(243,976)	(115,990)
Repayment of bank financing		(160,000)	(50,000)
Payment of obligations with the public		(2,788)	(3,138)
Payment of expenses for the issuance and placement of bonds payable		(4,447)	-
Net cash used in financing activities		231,945	(98,889)
Cash flows from investing activities			
Sales of property, plant and equipment		1,729	25,382
Sales of permanent investments		-	1,688
Other investing income		2,121	-
Additions to property, plant and equipment		(257,074)	(183,671)
Capitalized interest		(13,089)	(7,405)

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Other disbursements	(1,662)	(565)
Net cash used in investing activities	(267,975)	(164,571)
Effect of inflation on cash and cash equivalents	14,615	547
Net change in cash and cash equivalents	164,752	(3,201)
Beginning balance of cash and cash equivalents	323,920	164,213
Ending balance of cash and cash equivalents	488,672	161,012

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

Note 1 – Company Background

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

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

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

Note 2 – Summary of Significant Accounting Policies

a) Basis for the preparation of the consolidated financial statements

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

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

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

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

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

	Direct or indirect ownership	
	2009 %	2008 %
Foreign subsidiaries:		
Nitrate Corp. of Chile Limited (United Kingdom)	100.00	100.00
Soquimich SRL – Argentina	100.00	100.00
Nitratos Naturais do Chile Ltda. (Brazil)	100.00	100.00
SQM Europe NV (Belgium)	100.00	100.00
SQM North America Corp. (USA)	100.00	100.00
North American Trading Company (USA)	100.00	100.00
SQM Peru S.A.	100.00	100.00
SQM Corporation N.V. (Dutch Antilles)	100.00	100.00
S.Q.I. Corporation N.V. (Dutch Antilles)	100.00	100.00
Soquimich European Holding B.V. (Holland)	100.00	100.00
SQMC Holding Corporation L.L.P. (USA)	100.00	100.00
SQM Ecuador S.A.	100.00	100.00
SQM Investment Corporation N.V. (Dutch Antilles)	100.00	100.00
SQM Brasil Ltda.	100.00	100.00
Royal Seed Trading Corporation A.V.V. (Aruba)	100.00	100.00
SQM Japon Co. Ltd.	100.00	100.00
SQM Oceanía PTY Limited (Australia)	100.00	100.00
SQM France S.A.	100.00	100.00
RS Agro-Chemical Trading A.V.V. (Aruba)	100.00	100.00
SQM Comercial de México S.A. de C.V.	100.00	100.00
SQM Indonesia	80.00	80.00
SQM Virginia L.L.C. (USA)	100.00	100.00
SQM Venezuela S.A.	100.00	100.00
SQM Italia SRL (Italy)	100.00	100.00
Comercial Caiman Internacional S.A. (Cayman Islands)	100.00	100.00
SQM Africa PTY (South Africa)	100.00	100.00
Administración y Servicios Santiago S.A. de C.V. (Mexico)	100.00	100.00
SQM Lithium Specialties L.L.P. (USA)	100.00	100.00
SQM Nitratos México S.A. de C.V. (México)	51.00	51.00
Fertilizantes Naturales S.A.	66.67	66.67
Iodine Minera B.V.	100.00	100.00
SQM Dubai – FZCO.	100.00	100.00

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

	Direct or indirect ownership	
	2009 %	2008 %
Domestic subsidiaries:		
Servicios Integrales de Tránsitos y Transferencias S.A.	100.00	100.00
Soquimich Comercial S.A.	60.64	60.64
Isapre Norte Grande Ltda.	100.00	100.00
Almacenes y Depósitos Ltda.	100.00	100.00
Ajay SQM Chile S.A.	51.00	51.00
SQM Nitratos S.A.	100.00	100.00
Proinsa Ltda.	60.58	60.58
SQM Potasio S.A.	100.00	100.00
SQMC International Limitada.	60.64	60.64
SQM Salar S.A.	100.00	100.00
SQM Industrial S.A.	100.00	100.00
Minera Nueva Victoria S.A.	100.00	100.00
Exploraciones Mineras S.A.	100.00	100.00
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	100.00	100.00
Comercial Hydro S.A.	60.64	60.64
Agrorama Callegari Ltda.	42.45	-

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

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

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

Note 2 - Summary of Significant Accounting Policies (continued)

b) Period

These consolidated financial statements have been prepared for the nine month period as of September 30, 2009 and 2008.

c) Reporting currency and monetary correction

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

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

The financial statements of domestic subsidiaries, which maintain their accounting records in Chilean pesos have been restated to reflect the effects of variations in the purchasing power of Chilean pesos during the year. For this purpose, and in accordance with Chilean regulations, non-monetary assets and liabilities, equity and income statement accounts have been restated in terms of year-end constant pesos based on the change in the consumer price index during the year (2.8% and 6.9% in 2009 and 2008, respectively). The resulting net charge or credit to income arises as a result of the gain or loss in purchasing power from the holding of non-U.S. dollar denominated monetary assets and liabilities exposed to the effects of inflation.

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

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

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

Note 2 - Summary of Significant Accounting Policies (continued)

d) Foreign currency

i) Foreign currency transactions

Monetary assets and liabilities denominated in Chilean pesos and other currencies have been translated to U.S. dollars at the observed exchange rates determined by the Central Bank of Chile in effect at each year-end of Ch\$ 550.36 per US\$1 at September 30, 2009 and Ch\$ 551.31 per US\$1 at September 30, 2008.

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

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

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

- Balance sheet accounts are translated to U.S. dollars at the year-end exchange rate without eliminating the effects of price-level restatement.
 - Income statement accounts are translated to U.S. dollars at the average exchange rate each month. The monetary correction account on the income statement, which is generated by the inclusion of price-level restatement on the non-monetary assets and liabilities and shareholders’ equity, is translated to U.S. dollars at the average exchange rate for each month.
- Translation gains and losses, as well as the price-level restatement to the balance sheet mentioned above, are included as an adjustment in shareholders’ equity, in conformity with Circular No. 1,697 of the SVS.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

- Monetary assets and liabilities are translated at year-end exchange rates between the US dollar and the local currency.
- All non-monetary assets and liabilities and shareholders' equity are translated at historical exchange rates between the US dollar and the local currency.
- Income and expense accounts are translated at average exchange rates between the US dollar and the local currency.
- Any exchange differences are included in the results of operations for the period.

d) Foreign currency (continued)

Foreign exchange differences for the period ended September 30, 2009 and 2008 generated net earnings (loss) of ThUS\$ (8,528) and ThUS\$ (7,585) respectively, which have been charged to the consolidated statements of income in each respective period.

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

	2009 US\$	2008 US\$
Brazilian Real	1.78	1.96
New Peruvian Sol	3.19	3.19
Argentine Peso	3.85	3.15
Japanese Yen	98.25	118.50
Euro	0.68	0.68
Mexican Peso	13.55	10.94
Australian Dollar	1.14	1.27
Pound Sterling	0.61	0.56
Ecuadorian Sucre	1.00	1.00
South African Rand	7.44	8.17

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

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

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

Note 2 - Summary of Significant Accounting Policies (continued)

e) Cash and cash equivalents

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

The Company defines cash flows from operating activities as all inflows and outflows of cash that are directly related to its operations and, in general, all cash flows not defined as being from investing or financing activities.

f) Time Deposits

Time deposits are recorded at cost plus accrued interest.

g) Marketable securities

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

h) Allowance for doubtful accounts

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

i) Inventories and materials

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

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

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

j) Income taxes and deferred income taxes

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

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

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

Note 2 - Summary of Significant Accounting Policies (continued)

j) Income and deferred taxes (continued)

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

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

k) Property, plant and equipment

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

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

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

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

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

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

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

Note 2 - Summary of Significant Accounting Policies (continued)

l) Investments in related companies

Investments in related companies over which the Company has significant influence, are included in other assets and are recorded using the equity method of accounting, in accordance with SVS Circulars Nos. 368 and 1,697 and Technical Bulletins Nos. 64 and 72 issued by the Chilean Association of Accountants. Accordingly, the Company's proportional share in the net income or loss of each investee is recognized in the non-operating income and expense classification in the consolidated statements of income on an accrual basis, after eliminating any unrealized profits from transactions with the related companies.

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

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

m) Goodwill and negative goodwill

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

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

Modification of fair value, goodwill or negative goodwill are performed within a year from the date of acquisition.

n) Intangible assets

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

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

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

Note 2 - Summary of Significant Accounting Policies (continued)

o) Mining development cost

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

Prospecting expenses for mining claims where the product is low grade and not economically exploitable, are charged directly to income.

p) Accrued employee severance

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

q) Vacations

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

r) Saleback operations

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

s) Derivative Contracts

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

t) Reclassifications

For comparison purposes, certain reclassifications have been made to the 2008 financial statements.

u) Revenue recognition

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

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

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

Note 2 - Summary of Significant Accounting Policies (continued)

Income from sales by installments is determined discounting the cash nominal value, using the interest rate implicit for this type of sale. In this manner, interest not accrued at financial statement closing date is presented as a decrease in the value of the respective documents and as it accrues during the course of time, it is recognized as interest income.

v) Computer software

Computational systems developed internally using the Company's personnel and materials are charged to income during the year in which the expenses are incurred. In accordance with Circular No. 1.819 dated November 14, 2007 of the SVS, computer systems acquired by the Company are recorded at cost

w) Research and development expenses

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

x) Obligations with the public (Bonds payable)

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

y) Negotiable Instruments – Promissory Notes

Negotiable Instruments with a charge to line No. 46 of the Securities Registry of the Superintendence of Securities and Insurance are valued in Chilean pesos plus accrued interest.

z) Provisions for mine closure costs

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

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

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

Note 2 - Summary of Significant Accounting Policies (continued)

aa) Deferred income

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

ab) Employee benefits

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

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

Note 3 - Changes in Accounting Principles

During the period ended September 30, 2009, there were no other changes in the application of generally accepted accounting principles in Chile compared to the prior year, which could significantly affect the interpretation of these consolidated financial statements.

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

Note 4 - Marketable Securities

As of September 30 marketable securities are detailed as follows:

	2009 ThUS\$	2008 ThUS\$
Mutual funds	192,315	56,717
Total	192,315	56,717

Mutual funds relate to investments made in 'Citifunds Institutional Liquid Reserve Limited' for ThUS\$ 63,387 (ThUS\$ 52,073 in 2008) in 'Merrill Lynch Institutional Liquidity Fund' for ThUS\$ 64,422 (ThUS\$ 4,644 in 2008), in JPM USDollar Money Market Fund ThUS\$ 64,506 (ThUS\$ 0 in 2008).

These funds are highly liquid and basically invest in fixed income instruments with less than 90 days duration.

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

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

	Up to 90 days		Between 90 days and 1 year		Total Short-term (net)	
	2009 ThUS\$	2008 ThUS\$	2009 ThUS\$	2008 ThUS\$	2009 ThUS\$	2008 ThUS\$
Short-term						
Trade accounts receivable	234,194	266,249	60,428	82,264	294,622	348,513
Allowance for doubtful accounts					(14,814)	(9,715)
Notes receivable	40,386	26,131	22,025	37,308	62,411	63,439
Allowance for doubtful accounts					(6,241)	(6,684)
Accounts receivable, net					335,978	395,553
Other accounts receivable	12,580	13,665	824	4,001	13,404	17,666
Allowance for doubtful accounts					(1,472)	(1,114)
Other accounts receivable, net					11,932	16,552
Long-term receivables					1,417	1,044

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

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

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

	Chile		Europe		Asia and Oceania		USA, Mexico and Canada		Latin America and the Caribbean		Total	
	2009 ThUS\$	2008 ThUS\$	2009 ThUS\$	2008 ThUS\$	2009 ThUS\$	2008 ThUS\$	2009 ThUS\$	2008 ThUS\$	2009 ThUS\$	2008 ThUS\$	2009 ThUS\$	2008 ThUS\$
Short-term Accounts Receivable	74,815	182,686	120,815	106,137	25,522	8,914	32,103	38,429	26,553	2,632	279,808	338,100
Total	26.74%	53.92%	43.18%	31.33%	9.12%	2.63%	11.47%	11.34%	9.49%	0.78%	100,00%	100,00%
Short-term Accounts Receivable	36,848	54,493	15,980	-	-	-	-	-	3,342	2,262	56,170	56,170
Total	65.60%	96.01%	28.45%	-	-	-	-	-	5.95%	3.99%	100,00%	100,00%
Short-term Accounts Receivable	10,601	15,434	850	343	12	161	383	526	86	88	11,932	11,932
Total	88.85%	93.25%	7.12%	2.07%	0.10%	0.97%	3.21%	3.18%	0.72%	0.53%	100,00%	100,00%
Short-term Accounts Receivable, net of allowance	122,264	252,613	137,645	106,480	25,534	9,075	32,486	38,955	29,981	4,982	347,910	411,100
Total	35.14%	61.30%	39.56%	25.84%	7.34%	2.20%	9.34%	9.45%	8.62%	1.21%	100,00%	100,00%
Short-term Accounts Receivable, net of allowance	1,417	1,044	-	-	-	-	-	-	-	-	1,417	1,417
Total	100.00%	100.00%	-	-	-	-	-	-	-	-	100,00%	100,00%

short
 term
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 available,

e	123,681	253,657	137,645	106,480	25,534	9,075	32,486	38,955	29,981	4,982	349,327	41
tal	35.41%	61.39%	39.40%	25.77%	7.31%	2.20%	9.30%	9.43%	8.58%	1.21%	100,00%	10

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

Note 6 - Balances and Transactions with Related Parties

Balances with related companies are generated by commercial transactions which accrue no interest under normal conditions in force for this type of operations in respect to term and market price.

Expiration conditions for each case vary depending on the transaction which generated it.

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

a) Amounts included in balances with related parties as of September 30, 2009 and 2008 are as follows:

	Short-term		Long-term	
	2009	2008	2009	2008
Accounts receivable	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Doktor Tarsa Tarim Sanayi AS	5,810	13,908	-	-
Nutrisi Holding N.V.	1,771	1,790	-	-
Ajay Europe S.A.R.L.	2,480	2,769	-	-
Ajay North America LLC	2,208	4,505	-	-
Abu Dhabi Fertilizer Industries WWL	3,110	6,904	-	2,000
NU3 B.V.	1,009	2,677	-	-
Sales de Magnesio Ltda.	301	100	-	-
SQM Agro India	218	629	-	-
Misr Specialty Fertilizers (MSF)	122	891	-	-
Soc.Inv.Pampa Calichera S.A.	8	8	-	-
Kowa Company Ltd.	14,182	23,609	-	-
SQM East Med Turkey	767	1,199	-	-
SQM Thailand CO. LTD.	482	-	-	-
Minera Saskatchewan (PCS)	44,945	-	-	-
Callegari Agricola S.A.	285	-	-	-
Total	77,698	58,989	-	2,000

b) Amounts included in balances with related parties as of September 30, 2009 and 2008, continued:

	Short-term	
	2009	2008
Accounts payable	ThUS\$	ThUS\$
SQM Thailand Co. Ltd.	-	90
NU3 N.V	765	463
Total	765	553

There were no outstanding long-term accounts payable with related parties as of September 30, 2009 and 2008.

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

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

c) During 2009 and 2008, principal transactions with related parties were as follows:

Company	Relationship	Type of transaction	Amount of Transaction		Impact on income (charge) credit	
			2009 ThUS\$	2008 ThUS\$	2009 ThUS\$	2008 ThUS\$
NU3 N.V. (Belgium)	Indirect	Sales of products	7,847	16,442	2,693	11,542
Doktor Tarsa Tarim Sanayi AS	Indirect	Sales of products	5,895	15,894	1,796	11,615
Abu Dhabi Fertilizer Ind. WWL	Indirect	Sales of products	4,783	7,498	1,387	2,350
	Indirect	Income financial	54	129	54	129
Ajay Europe S.A.R.L.	Indirect	Sales of products	6,065	15,871	2,772	4,211
	Indirect	Income financial	7	7	7	7
	Indirect	Dividends	-	118	-	-
NU3 B.V.	Indirect	Sales of products	7,629	11,750	1,144	7,721
	Indirect	Services	79	83	-	83
Ajay North America LLC	Indirect	Sales of products	8,021	24,523	3,747	7,083
	Indirect	Dividends	453	1,054	-	-
	Indirect	Sales of property, plant and equipment	20	-	20	-
Kowa Company Ltd.	Shareholder	Sales of products	42,772	82,423	17,455	37,612
	Shareholder	Services	92	-	-	-
SQM Agro India PYT Ltda.	Indirect	Sales of products	77	598	12	275
Misr Specialty	Indirect	Sales of products	-	733	-	539
	Indirect	Income financial	-	7	-	7
Nutrissi	Indirect	Income financial	-	78	-	78
SQM Eastmed Turkey	Indirect	Sales of products	-	397	-	264
SQM Thailand Co.Ltda.	Indirect	Sales of products	1,175	-	341	-
Sales de Magnesio Ltda.	Indirect	Sales of products	734	615	223	280
	Indirect	Dividends	385	491	-	-

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	Indirect	Services	270	-	-	-
Minera	Shareholder	Sales of	44,791	-	15,837	-
Saskatchewan (PCS)		products				
	Shareholder	Service	154	-	-	-

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

Note 7 - Inventories

Net inventories are summarized as follows:

	2009 ThUS\$	2008 ThUS\$
Finished products	339,948	