

CHEMICAL & MINING CO OF CHILE INC  
Form 6-K  
January 10, 2011

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, 2010 filed by Sociedad Química y Minera de Chile S.A. before the Superintendencia de Valores y Seguros de Chile on November 23, 2010.

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

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

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

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

Form 20-F

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\_\_\_\_\_

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On November 23, 2010, the Registrant filed with the Superintendencia de Valores y Seguros of Chile (the "SVS") a report that included information as to the Registrant's consolidated financial condition and results of operations for the nine-month period ended September 30, 2010. Attached is a summary of such consolidated financial information included in the summary and in the report filed with the Superintendencia de Valores y Seguros of Chile. This financial information was prepared on the basis of International Financial Reporting Standards ("IFRS").

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

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INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period ended

As of September 30, 2010

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

Thousands of U.S. dollars

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This document is composed of:

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

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

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

## CONSOLIDATED CLASSIFIED STATEMENT OF FINANCIAL POSITION

|  | Note<br>N° | As of<br>September 30<br>2010<br>ThUS\$ | As of<br>December<br>31 2009<br>ThUS\$ | As of January 1<br>2009<br>ThUS\$ |
|--|------------|---|--|-----------------------------------|
| <b>ASSETS</b>  |            |   |  |                                   |
| <b>Current assets</b>  |            |   |  |                                   |
| Cash and cash equivalents  | 6.0        | 615,847                                 | 530,394                                | 303,799                           |
| Other current financial assets                                       | 9.1        | 77,655                                  | 75,537                                 | 21,720                            |
| Other non-financial current assets                                   | 25         | 25,393                                  | 34,375                                 | 41,971                            |
| Trade and other receivables, current                                 | 9.2        | 430,840                                 | 325,823                                | 334,791                           |
| Trade and other receivables due from related parties,<br>current     | 8.6        | 40,027                                  | 68,656                                 | 51,027                            |
| Inventories  | 7.0        | 639,539                                 | 630,763                                | 540,877                           |
| Current tax assets   | 28.1       | 26,627                                  | 41,825                                 | 1,695                             |
| <b>Total current assets</b>  |            | <b>1,855,928</b>                        | <b>1,707,373</b>                       | <b>1,295,880</b>                  |
| <b>Non-Current Assets</b>  |            |   |  |                                   |
| Other non-current financial assets                                   | 9.1        | 115                                     | 113                                    | 101                               |
| Other non-financial assets, non-current                              | 25         | 28,935                                  | 30,880                                 | 26,444                            |
| Non-current rights receivable  | 9.2        | 3,873                                   | 4,208                                  | 766                               |
| Trade and other receivables due from related parties,<br>non-current | 8.7        | -                                       | -                                      | 2,000                             |
| Investments accounted for using the equity method                    | 11.0       | 61,926                                  | 55,185                                 | 36,934                            |
| Intangible assets other than goodwill                                | 13.1       | 3,064                                   | 2,836                                  | 3,525                             |
| Goodwill   | 13.1       | 38,388                                  | 38,388                                 | 38,388                            |
| Property, plant and equipment  | 14.1       | 1,394,089                               | 1,300,546                              | 1,076,531                         |
| Investment property  | 14.4       | 1,381                                   | 1,405                                  | 1,436                             |
| Deferred tax assets  | 28         | 628                                     | 870                                    | 1,969                             |
| <b>Total Non-Current Assets</b>                                      |            | <b>1,532,399</b>                        | <b>1,434,431</b>                       | <b>1,188,094</b>                  |
| <b>Total Assets</b>  |            | <b>3,388,327</b>                        | <b>3,141,804</b>                       | <b>2,483,974</b>                  |

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

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

## CONSOLIDATED CLASSIFIED STATEMENT OF FINANCIAL POSITION, continued

|   | Note<br>N° | As of<br>September<br>30 2010<br>ThUS\$ | As of<br>December 31<br>2009<br>ThUS\$ | As of<br>January 1<br>2009<br>ThUS\$ |
|---|------------|---|--|--------------------------------------|
| Liabilities and Equity                                      |            |   |  |                                      |
| <b>Liabilities</b>  |            |   |  |                                      |
| <b>Current Liabilities</b>                                  |            |   |  |                                      |
| Other current financial liabilities                         | 9.4        | 140,697                                 | 268,855                                | 159,120                              |
| Trade and other payables                                    | 9.5        | 162,328                                 | 184,195                                | 110,802                              |
| Trade payables due to related parties. current              | 8.8        | 4,332                                   | 3,892                                  | 178                                  |
| Other current provisions                                    | 18.1       | 13,535                                  | 18,222                                 | 9,551                                |
| Current tax liabilities                                     | 28.2       | 8,386                                   | 1,298                                  | 89,142                               |
| Current provision for employee benefits                     | 16.1       | 34,732                                  | 16,375                                 | 22,112                               |
| Other non-financial liabilities. current                    | 18.3       | 84,606                                  | 52,205                                 | 115,682                              |
| Total current liabilities                                   |            | 448,616                                 | 545,042                                | 506,587                              |
| <b>Non-current liabilities</b>                              |            |   |  |                                      |
| Other non-current financial liabilities                     | 9.4        | 1,154,703                               | 1,024,350                              | 511,342                              |
| Other non-current accounts payable                          | 9.5        | -                                       | 187                                    | 398                                  |
| Other long-term provisions                                  | 18.2       | 3,500                                   | 3,500                                  | 3,181                                |
| Deferred tax liabilities                                    | 28.4       | 79,557                                  | 53,802                                 | 27,188                               |
| Non-current provisions for employee benefits                | 16.1       | 27,372                                  | 50,473                                 | 35,059                               |
| Total non-current liabilities                               |            | 1,265,132                               | 1,132,312                              | 577,168                              |
| Total Liabilities   |            | 1,713,748                               | 1,677,354                              | 1,083,755                            |
| <b>Equity</b>   |            |   |  |                                      |
| Issued capital  |            | 477,386                                 | 477,386                                | 477,386                              |
| Retained earnings   |            | 1,163,970                               | 951,173                                | 888,369                              |
| Other reserves  |            | (14,178)                                | (9,806)                                | (12,077)                             |
| Equity attributable to the owners of the controlling entity |            | 1,627,178                               | 1,418,753                              | 1,353,678                            |
| Non-controlling interest                                    |            | 47,401                                  | 45,697                                 | 46,541                               |
| Total Equity  |            | 1,674,579                               | 1,464,450                              | 1,400,219                            |
| Total liabilities and equity                                |            | 3,388,327                               | 3,141,804                              | 2,483,974                            |

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

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

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME BY FUNCTION

|   | Note | From January to September |           | From July to September |           |
|---|------|---------------------------|-----------|------------------------|-----------|
|   | N°   | 2010                      | 2009      | 2010                   | 2009      |
|   |      | ThUS\$                    | ThUS\$    | ThUS\$                 | ThUS\$    |
| Revenue   | 20   | 1,324,736                 | 1,052,169 | 459,468                | 383,781   |
| Cost of sales   |      | (870,364)                 | (644,672) | (308,297)              | (252,646) |
| Gross profit  |      | 454,372                   | 407,497   | 151,171                | 131,135   |
| Other income by function  | 27   | 5,617                     | 5,405     | 1,957                  | 2,923     |
| Administrative expenses   |      | (55,455)                  | (53,436)  | (19,389)               | (18,232)  |
| Other expenses by function  | 27   | (16,255)                  | (18,936)  | (6,344)                | (2,944)   |
| Other gains (losses)  | 27   | (5,870)                   | (1,652)   | 698                    | (1,709)   |
| Finance income  |      | 6,501                     | 10,093    | 3,647                  | 2,233     |
| Finance expenses  | 22   | (26,534)                  | (23,141)  | (8,626)                | (7,391)   |
| Equity in gains (losses) of associates and joint ventures accounted for using the equity method |      | 8,299                     | 1,712     | 3,301                  | 190       |
| Foreign currency translation differences  | 23   | (6,875)                   | (8,528)   | (1,523)                | (2,259)   |
| Profit (loss) before income tax   |      | 363,800                   | 319,014   | 124,892                | 103,946   |
| Income tax expense  | 28.4 | (84,359)                  | (60,198)  | (28,330)               | (18,004)  |
| Profit (loss) from continuing operations  |      | 279,441                   | 258,816   | 96,562                 | 85,942    |
| Profit (loss)   |      | 279,441                   | 258,816   | 96,562                 | 85,942    |
| Gain (loss) attributable to owners of the parent  |      | 276,325                   | 259,414   | 94,803                 | 85,215    |
| Gain (loss) attributable to non-controlling interest  |      | 3,116                     | (598)     | 1,759                  | 727       |
| Profit (loss) for the period  |      | 279,441                   | 258,816   | 96,562                 | 85,942    |

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

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

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME BY FUNCTION, continued

|  | From January to<br>September |                | From July to<br>September |                |
|--|------------------------------|----------------|---------------------------|----------------|
|  | 2010<br>ThUS\$               | 2009<br>ThUS\$ | 2010<br>ThUS\$            | 2009<br>ThUS\$ |
| <b>Earnings per share</b>  |                              |                |                           |                |
| <b>Common shares</b>   |                              |                |                           |                |
| Basic earnings per share (US\$ per share)                              | 1.0499                       | 0.9856         | 0.3602                    | 0.3238         |
| Basic earnings per share (US\$ per share) from continuing operations   | 1.0499                       | 0.9856         | 0.3602                    | 0.3238         |
| <b>Diluted common shares</b>   |                              |                |                           |                |
| Diluted earnings per share (US\$ per share)                            | 1.0499                       | 0.9856         | 0.3602                    | 0.3238         |
| Diluted earnings per share (US\$ per share) from continuing operations | 1.0499                       | 0.9856         | 0.3602                    | 0.3238         |

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

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

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| Statement of comprehensive income  | January to September |         | July to September |        |
|--|----------------------|---------|-------------------|--------|
|  | 2010                 | 2009    | 2010              | 2009   |
|  | ThUS\$               | ThUS\$  | ThUS\$            | ThUS\$ |
| Profit (loss) for the period   | 279,441              | 258,816 | 96,562            | 85,942 |
| Other comprehensive income components before foreign currency translation difference |                      |         |                   |        |
| Gains (losses) from foreign currency translation differences. before tax             | 588                  | 878     | 943               | (155)  |
| Other comprehensive income before taxes and foreign currency translation differences | 588                  | 878     | 943               | (155)  |
| Cash flow hedges   |                      |         |                   |        |
| Gains (losses) from cash flow hedges before tax                                      | (5,683)              | 12,872  | (10,240)          | 1,647  |
| Other comprehensive income before tax and cash flow hedges                           | (5,683)              | 12,872  | (10,240)          | 1,647  |
| Other comprehensive income components. net of tax                                    | (5,095)              | 13,750  | (9,297)           | 1,492  |
| Income tax related to components of other comprehensive income                       |                      |         |                   |        |
| Income tax related to other comprehensive income cash flow hedges                    | 966                  | (2,188) | 1,740             | (280)  |
| Addition of income tax related to other comprehensive income components              | 966                  | (2,188) | 1,740             | (280)  |
| Other comprehensive income   | (4,129)              | 11,562  | (7,557)           | 1,212  |
| Total comprehensive income   | 275,312              | 270,378 | 89,005            | 87,154 |
| Comprehensive income attributable to   |                      |         |                   |        |
| Comprehensive income attributable to the parent's owners                             | 271,953              | 270,939 | 87,246            | 86,391 |
| Comprehensive income attributable to non-controlling interest                        | 3,359                | (561)   | 1,759             | 763    |
| Total comprehensive income   | 275,312              | 270,378 | 89,005            | 87,154 |

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



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

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

| Statement of cash flows   | 9/30/2010<br>ThUS\$ | 9/30/2009<br>ThUS\$ |
|---|---------------------|---------------------|
| <b>Cash flows provided by (used in) operating activities</b>  |                     |                     |
| Profit (loss)   | 279,441             | 258,816             |
| Adjustment due to reconciliation of profit (loss)   |                     |                     |
| Adjustment for decreases (increases) in inventories   | (5,926)             | (111,738)           |
| Adjustment for decreases (increases) in trade receivables   | (48,459)            | 5,215               |
| Adjustment for decreases (increases) in other receivables from operating activities                   | 2,841               | (15,328)            |
| Adjustment for decreases (increases) in trade payables  | (63,772)            | (45,718)            |
| Adjustment for decreases (increases) in other payables related to operating activities                | (21,413)            | (106,683)           |
| Adjustment for depreciation and amortization  | 103,293             | 101,448             |
| Adjustment for provisions   | 6,705               | 38,034              |
| Adjustments for unrealized gains (losses) in foreign translation                                      | 6,875               | 8,528               |
| Adjustment for undistributed gains from equity-accounted associates                                   | (8,299)             | (1,714)             |
| Other adjustments for entries other than cash   | 155,304             | 109,933             |
| Other adjustments for which the effects on cash are cash flows from investing or financial activities | (430)               | (196)               |
| Total gains (losses) reconciling adjustments  | 126,719             | (18,219)            |
| Interest paid   | (7,160)             | (34,236)            |
| Net cash flows provided by (used in) operating activities   | 399,000             | 206,361             |
| <b>Cash flows provided by (used in) investing activities</b>  |                     |                     |
| Other payments to acquire interest in joint ventures  | (3,500)             | -                   |
| Proceeds from the sale of property, plant and equipment   | 1,333               | 3,850               |
| Purchases of property, plant and equipment  | (235,552)           | (270,236)           |
| Cash advances and loans granted to third parties  | 983                 | (1,662)             |
| Proceeds from future, forward, option and swap financial contracts                                    | 15,043              | -                   |
| Net cash flows provided by (used in) investing activities   | (221,693)           | (268,048)           |

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

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

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS, continued

|   |           |           |
|---|-----------|-----------|
| Cash flows provided by(used in) financing activities  |           |           |
| Amounts received from the issuance of other equity instruments                                      | 250,000   | 372,347   |
| Amounts received from long-term loans   | 224,000   | 270,809   |
| Amounts received from short-term loans  | -         | -         |
| Total amounts received from loans   | 224,000   | 270,809   |
| Payments of loans   | (528,040) | (160,000) |
| Dividends paid  | (64,882)  | (243,976) |
| Other cash inflows (outflows)   | (6,753)   | (7,234)   |
| Net cash flows provided by (used in) financing activities   | (125,675) | 231,946   |
| Net increase (decrease) in cash and cash equivalents before the effect of changes in exchange rates | 51,632    | 170,259   |
| Effects of variation in exchange rate on cash and cash equivalents                                  | 33,821    | 14,614    |
| Net increase (decrease) in cash and cash equivalents  | 85,453    | 184,873   |
| Cash and cash equivalents at beginning of the period  | 530,394   | 303,799   |
| Cash and cash equivalents at the end of the period  | 615,847   | 488,672   |

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

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

## INTERIM STATEMENTS OF CHANGES IN NET SHAREHOLDERS' EQUITY

|  | Issued<br>capital | Foreign<br>currency<br>translation<br>difference<br>reserves | Cash flow<br>hedge<br>reserves | Other<br>reserves | Subtotal<br>Other<br>reserves | Retained<br>earnings | Equity attributable<br>to the Parent<br>Company's owner | Non-controlling<br>interest | Total equity |
|--|-------------------|--|--------------------------------|-------------------|-------------------------------|----------------------|---|-----------------------------|--------------|
| Beginning<br>balance, current<br>period: January<br>1, 2010  | 477,386           | 1,234  | (7,984)                        | (3,056)           | (9,806)                       | 951,173              | 1,418,753   | 45,697                      | 1,464,450    |
| Reconfirmed<br>Beginning<br>balance                          | 477,386           | 1,234  | (7,984)                        | (3,056)           | (9,806)                       | 951,173              | 1,418,753   | 45,697                      | 1,464,450    |
| Profit (loss) for<br>the period                              | -                 | -  | -                              | -                 | -                             | 276,325              | 276,325   | 3,116                       | 279,441      |
| Other<br>comprehensive<br>income                             | -                 | 345  | (4,717)                        | -                 | (4,372)                       | -                    | (4,372)   | 243                         | (4,129)      |
| Comprehensive<br>income                                      | -                 | 345  | (4,717)                        | -                 | (4,372)                       | 276,325              | 271,953   | 3,359                       | 275,312      |
| Dividends  | -                 | -  | -                              | -                 | -                             | (63,528)             | (63,528)  | -                           | (63,528)     |
| Increase<br>(decrease) for<br>transfers and<br>other changes | -                 | -  | -                              | -                 | -                             | -                    | -   | (1,655)                     | (1,655)      |
| Changes in<br>equity   | -                 | 345  | (4,717)                        | -                 | (4,372)                       | 212,797              | 208,425   | 1,704                       | 210,129      |
| Ending balance,<br>current period:<br>September 30,<br>2010  | 477,386           | 1,579  | (12,701)                       | (3,056)           | (14,178)                      | 1,163,970            | 1,627,178   | 47,401                      | 1,674,579    |

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

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

## INTERIM STATEMENTS OF CHANGES IN NET SHAREHOLDERS' EQUITY, continued

|   | Issued capital | Foreign currency translation difference reserves | Cash flow hedge reserves | Other reserves | Subtotal Other reserves | Retained earnings | Equity attributable to the Parent Company's owners | Non-controlling interest | Total equity |
|---|----------------|--|--------------------------|----------------|-------------------------|-------------------|--|--------------------------|--------------|
| Beginning balance, current period: January 1, 2009  | 477,386        | -  | (7,891)                  | (4,186)        | (12,077)                | 888,369           | 1,353,678  | 46,541                   | 1,400,219    |
| Reconfirmed Beginning balance                       | 477,386        | -  | (7,891)                  | (4,186)        | (12,077)                | 888,369           | 1,353,678  | 46,541                   | 1,400,219    |
| Profit (loss) for the period                        | -              | -  | -                        | -              | -                       | 259,414           | 259,414  | (598)                    | 258,816      |
| Other comprehensive income                          | -              | 842  | 10,684                   | -              | 11,526                  | -                 | 11,526   | 36                       | 11,562       |
| Comprehensive income                                | -              | 842  | 10,684                   | -              | 11,526                  | 259,414           | 270,940  | (562)                    | 270,378      |
| Dividends   | -              | -  | -                        | -              | -                       | (175,493)         | (175,493)  | -                        | (175,493)    |
| Increase (decrease) for transfers and other changes | -              | -  | -                        | -              | -                       | -                 | -  | (2,626)                  | (2,626)      |
| Changes in equity                                   | -              | 842  | 10,684                   | -              | 11,526                  | 83,921            | 95,447   | (3,188)                  | 92,259       |
| Ending balance, current period: September 30, 2009  | 477,386        | 842  | 2,793                    | (4,186)        | (551)                   | 972,290           | 1,449,125  | 43,353                   | 1,492,478    |

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

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

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

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

Notes to the Interim Consolidated Financial  
Statements

As of September 30, 2010

Sociedad Química y Minera de Chile S.A.

And Subsidiaries

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

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

Historic Background

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

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

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

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

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

**Lithium:** SQM’s Lithium is widely used in rechargeable batteries for cell phones, cameras and notebooks. The lithium sale has grown between an annual average of 7% to 8% in the last 10 years, not considering the recent world crisis, in which the overall consumption was significantly reduced. SQM is the worldwide leader in the production and sale of lithium, which is forecasted with interesting growth in their demand which should be similar to the last decade. Through the preparation of products based on lithium, SQM provides significant raw material to face great challenges such as the efficient use of energy and raw material. 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

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

Note 1 - Identification and business of Sociedad Química y Minera de Chile S.A. and Subsidiaries, 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 Atacama Salar (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.

Employees

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

|                     | 9/30/2010 | 12/31/2009 |
|---------------------|-----------|------------|
| Employees in Chile  | 3,931     | 4,161      |
| Employees elsewhere | 207       | 226        |
| Permanent employees | 4,138     | 4,387      |



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

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

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

| Shareholder as of 9/30/2010                      | Number of Series A shares with ownership | % of Series A shares | Number of Series B shares with ownership | % of Series B shares | Total % of shares |
|--|--|----------------------|--|----------------------|-------------------|
| Sociedad de Inversiones Pampa Calichera S.A. (*) | 57,934,256                               | 40.56%               | 8,493,774                                | 7.06%                | 25.24%            |
| Inversiones El Boldo Limitada                    | 44,679,453                               | 31.28%               | 17,643,419                               | 14.66%               | 23.68%            |
| The Bank of New York                             | -  | 0.00%                | 48,055,973                               | 39.92%               | 18.26%            |
| Inversiones RAC Chile Limitada                   | 19,200,242                               | 13.44%               | 2,699,773                                | 2.24%                | 8.32%             |
| Inversiones Global Mining (Chile) Limitada (*)   | 13,798,539                               | 9.66%                | -  | 0.00%                | 5.24%             |
| Banchile Corredores de Bolsa S.A.                | 131,158                                  | 0.09%                | 4,478,744                                | 3.72%                | 1.75%             |
| Inversiones La Esperanza Limitada                | 3,693,977                                | 2.59%                | -  | 0.00%                | 1.40%             |
| Banco Itau on behalf of investors                | -  | 0.00%                | 2,849,076                                | 2.37%                | 1.08%             |
| AFP Provida S.A.                                 | -  | 0.00%                | 2,616,702                                | 2.17%                | 0.99%             |
| Larrain Vial S.A. Corredora de Bolsa             | 48,191                                   | 0.03%                | 2,366,698                                | 1.97%                | 0.92%             |

(\*) Total Pampa Group 30.48%

| Shareholder as of 12/31/2009                                | Number of Series A shares with ownership | % of Series A shares | Number of Series B shares with ownership | % of Series B shares | Total % of shares |
|---|--|----------------------|--|----------------------|-------------------|
| Sociedad de Inversiones Pampa Calichera S.A. (*)            | 57,934,256                               | 40.56%               | 7,544,215                                | 6.27%                | 24.88%            |
| Inversiones El Boldo Limitada                               | 44,679,453                               | 31.28%               | 17,643,419                               | 14.66%               | 23.68%            |
| The Bank of New York  | -  | -                    | 55,734,253                               | 46.30%               | 21.18%            |
| Inversiones RAC Chile Limitada                              | 19,200,242                               | 13.44%               | 2,699,773                                | 2.24%                | 8.32%             |
| Inversiones Global Mining (Chile) Limitada (*)              | 9,993,168                                | 7.00%                | -  | -                    | 3.80%             |
| Banchile Corredores de Bolsa S.A.                           | 123,318                                  | 0.09%                | 5,326,662                                | 4.42%                | 2.07%             |
| Bolsa de Comercio de Santiago (the Santiago Stock Exchange) | 3,805,371                                | 2.66%                | 729,421                                  | 0.61%                | 1.72%             |
| Inversiones La Esperanza Limitada                           | 3,693,977                                | 2.59%                | -  | -                    | 1.40%             |
| AFP Provida S.A.  | -  | -                    | 2,900,035                                | 2.41%                | 1.10%             |
| Banco Itau on behalf of investors                           | -  | -                    | 2,242,292                                | 1.86%                | 0.85%             |

(\*) Total Pampa Group 28.68%



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

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

2.1 Accounting period

These interim consolidated financial statements cover the following period:

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

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

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

2.2 Basis of preparation of interim consolidated financial statements

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

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

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

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

For comparative purposes, the Company’s statement of financial position as of 12/31/2009 and the Company’s Income statement as of 9/30/2009 haven been converged from Chilean GAAP to IFRS.

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

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

a) Accounting pronouncements

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

|        |  |                             |  |
|--------|--|-----------------------------|--|
|        |  | New standards               | Mandatory<br>application<br>beginning on |
| IFRS 9 | Financial instruments                          |                             | January 1, 2013                          |
|        |  | Improvements and amendments | Mandatory<br>application<br>beginning on |
| IFRS 3 | Business Combinations                          |                             | January 1, 2011                          |
| IFRS 7 | Financial Instruments: Disclosures             |                             | January 1, 2011                          |
| IAS 1  | Presentation of Financial Statements           |                             | January 1, 2011                          |
| IAS 24 | Related parties                                |                             | January 1, 2011                          |
| IAS 27 | Consolidated and Separate Financial Statements |                             | January 1, 2011                          |
| IAS 32 | Financial Instruments: Presentation            |                             | January 1, 2011                          |
| IAS 34 | Interim financial information                  |                             | January 1, 2011                          |

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

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

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

2.3 Transactions in foreign currency

(a) Functional and presentation currency

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

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

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

(b) Transactions and balances

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

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

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

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

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

(c) Group entities

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

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

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

2.4 Basis of Consolidation

(a) Subsidiaries

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

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

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

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

Companies included in consolidation:

| TAX ID No. | Foreign subsidiaries                             | Country of origin | Functional currency | Direct  | Ownership interest    |          | 9/30/2009<br>Total |
|------------|--|-------------------|---------------------|---------|-----------------------|----------|--------------------|
|            |  |                   |                     |         | 9/30/2010<br>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\$                | 0.0001  | 99.9999               | 100.0000 | 100.0000           |
| Foreign    | SQI Corporation N.V.                             | Dutch Antilles    | US\$                | 0.0159  | 99.9841               | 100.0000 | 100.0000           |
| Foreign    | SQM Comercial De Mexico S.A. De C.V.             | Mexico            | US\$                | 1.0000  | 99.0000               | 100.0000 | 100.0000           |
| Foreign    | North American Trading Company                   | USA               | US\$                | 0.0000  | 100.0000              | 100.0000 | 100.0000           |
| Foreign    | Administración Y Servicios Santiago S.A. De C.V. | Mexico            | US\$                | 0.0200  | 99.9800               | 100.0000 | 100.0000           |
| Foreign    | SQM Peru S.A.                                    | Peru              | US\$                | 0.9800  | 99.0200               | 100.0000 | 100.0000           |
| Foreign    | SQM Ecuador S.A.                                 | Ecuador           | US\$                | 0.0040  | 99.9960               | 100.0000 | 100.0000           |
| Foreign    | SQM Nitratos Mexico S.A. De C.V.                 | Mexico            | 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\$                | 3.0100  | 96.9900               | 100.0000 | 100.0000           |
| Foreign    | SQM France S.A.                                  | France            | US\$                | 0.0000  | 100.0000              | 100.0000 | 100.0000           |
| Foreign    | SQM Japan Co. Ltd.                               | Japan             | US\$                | 1.0000  | 99.0000               | 100.0000 | 100.0000           |
| Foreign    | Royal Seed Trading Corporation A.V.V.            | Aruba             | US\$                | 1.6700  | 98.3300               | 100.0000 | 100.0000           |
| Foreign    | SQM Oceania Pty Limited                          | Australia         | US\$                | 0.0000  | 100.0000              | 100.0000 | 100.0000           |
| Foreign    | Rs Agro-Chemical Trading A.V.V.                  | Aruba             | US\$                | 98.3300 | 1.6700                | 100.0000 | 100.0000           |
| Foreign    | SQM Indonesia                                    | 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\$                | 0.0000  | 100.0000              | 100.0000 | 100.0000           |



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|         |                         |                 |      |        |          |          |          |
|---------|-------------------------|-----------------|------|--------|----------|----------|----------|
| Foreign | SQM Italia SRL          | Italy           | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
|         | Comercial Caiman        |                 |      |        |          |          |          |
| Foreign | 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 |
|         | SQM Lithium             |                 |      |        |          |          |          |
| Foreign | Specialties LLC         | USA             | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
|         | Fertilizantes Naturales |                 |      |        |          |          |          |
| Foreign | S.A.                    | Spain           | US\$ | 0.0000 | 66.6700  | 66.6700  | 66.6700  |
| Foreign | Iodine Minera B.V.      | The Netherlands | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
|         | SQM Agro India Pvt.     |                 |      |        |          |          |          |
| Foreign | Ltd.                    | India           | US\$ | 0.0000 | 100.0000 | 100.0000 | 0.00000  |
|         | SQM Beijin Comercial    |                 |      |        |          |          |          |
| Foreign | Ltd.                    | China           | US\$ | 0.0000 | 100.0000 | 100.0000 | 0.00000  |

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

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

Companies included in consolidation:

| TAX ID No.   | Domestic subsidiaries                  | Country of origin | Functional currency | Direct  | Ownership interest |          |                 |
|--------------|--|-------------------|---------------------|---------|--------------------|----------|-----------------|
|              |  |                   |                     |         | 9/30/2010 Indirect | Total    | 9/30/2009 Total |
| 96.801.610-5 | Comercial Hydro S.A.                   | Chile             | Chilean peso        | 0.0000  | 60.6382            | 60.6382  | 60.6382         |
| 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        |
| 96.592180-K  | Ajay SQM Chile S.A.                    | Chile             | US\$                | 51.0000 | 0.0000             | 51.0000  | 51.0000         |
|              | SQMC                                   |                   |                     |         |                    |          |                 |
| 86630200-6   | Internacional Ltda.                    | Chile             | Chilean peso        | 0.0000  | 60.6382            | 60.6382  | 60.6382         |
| 79947100-0   | SQM Industrial S.A.                    | Chile             | US\$                | 99.9954 | 0.0046             | 100.0000 | 100.0000        |
|              | Isapre Norte Grande                    |                   |                     |         |                    |          |                 |
| 79906120-1   | Ltda.                                  | Chile             | Chilean peso        | 1.0000  | 99.0000            | 100.0000 | 100.0000        |
|              | Almacenes y Depósitos                  |                   |                     |         |                    |          |                 |
| 79876080-7   | Ltda.                                  | Chile             | Chilean peso        | 1.0000  | 99.0000            | 100.0000 | 100.0000        |
|              | Servicios Integrales de                |                   |                     |         |                    |          |                 |
| 79770780-5   | Tránsitos y Transferencias S.A.        | Chile             | US\$                | 0.0003  | 99.9997            | 100.0000 | 100.0000        |
|              | Soquimich Comercial                    |                   |                     |         |                    |          |                 |
| 79768170-9   | S.A.                                   | Chile             | US\$                | 0.0000  | 60.6383            | 60.6383  | 60.6383         |
| 79626800-K   | SQM Salar S.A.                         | Chile             | US\$                | 18.1800 | 81.8200            | 100.0000 | 100.0000        |
|              | Minera Nueva Victoria                  |                   |                     |         |                    |          |                 |
| 78602530-3   | S.A.                                   | Chile             | US\$                | 99.0000 | 1.0000             | 100.0000 | 100.0000        |
| 78053910-0   | Proinsa Ltda.                          | Chile             | Chilean peso        | 0.0000  | 60.5800            | 60.5800  | 60.5800         |
|              | Sociedad Prestadora de                 |                   |                     |         |                    |          |                 |
| 76534490-5   | Servicios de Salud Cruz del Norte S.A. | Chile             | Chilean peso        | 0.0000  | 100.0000           | 100.0000 | 100.0000        |
|              | Exploraciones Mineras                  |                   |                     |         |                    |          |                 |
| 76425380-9   | S.A.                                   | Chile             | US\$                | 0.0100  | 99.9900            | 100.0000 | 100.0000        |
|              | Agrorama Callegari Ltda.               |                   |                     |         |                    |          |                 |
| 76064419-6   | (*)                                    | Chile             | Chilean peso        | 0.0000  | 42.4468            | 42.4468  | 0.0000          |

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

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

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

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

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

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

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

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

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

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

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

(b) Affiliated or associated companies

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

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

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

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

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

(c) Joint ventures

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

2.5 Basis of conversion

Domestic subsidiaries:

Assets and liabilities denominated in Chilean pesos and other currencies other than the functional currency (U.S. dollar) as of September 30, 2010, January 1 and as of December 31, 2009, have been converted to U.S. dollars at the exchange rates prevailing at those dates (the corresponding Chilean pesos were converted to Ch\$483.65 per US\$1.00 as of September 30, 2010, Ch\$507.10 per US\$1.00 as of December 31, 2009 and \$636.45 per US\$1.00 as of January 1, 2009.)

The values of UF (a Chilean peso-denominated, inflation-indexed monetary unit) used to convert to Chilean pesos (United States dollars) the assets and liabilities expressed in this adjustable unit as of September 30, 2010 amounted to Ch\$21,339.99 (US\$44.12) as of December 31, 2009 amounted to \$20,942.88 (US\$41.30) and as of January 1, 2009 amounted to \$21,452.57 (US\$33.71.)

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

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

## Foreign subsidiaries:

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

|                    | 9/30/2010<br>US\$ | 12/31/2009<br>US\$ | 1/1/2009<br>US\$ |
|--------------------|-------------------|--------------------|------------------|
| Brazilian Real     | 1.69              | 1.74               | 2.34             |
| New Peruvian Sol   | 2.83              | 2.88               | 3.14             |
| Argentinean Peso   | 3.94              | 3.83               | 3.47             |
| Japanese Yen       | 83.82             | 92.10              | 91.03            |
| Euro               | 0.73              | 0.69               | 0.72             |
| Mexican Peso       | 12.48             | 13.04              | 13.77            |
| Australian Dollar  | 1.03              | 1.12               | 1.45             |
| Pound Sterling     | 0.64              | 0.62               | 0.67             |
| South African Rand | 6.99              | 7.40               | 9.28             |
| Ecuadorian Dollar  | 1.00              | 1.00               | 1.00             |

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

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

2.6 Responsibility for the information and estimates made

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

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

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

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

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

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

2.7 Financial information by operating segment

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

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

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

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

2.8 Property, plant and equipment

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

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

1. Accrued financial expenses during the construction period which are directly attributable to the acquisition, construction or production of qualifying assets, which are those that require a substantial period prior to being ready for use. The interest rate used is that related to the project’s specific financing or, should this not exist, the average financing rate of the investor company. The amount capitalized for this concept was ThUS\$19,547 as of September 30, 2010 and ThUS\$13,089 as of September 30, 2009.



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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 2.9

## Investment properties

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

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

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

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

#### 2.10 Inventories

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

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

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

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

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

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

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

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

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

#### 2.11 Trade and other receivables

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

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

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

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

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

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

## 2.12 Revenue recognition

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

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

### (a) Sale of goods

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

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

### (b) Sales of services

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

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

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

(c) Interest income

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

(d) Income from royalties

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

(e) Income from dividends

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

2.13 Investments recognized using the equity method

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

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

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

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

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

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

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

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

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

#### 2.14 Corporate tax

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

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

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

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

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

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

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

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

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

2.15

Earnings per share

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

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



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

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

2.16

Non-financial asset value impairment

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

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

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

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

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

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

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

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

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

2.17

Financial assets

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

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

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

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

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

(b) Loans and receivables

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

(c) Financial assets held-to-maturity

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

(d) Financial assets available for sale

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

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

2.18 Financial liabilities

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

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

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

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

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

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

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

(b) Trade payables

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

(c) Interest-bearing loans

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

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

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

2.19

The Environment

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

2.20

Minimum Dividend

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

2.21

Financial debt obligations

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

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

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

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

2.22

Trade payables

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

2.23

Consolidated statement of cash flows

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

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

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

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

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

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

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

2.24 Obligations related to staff severance indemnities and pension commitments

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

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

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

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

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

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

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

2.25

Financial derivatives and hedging transactions

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

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

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

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

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

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

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

(a) Fair value hedge

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



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

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

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

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

(b) Cash flow hedge

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

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

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

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

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

2.26

Lease

(a)

Leases - Finance lease

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

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

(b)

Lessee – Operating lease

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

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

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

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

2.27

Prospecting expenses

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

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

2.28

Other provisions

Provisions are recognized when:

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

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

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

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

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

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

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

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

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

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

2.29

Compensation Plans

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

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

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

2.30 Good and service insurance expenses

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

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

2.31 Intangible Assets

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

(a) Goodwill acquired

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

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

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

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

(b) Water rights

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

(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 which have been incurred to acquire them and prepare them to use the specific program. These costs are amortized over their estimated useful lives.

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

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

2.32 Research and development expenses

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

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

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

2.33

Classification of balances as current and non-current

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

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

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

#### Application IFRS 1

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

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

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

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

i) **Business combinations**

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

ii) **Fair value or revaluation as deemed cost**

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



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

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

iii) Employee benefits

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

iv) Financial Instruments

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

v) Cumulative translation differences and technical revaluation

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

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

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

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

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

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

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

| As of January 1, 2009  | Equity of<br>majority<br>shareholders<br>ThUS\$ | Equity of<br>minority<br>shareholders<br>ThUS\$ | Total<br>equity<br>ThUS\$ |
|--|---|---|---------------------------|
| <b>RECONCILIATION</b>  |   |   |                           |
| Net equity under Chilean GAAP  | 1,463,108                                       |   | 1,463,108                 |
| Incorporation of minority shareholders   |   | 47,069  | 47,069                    |
| Reversal of amortization of goodwill   | 6,487   | -   | 6,487                     |
| Negative goodwill  | 1,279   | -   | 1,279                     |
| Reversal of deferred tax complementary accounts  | (13,515)  | -   | (13,515)                  |
| Recognition of obligation for the minimum compulsory distribution of dividends of 30% of profit for the period | (50,422)  | -   | (50,422)                  |
| Fair value of property, plant and equipment  | (53,732)  | (634)   | (54,366)                  |
| Recognition of actuarial calculation of provision for staff severance indemnities                              | (928)   | (2)   | (930)                     |
| Fair value of bonds denominated in UF  | (9,507)   | -   | (9,507)                   |
| Deferred taxes on IFRS adjustments   | 10,908  | 108   | 11,016                    |
| Effect of transition to IFRS   | (109,430)                                       | (528)   | (109,958)                 |
| Net equity under IFRS  | 1,353,678                                       | 46,541  | 1,400,219                 |
| As of December 31, 2009  | Equity of<br>majority<br>shareholders<br>ThUS\$ | Equity of<br>minority<br>shareholders<br>ThUS\$ | Total<br>equity<br>ThUS\$ |
| <b>RECONCILIATION</b>  |   |   |                           |
| Net equity under Chilean GAAP  | 1,466,613                                       |   | 1,466,613                 |
| Incorporation of minority shareholders   |   | 46,093  | 46,093                    |
| Reversal of amortization of goodwill   | 8,663   | -   | 8,663                     |
| Negative goodwill  | 1,072   | -   | 1,072                     |
| Reversal of deferred tax complementary accounts  | (11,365)  | -   | (11,365)                  |
| Recognition of obligation for the minimum compulsory distribution of dividends of 30% of profit for the period | -   | -   | -                         |
| Fair value of property, plant and equipment  | (45,132)  | (503)   | (45,635)                  |
| Recognition of actuarial calculation of provision for staff severance indemnities                              | (947)   | 26  | (921)                     |
| Fair value of bonds denominated in UF  | (9,619)   | -   | (9,619)                   |

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

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

b)

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

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

| As of December 31, 2009   | Profit (loss) of<br>majority<br>shareholders<br>ThUS\$ | Profit (loss) of<br>minority<br>shareholders<br>ThUS\$ | Total profit<br>or loss<br>ThUS\$ |
|---|--|--|-----------------------------------|
| <b>RECONCILIATION</b>   |  |  |                                   |
| Profit for the period under Chilean GAAP  | 327,056  | 1,334  | 328,390                           |
| Amortization of goodwill  | 2,176  | -  | 2,176                             |
| Amortization of negative goodwill   | (206)  | -  | (206)                             |
| Amortization of deferred tax complementary accounts                                     | 2,151  | -  | 2,151                             |
| Depreciation  | 8,601  | 131  | 8,732                             |
| Recognition of actuarial calculation of provision for staff severance indemnities       | (19)   | 28   | 9                                 |
| Deferred taxes under NIIF   | (1,459)  | (27)   | (1,486)                           |
| Effect of transition to IFRS at the date of the most recent annual financial statements | 11,244   | 132  | 11,376                            |
| Profit for the period under IFRS  | 338,300  | 1,466  | 339,766                           |
| Other income and expenses with a debit or credit in net equity:                         |  |  |                                   |
| Cash flow hedge   | (112)  | -  | (112)                             |
| Income tax related to other income and expenses with a debit to net equity              | 19   | -  | 19                                |
| Comprehensive income for the period under IFRS  | 338,207  | 1,466  | 339,673                           |

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

| As of September 30, 2009                            | Profit (loss) of<br>majority<br>shareholders<br>ThUS\$ | Profit (loss) of<br>minority<br>shareholders<br>ThUS\$ | Total profit<br>or loss<br>ThUS\$ |
|---|--|--|-----------------------------------|
| <b>CONCILIACION</b>                                 |  |  |                                   |
| Profit for the period under Chilean GAAP            | 251,697  | (758)  | 250,939                           |
| Amortization of goodwill                            | 1,632  | -  | 1,632                             |
| Amortization of negative goodwill                   | (205)  | -  | (205)                             |
| Amortization of deferred tax complementary accounts | 1,312  | -  | 1,312                             |
| Depreciation  | 6,012  | 170  | 6,182                             |
|   | (14)   | 23   | 9                                 |

|   |         |       |         |
|---|---------|-------|---------|
| Recognition of actuarial calculation of provision for staff severance indemnities       |         |       |         |
| Deferred taxes under NIIF   | (1,020) | (33)  | (1,053) |
| Effect of transition to IFRS at the date of the most recent annual financial statements |         |       |         |
|   | 7,717   | 160   | 7,877   |
| Profit for the period under IFRS  | 259,414 | (598) | 258,816 |
| Other income and expenses with a debit or credit in net equity:                         |         |       |         |
| Foreign currency translation gains (losses) before tax                                  | 842     | -     | 842     |
| Cash flow hedge   | 12,872  | -     | 12,872  |
| Income tax related to other income and expense components with a debit to net equity    | (2,188) | -     | (2,188) |
| Comprehensive income for the period under IFRS  | 270,940 | (598) | 270,342 |

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

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

Explanation of adjustments for the effects of transition to IFRS

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

(a) Deferred income taxes

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

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

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

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

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

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

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

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

(c) Minimum Dividend

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

(d) Minority interest

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

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

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

(e) Derivative hedging

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

(f) Actuarial staff severance indemnities

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



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

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

(g) Negative goodwill

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

(h) Goodwill

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

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

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

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

Note 4 – Financial Risk Management

4.1 Risk Management Policy

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

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

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

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

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

Note 4 – Financial Risk Management, continued

#### 4.2 Risk Factors

##### 4.2.1 Market risk

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

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

Currently, the Company incurs annual expenses of approximately US\$ 90 million for fuels and approximately US\$60 million for electric energy. Variations of 10% in the prices of energy required for the Company's activities may give rise to variations of US\$15 million in costs.

##### 4.2.2 Uncollectibility Risk

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

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

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

Note 4 – Financial Risk Management, continued

4.2.3 Exchange rate risk

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

A significant portion of the Company's costs relates to Chilean peso. In line with this, an increase or decrease in the exchange rate between Chilean peso and U.S. dollar would affect its costs. Currently, close to US\$ 300 million of the Company's costs, particularly payroll, are denominated in Chilean pesos and therefore, if no derivatives are used, a variation of 10% in the exchange rate might result in fluctuations of approximately US\$30 million.

As of December 31, 2009, the Company had derivative instruments classified as exchange and interest rate hedges associated with all the Company's obligations related to bonds payable denominated in Chilean pesos and UF, for a fair value of US\$51.3 million. As of September 30, 2010, this amounts to US\$74.5 millions both in favor of SQM.

As of September 30, 2010, the exchange rate for U.S. dollars was Ch\$483.65 per US\$1.00 (Ch\$507.10 per US\$1.00 as of December 31, 2009.)

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

Note 4 – Financial Risk Management, continued

4.2.4 Interest rate risk

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

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

As of September 30, 2010, the Company has approximately 20% of its long-term financial obligations valued at LIBOR rate and therefore, significant increases in this rate may have an impact on its financial condition. A 100 base point variation on this rate may result in variations in finance costs close to an annual amount of US\$ 2 million, which is actually significantly offset by the returns from the Company's investments which are also highly related to the LIBOR rate.

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

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

Note 4 – Financial Risk Management, continued

#### 4.2.5 Liquidity risk

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

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

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

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

Accordingly, conducts an ongoing follow-up of the reconciliation of its investments and as part of its risk management strategy, looks after the expiration dates of both from a conservative perspective. As of September 30, 2010, the Company had unused credit facilities for a total of US\$450.5 million and credit facilities used for US\$40 million, available should it require any additional fund.

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

#### 4.3 Risk Measurement

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

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

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

5.1 Changes in accounting estimates

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

5.2 Changes in Accounting Policies

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

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

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

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

## Note 6 - Cash and Cash Equivalents

## 6.1 Classes of Cash and Cash Equivalents

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

|                                 | 9/30/2010 | 12/31/2009 | 1/1/2009 |
|---------------------------------|-----------|------------|----------|
|                                 | ThUS\$    | ThUS\$     | ThUS\$   |
| Cash and cash equivalents       |           |            |          |
| Cash on hand                    | 78        | 96         | 2,845    |
| Bank balances                   | 18,748    | 19,121     | 18,773   |
| Short-term time deposits        | 472,653   | 336,435    | 116,492  |
| Other cash and cash equivalents | 124,368   | 174,742    | 165,689  |
| Cash and cash equivalents       | 615,847   | 530,394    | 303,799  |

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

## 6.2 Other cash and cash equivalents

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

| Institution                             | 9/30/2010 | 12/31/2009 | 1/1/2009 |
|---|-----------|------------|----------|
|   | ThUS\$    | ThUS\$     | ThUS\$   |
| Legg Mason Western Asset Management Co. | 40,329    | 59,224     | 56,384   |
| BlackRock Cash Management Plc           | 41,696    | 59,070     | 55,760   |
| JP Morgan Asset Management              | 42,343    | 56,334     | 53,545   |
| Citibank                                | -         | 114        | -        |
| Total                                   | 124,368   | 174,742    | 165,689  |

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



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

## Note 6 - Cash and Cash Equivalents, continued

## 6.3 Information on cash and cash equivalents by currency

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

| Original currency  | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|--------------------|---------------------|----------------------|--------------------|
| Chilean Peso       | 437,251             | 259,680              | 99                 |
| US Dollar          | 168,377             | 263,207              | 291,177            |
| Euro               | 1,493               | 3,813                | 7,676              |
| Mexican Peso       | 99                  | 218                  | 809                |
| South African Rand | 7,199               | 2,586                | 2,574              |
| Japanese Yen       | 1,090               | 823                  | 1,096              |
| Dirham             | -                   | -                    | 176                |
| Peruvian Sol       | 159                 | 26                   | 175                |
| Argentinean Peso   | 13                  | 1                    | 3                  |
| Brazilian Real     | 43                  | 33                   | 4                  |
| Chinese Yuan       | 113                 | -                    | -                  |
| Indonesian rupee   | 5                   | 5                    | 4                  |
| Pound sterling     | 5                   | 2                    | 6                  |
| Total              | 615,847             | 530,394              | 303,799            |

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

Note 6 - Cash and Cash Equivalents, continued

6.4 Amount of significant restricted (unavailable) cash balances

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

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

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

Note 6 - Cash and Cash Equivalents, continued

6.5 Detail of time deposits

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

| Provider of the deposit | Type of deposit | Original Currency | Interest rate | Placement date | Expiration date | Interest accrued to |        | 12/31/2009 | 1/1/2010 |    |
|-------------------------|-----------------|-------------------|---------------|----------------|-----------------|---------------------|--------|------------|----------|----|
|                         |                 |                   |               |                |                 | Principal           | Rate   |            |          |    |
|                         |                 |                   |               |                |                 | ThUS\$              | ThUS\$ | ThUS\$     | ThUS\$   |    |
| o Crédito e             | Fixed term      | Chilean pesos     | 0.20          | 6-29-2010      | 11-3-2010       | 27,808              | 172    | 27,980     | 71,846   | 11 |
| o Crédito e             | Fixed term      | Chilean pesos     | 0.21          | 7-23-2010      | 11-10-2010      | 32,159              | 155    | 32,314     | -        |    |
| o Crédito e             | Fixed term      | Chilean pesos     | 0.30          | 9-22-2010      | 11-22-2010      | 8,915               | 7      | 8,922      | -        |    |
| o Crédito e             | Fixed term      | Chilean pesos     | 0.31          | 9-2-2010       | 12-1-2010       | 13,889              | 40     | 13,929     | -        |    |
| o Crédito e             | Fixed term      | Chilean pesos     | 0.30          | 8-31-2010      | 12-2-2010       | 9,825               | 29     | 9,854      | -        |    |
| o Crédito e             | Fixed term      | Chilean pesos     | 0.32          | 9-3-2010       | 12-6-2010       | 6,654               | 19     | 6,673      | -        |    |
| o Crédito e             | Fixed term      | Chilean pesos     | 0.33          | 9-30-2010      | 12-29-2010      | 12,018              | 0      | 12,018     | -        |    |
| o de Chile              | Fixed term      | Chilean pesos     | 0.17          | 7-9-2010       | 10-7-2010       | 17,032              | 80     | 17,112     | 107,862  | 10 |
| o de Chile              | Fixed term      | Chilean pesos     | 0.26          | 9-22-2010      | 10-22-2010      | 10,261              | 7      | 10,268     | -        |    |
| o de Chile              | Fixed term      | Chilean pesos     | 0.28          | 9-28-2010      | 10-28-2010      | 15,176              | 3      | 15,179     | -        |    |
| o de Chile              | Fixed term      | Chilean pesos     | 0.30          | 8-24-2010      | 11-24-2010      | 20,927              | 77     | 21,004     | -        |    |
| o de Chile              | Fixed term      | Chilean pesos     | 0.30          | 8-26-2010      | 11-27-2010      | 21,117              | 74     | 21,191     | -        |    |
| o de Chile              | Fixed term      | Chilean pesos     | 0.30          | 9-3-2010       | 12-6-2010       | 3,742               | 10     | 3,752      | -        |    |
| o                       |                 |                   |               |                |                 |                     |        |            |          |    |
| nder-Santiago           | Fixed term      | Chilean pesos     | 0.16          | 6-29-2010      | 10-5-2010       | 28,001              | 139    | 28,140     | 89,137   | 44 |
| o                       |                 |                   |               |                |                 |                     |        |            |          |    |
| nder-Santiago           | Fixed term      | Chilean pesos     | 0.17          | 6-29-2010      | 12-12-2010      | 27,808              | 146    | 27,954     | -        |    |
| o                       |                 |                   |               |                |                 |                     |        |            |          |    |
| nder-Santiago           | Fixed term      | Chilean pesos     | 0.17          | 6-23-2010      | 10-26-2010      | 55,210              | 309    | 55,519     | -        |    |
| o                       |                 |                   |               |                |                 |                     |        |            |          |    |
| nder-Santiago           | Fixed term      | Chilean pesos     | 0.31          | 9-28-2010      | 12-27-2010      | 20,196              | 4      | 20,200     | -        |    |
| ank New York            |                 |                   |               |                |                 |                     |        |            |          |    |
| siones                  | Overnight       | US Dollar         | 0.03          | 9-28-2010      | 10-1-2010       | 3,287               | -      | 3,287      | 2,122    |    |
| banca                   | Fixed term      | Chilean pesos     | 0.31          | 8-24-2010      | 12-14-2010      | 10,773              | 41     | 10,814     | 50,468   | 20 |
| banca                   | Fixed term      | Chilean pesos     | 0.31          | 8-23-2010      | 12-20-2010      | 15,327              | 60     | 15,387     | -        |    |
| o BBVA Chile            | Fixed term      | Chilean pesos     | 0.26          | 9-30-2010      | 10-25-2010      | 21,835              | -      | 21,835     | -        |    |
| o BBVA Chile            | Fixed term      | Chilean pesos     | 0.28          | 8-20-2010      | 11-15-2010      | 21,008              | 80     | 21,088     | -        | 16 |
| o BBVA Chile            | Fixed term      | Chilean pesos     | 0.30          | 9-7-2010       | 12-16-2010      | 10,275              | 24     | 10,299     | -        |    |
| o BBVA Chile            | Fixed term      | Chilean pesos     | 0.31          | 9-8-2010       | 12-17-2010      | 8,852               | 20     | 8,872      | -        |    |
| o Estado                | Fixed term      | US Dollar         | 1.30          | 9-27-2010      | 10-4-2010       | 20,000              | 2      | 20,002     | -        |    |
| o ITAU Chile            | Fixed term      | Chilean pesos     | 0.19          | 7-22-2010      | 10-20-2010      | 16,379              | 72     | 16,451     | -        | 9  |

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|                 |            |           |      |            |            |        |         |         |        |
|-----------------|------------|-----------|------|------------|------------|--------|---------|---------|--------|
| Bank            | Fixed term | Rupee     | -    | 12-31-2009 | 12-31-2010 | 9      | -       | 9       | -      |
| C Bank Chile    | Fixed term | US Dollar | 2.50 | 9-30-2010  | 12-29-2010 | 12,600 | -       | 12,600  | -      |
| sche Bank Chile | -          | -         | -    | -          | -          | -      | -       | -       | 15,000 |
|                 |            |           |      |            |            |        | 472,653 | 336,435 | 116    |

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

Note 7 - Inventories

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

| Class of inventories    | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|-------------------------|---------------------|----------------------|--------------------|
| Raw materials           | 4,614               | 6,491                | 11,144             |
| Supplies for production | 20,221              | 15,617               | 19,275             |
| Products-in-progress    | 285,096             | 287,712              | 189,555            |
| Finished products       | 329,608             | 320,943              | 320,903            |
| <b>Total</b>            | <b>639,539</b>      | <b>630,763</b>       | <b>540,877</b>     |

Inventory provisions recognized as of September 30, 2010 amount to ThUS\$62,499 as of December 31, 2009 amounted to ThUS\$65,298, and as of January 1, 2009 amounted to ThUS\$43,686. Provisions have been made based on a technical study which covers the different variables which affect products in stock (density, humidity, among others.) Additionally, provisions have been recognized for goodwill in the sale of products and inventory difference.

The breakdown of these provisions is as follows:

| Class of inventories    | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|-------------------------|---------------------|----------------------|--------------------|
| Raw materials           | 1,093               | 93                   | 93                 |
| Supplies for production | 802                 | 1,580                | 1,900              |
| Products-in-progress    | 42,579              | 46,228               | 27,599             |
| Finished products       | 18,025              | 18,027               | 14,094             |
| <b>Total</b>            | <b>62,499</b>       | <b>65,928</b>        | <b>43,686</b>      |

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

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

Note 8 - Information for disclosure on related parties

8.1 Information for disclosure on related parties

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

8.2 Relationships between the parent company and the entity

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

Sociedad de Inversiones Pampa Calichera S.A. and Global Mining Investments (Chile) S.A. and collectively, the Pampa Group, are the owners of a number of shares which is equivalent to 30.48% of the current total amount of shares issued, subscribed and paid of SQM S.A. In addition, Kowa Company Ltd., Inversiones La Esperanza (Chile) Limitada, Kochi S.A. and La Esperanza Delaware Corporation, collectively Kowa Group, are the owners of a number of shares equivalent to 2.08% of the total amount of shares issued, subscribed and paid of SQM S.A.

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

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

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

Note 8 - Information for disclosure on related parties, continued

Detail of effective concentration

| Taxpayer ID       | Company name                                 | Ownership percentage % |
|-------------------|--|------------------------|
| 96.511.530-7      | Sociedad de Inversiones Pampa Calichera S.A. | 25.24                  |
| 96.863.960-9      | Global Mining Investments (Chile) S.A.       | 5.24                   |
| Total Pampa Group |  | 30.48                  |
| 79.798.650-k      | Inversiones la Esperanza (Chile) Ltda.       | 1.40                   |
| 59.046.730-8      | Kowa Co Ltd.                                 | 0.30                   |
| 96.518.570-4      | Kochi S.A.                                   | 0.29                   |
| 59.023.690-k      | La Esperanza Delaware Corporation            | 0.09                   |
| Total Kowa Group  |  | 2.08                   |

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

The following intermediate parent companies prepare public financial statements:

Soquimich Comercial S.A.

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

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

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

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

Note 8 - Information for disclosure on related parties, continued

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

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

8.5 Detail of related parties and transactions with related parties

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

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

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

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

## 8.6 Detail of related parties and transactions with related parties

| Taxpayer ID  | Company                             | Relationship              | Original country     | Transaction description | 9/30/2010<br>ThUS\$ | 9/30/2009<br>ThUS\$ |
|--------------|-------------------------------------|---------------------------|----------------------|-------------------------|---------------------|---------------------|
| Foreign      | Doktor Tarsa Tarim Sanayi As        | Associate                 | Turkey               | Sale of products        | 9,939               | 5,895               |
| Foreign      | Ajay Europe S.A.R.L.                | Associate                 | France               | Sale of products        | 16,827              | 6,065               |
| Foreign      | Ajay Europe S.A.R.L.                | Associate                 | France               | Finance income          | -                   | 7                   |
| Foreign      | Ajay Europe S.A.R.L.                | Associate                 | France               | Dividends               | 118                 | -                   |
| Foreign      | Ajay North America LLC.             | Associate                 | United States        | Sale of products        | 27,130              | 8,021               |
| Foreign      | Ajay North America LLC.             | Associate                 | United States        | Dividends               | 701                 | 453                 |
| Foreign      | Ajay North America LLC.             | Associate                 | United States        | Sale of fixed asset     | -                   | 20                  |
| Foreign      | Abu Dhabi Fertilizer Industries WWL | Associate                 | United Arab Emirates | Sale of products        | 9,202               | 4,783               |
| Foreign      | Abu Dhabi Fertilizer Industries WWL | Associate                 | United Arab Emirates | Finance income          | -                   | 54                  |
| Foreign      | Abu Dhabi Fertilizer Industries WWL | Associate                 | United Arab Emirates | Dividends               | 525                 | -                   |
| Foreign      | Kowa Company Ltd.                   | Entity with joint control | Japan                | Sale of products        | 67,529              | 42,772              |
| Foreign      | Kowa Company Ltd.                   | Entity with joint control | Japan                | Sale of services        | -                   | 92                  |
| Foreign      | NU3 B.V.                            | Associate                 | The Netherlands      | Sale of products        | 10,323              | 7,629               |
| Foreign      | NU3 B.V.                            | Associate                 | The Netherlands      | Sale of services        | 76                  | 79                  |
| Foreign      | NU3 N.V.                            | Associate                 | Belgium              | Sale of products        | 10,283              | 7,847               |
| Foreign      | SQM Agro India PYT Ltd.             | Associate                 |                      | Sale of products        | -                   | 77                  |
| Foreign      | SQM Thailand Co.Ltd.                | Associate                 |                      | Sale of products        | 1,583               | 1,175               |
| Foreign      | SQM Thailand Co.Ltd.                | Associate                 |                      | Dividends               | 309                 | -                   |
| 77.557.430-5 | Sales de Magnesio Ltda              | Associate                 | Chile                | Sale of products        | 567                 | 734                 |

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|              |                                  |                     |       |                  |     |        |
|--------------|----------------------------------|---------------------|-------|------------------|-----|--------|
| 77.557.430-5 | Sales de Magnesio Ltda           | Associate           | Chile | Dividends        | -   | 385    |
| 77.557.430-5 | Sales de Magnesio Ltda           | Associate           | Chile | Sale of services | 347 | 270    |
| 78.062.420-5 | Minera Saskatchewan Ltda ( PCS ) | Other related party | Chile | Sale of products | -   | 44,791 |
| 78.062.420-5 | Minera Saskatchewan Ltda ( PCS ) | Other related party | Chile | Sale of services | 423 | 154    |

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

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

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

| Taxpayer ID               | Company  | Currency  | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|---------------------------|--|-----------|---------------------|----------------------|--------------------|
| 77.557.430-5              | Sales de Magnesio Ltda.<br>Soc.de Inversiones Pampa        | US Dollar | 260                 | 292                  | 143                |
| 96.511.530-7              | Calichera  | US Dollar | 8                   | 8                    | 8                  |
| 78.062.420-5              | Minera Saskatchewan Ltda.                                  | US Dollar | -                   | 32,588               | -                  |
| Foreign                   | Doktor Tarsa Tarim Sanayi AS                               | US Dollar | 538                 | 7,304                | 13.641             |
| Foreign                   | Nutrisi Holding N.V.                                       | Euro      | 1,645               | 1,741                | 1.702              |
| Foreign                   | Ajay Europe S.A.R. L.                                      | US Dollar | 2,823               | 1,492                | 4.061              |
| Foreign                   | Ajay North America LLC.<br>Abu Dhabi Fertilizer Industries | US Dollar | 4,875               | 2,914                | 2.520              |
| Foreign                   | WWL  | US Dollar | 3,530               | 3,546                | 6.579              |
| Foreign                   | NU3 B.V.   | Euro      | 1,457               | 1,883                | 772                |
| Foreign                   | Misr Speciality Fertilizers                                | US Dollar | 332                 | 289                  | 632                |
| Foreign                   | Kowa Company Ltd.  | US Dollar | 23,418              | 15,764               | 18.170             |
| Foreign                   | SQM Thailand Co. Ltd.                                      | US Dollar | 1,141               | 835                  | -                  |
| Foreign                   | SQM Agro India   | US Dollar | -                   | -                    | 595                |
| Foreign                   | SQM East Med Turkey  | US Dollar | -                   | -                    | 1.075              |
| Foreign                   | NU3 N.V.   | Euro      | -                   | -                    | 1.129              |
| Total to the present date |  |           | 40,027              | 68,656               | 51,027             |

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

| Taxpayer ID               | Company                                   | Currency  | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|---------------------------|---|-----------|---------------------|----------------------|--------------------|
| Foreign                   | Abu Dhabi Fertilizer<br>Industries WWL a. | US Dollar | -                   | -                    | 2,000              |
| Total to the present date |   |           | -                   | -                    | 2,000              |

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

Note 8 - Information for disclosure on related parties, continued

8.9 Trade and other payables due to related parties, current:

| Taxpayer ID               | Company                           | Currency                       | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|---------------------------|-----------------------------------|--------------------------------|---------------------|----------------------|--------------------|
| 79.049.778-9              | Callegari Agrícola S.A.           | Chilean peso                   | 3                   | 234                  | -                  |
| Foreign                   | NU3 N.V.                          | US Dollar                      | 1,232               | 94                   | -                  |
| Foreign                   | SQM Vitas                         | United Arab Emirates<br>Dirham | 2,504               | 2,883                | -                  |
| Foreign                   | Coromandel Fertilizers<br>Limited | Indian Rupee                   | 593                 | 681                  | -                  |
| Foreign                   | SQM Thailand Co. Ltd.             | Euro                           | -                   | -                    | 178                |
| Total to the present date |                                   |                                | 4.332               | 3,892                | 178                |

8.10 Board of Directors and Senior Management

1) Board of Directors

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

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

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

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

Note 8 - Information for disclosure on related parties, continued

2) Directors' Compensation

2.1 2010

2.1.1 Board of Directors

Director's compensation is detailed as follows:

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

2.1.2 Audit Committee

The remuneration of the Audit Committee is detailed as follows:

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

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

Note 8 - Information for disclosure on related parties, continued

2.2 2009

2.2.1 Directors' Compensation and Committee

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

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

Therefore, remuneration and profit share paid to the members of the Audit Committee and the directors during 2009 amounted to ThUS\$6,507. As of September 30, 2010, the amount of ThUS\$ 2,340 has been paid.

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

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

Note 8 - Information for disclosure on related parties, continued

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

4) Senior Management remuneration

As of September 30, 2010, the overall remuneration paid to the 107 main executives amounts to ThUS\$15,419. (ThUS\$14,760 as of September 30, 2009.) This includes monthly fixed remuneration and variable performance bonuses.

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

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

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

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

7) In accordance with IAS No. 24 paragraph 9, letter f) we must inform that our Director Wolf Von Appen B. is a part of the Ultramar Group. As of September 30, 2010, the amount of operations with this Group is approximately ThUS\$7,935.



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

## Note 9 - Financial Instruments

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

## 9.1 Classes of other financial assets

| Classes of other financial assets           | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|---|---------------------|----------------------|--------------------|
| Other current financial assets (1)          | -                   | 15,045               | 20,121             |
| Derivative instruments (2)                  | 3,181               | 9,153                | 1,599              |
| Hedging assets, current                     | 74,474              | 51,339               | -                  |
| <b>Total other current financial assets</b> | <b>77,655</b>       | <b>75,537</b>        | <b>21,720</b>      |
| Other non-current financial assets (3)      | 115                 | 113                  | 101                |

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

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

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

## 9.2 Trade and other receivables

a) Trade and other receivables, net:

| Description of the class of trade and other receivables. net: | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|---|---------------------|----------------------|--------------------|
| Trade and other receivables current, net                      | 430,840             | 325,823              | 334,791            |
| Trade receivables   | 403,374             | 309,765              | 328,044            |
| Other receivables   | 27,466              | 16,058               | 6,747              |
| Trade and other receivables non-current, net                  | 3,873               | 4,208                | 766                |
| Other receivables   | 3,873               | 4,208                | 766                |
| <b>Total</b>  | <b>434,713</b>      | <b>330,031</b>       | <b>335,557</b>     |

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

## Note 9 - Financial Instruments, continued

## b) Trade and other receivables, gross:

| Classes of trade and other receivables, gross  | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|--|---------------------|----------------------|--------------------|
| Trade and other receivables current, gross     | 450,036             | 342,906              | 348,066            |
| Trade receivables                              | 420,534             | 326,192              | 339,932            |
| Other receivables                              | 29,502              | 16,714               | 8,134              |
| Trade and other receivables non-current, gross | 3,873               | 4,208                | 766                |
| Other receivables                              | 3,873               | 4,208                | 766                |
| Total to the present date                      | 453,909             | 347,114              | 348,832            |

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

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

| Financial assets            | Expiring in<br>less than<br>three<br>months | Expiring<br>between<br>three and<br>six months | Expiring<br>between six<br>and twelve<br>months | Balances as of<br>9/30/2010                  |                 |
|-----------------------------|---|--|---|--|-----------------|
|                             |   |  |   | Expiring in<br>more than<br>twelve<br>months | Total<br>ThUS\$ |
| Trade and other receivables | 18,699                                      | 16,750   | 12,333  | 3,932  | 51,714          |
| Total                       | 18,699                                      | 16,750   | 12,333  | 3,932  | 51,714          |

| Financial assets            | Expiring in<br>less than<br>three months | Expiring<br>between three<br>and six<br>months | Expiring<br>between six<br>and twelve<br>months | Balances as of<br>12/31/2009                 |                 |
|-----------------------------|--|--|---|--|-----------------|
|                             |  |  |   | Expiring in<br>more than<br>twelve<br>months | Total<br>ThUS\$ |
| Trade and other receivables | 36,956                                   | 7,107  | 713   | 6,370  | 51,146          |
| Total                       | 36,956                                   | 7,107  | 713   | 6,370  | 51,146          |

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

## Note 9 - Financial Instruments, continued

## d) Detail of impaired financial assets

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

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

| Financial assets            | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|-----------------------------|---------------------|----------------------|--------------------|
| Trade and other receivables | (19,196)            | (17,083)             | (13,279)           |
| Balance                     | (19,196)            | (17,083)             | (13,279)           |

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

|                           | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|---------------------------|---------------------|----------------------|--------------------|
| Opening balance           | 17,083              | 13,279               | 10,649             |
| Impairment for the period | 2,028               | 3,716                | 4,700              |
| Write-offs                | (118)               | (199)                | (1,042)            |
| Exchange difference       | 203                 | 1,214                | (855)              |
| Other                     | -                   | (927)                | (173)              |
| Total                     | 19,196              | 17,083               | 13,279             |

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

## Note 9 - Financial Instruments, continued

## 9.3 Current hedging assets

The balance relates to derivative financial instruments measured at fair value, which have been classified as foreign currency translation hedging and interest rate hedges associated with all the Company's obligations related to bonds payable in Chilean pesos and in UF. As of September 30, 2010, the face value of cross currency swap contracts amounted to ThUS\$413,183, as of December 31, 2009 amounted to ThUS\$415,749, as of September 30, 2009 amounted to ThUS\$357,894 and as of January 1, 2009 amounted to ThUS\$ 113,025.

| Hedging assets.<br>current | Derivative<br>instruments<br>(CCS)<br>ThUS\$ | Effect on profit or<br>loss for the<br>period, derivative<br>Instruments<br>ThUS\$ | Hedging reserve<br>in equity. gross<br>ThUS\$ | Deferred<br>income<br>Hedging<br>reserve in<br>equity<br>ThUS\$ | Hedging<br>reserve in<br>equity<br>ThUS\$ |
|----------------------------|--|--|---|---|---|
| September 30, 2010         | 74,474                                       | 29,059   | (15,302)                                      | 2,601   | (12,701)                                  |
| September 30, 2009         | 28,511                                       | 25,146   | 3,365   | (572)   | 2,793                                     |

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

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

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

Note 9 - Financial Instruments, continued

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

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

9.4 Financial liabilities

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

|  | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|--|---------------------|----------------------|--------------------|
| Classes of interest-bearing (accruing) loans |                     |                      |                    |
| <b>Current interest-bearing loans</b>        |                     |                      |                    |
| Bank loans (a)                               | 86,335              | 220,756              | 133,587            |
| Derivative instruments (9.6)                 | 33,978              | 4,232                | 7,158              |
| Current hedging liabilities                  | -                   | -                    | 11,031             |
| Unsecured obligations (b)                    | 20,384              | 43,867               | 7,344              |
| <b>Total</b>                                 | <b>140,697</b>      | <b>268,855</b>       | <b>159,120</b>     |
| <b>Non-current interest-bearing loans</b>    |                     |                      |                    |
| Bank loans (c)                               | 219,987             | 363,808              | 229,680            |
| Unsecured obligations (d)                    | 934,716             | 660,542              | 281,662            |
| <b>Total</b>                                 | <b>1,154,703</b>    | <b>1,024,350</b>     | <b>511,342</b>     |

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

Note 9 - Financial Instruments, continued

a) Current bank loans:

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

| Debtor                              | Creditor |                       | Type of currency or adjustment index | Type of repayment | Effective rate | Nominal rate    | Up to 90 days | 9/30 Current Balance |         |
|-------------------------------------|----------|-----------------------|--------------------------------------|-------------------|----------------|-----------------|---------------|----------------------|---------|
|                                     | Country  | Financial institution |                                      |                   |                |                 |               |                      | Country |
| QM Industrial S.A.                  | Chile    | 97.951.000-4          | HSBC Bank Chile                      | Chile             | USD            | Expiration date | 0.87%         | 0.87%                | 14,513  |
| QM S.A.                             | Chile    | Foreign               | Banco Estado NY Branch               | United States     | USD            | Expiration date | 3.93%         | 3.77%                | -       |
| QM S.A.                             | Chile    | Foreign               | Banco Estado NY Branch               | United States     | USD            | Expiration date | 3.93%         | 3.77%                | -       |
| QM S.A.                             | Chile    | Foreign               | Banco Estado NY Branch               | United States     | USD            | Expiration date | 2.71%         | 2.61%                | 1,561   |
| QM S.A.                             | Chile    | Foreign               | BBVA Banco Bilbao Vizcaya Argentaria | Chile             | USD            | Expiration date | 0.74%         | 0.74%                | 20,001  |
| QM Salar A.                         | Chile    | 97.018.000-1          | Scotiabank Sudamericano              | Chile             | USD            | Expiration date | 0.74%         | 0.74%                | 20,000  |
| Royal Seed Trading Corporation V.V. | Aruba    | Foreign               | ING Capital LLC                      | United States     | USD            | Expiration date | 1.31%         | 1.11%                | 309     |
|                                     |          |                       |                                      |                   |                |                 |               |                      | 56,384  |
|                                     |          |                       |                                      |                   |                |                 |               |                      | -       |
|                                     |          |                       |                                      |                   |                |                 |               |                      | 56,384  |

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

## Note 9 - Financial Instruments, continued

| Debtor       | Creditor |              |                       | Country       | Type of Currency or adjustment index | Type of repayment | Effective rate | Nominal rate | Up to 90 days | 12/ Current Bet |
|--------------|----------|--------------|-----------------------|---------------|--------------------------------------|-------------------|----------------|--------------|---------------|-----------------|
|              | Country  | Taxpayer ID  | Financial institution |               |                                      |                   |                |              |               |                 |
| M Industrial | Chile    | 97.951.000-4 | HSBC Bank Chile       | Chile         | USD                                  | Expiration date   | 4.74%          | 4.74%        | 15,090        |                 |
|              |          |              | Banco Estado NY       |               |                                      |                   |                |              |               |                 |
| M S.A.       | Chile    | Foreign      | Branch                | United States | USD                                  | Expiration date   | 2.68%          | 2.68%        | -             |                 |
| M S.A.       | Chile    | 97.030.000-7 | Banco Estado          | Chile         | USD                                  | Expiration date   | 4.66%          | 4.66%        | 20,813        |                 |
|              |          |              | Banco Estado NY       |               |                                      |                   |                |              |               |                 |
| M S.A.       | Chile    | Foreign      | Branch                | United States | USD                                  | Expiration date   | 3.98%          | 3.98%        | 223           |                 |
|              |          |              | Banco Estado NY       |               |                                      |                   |                |              |               |                 |
| M S.A.       | Chile    | Foreign      | Branch                | United States | USD                                  | Expiration date   | 3.98%          | 3.98%        | 109           |                 |
| M S.A.       | Chile    | 97.032.000-8 | BBVA Chile            | Chile         | USD                                  | Expiration date   | 4.51%          | 4.51%        | 20,762        |                 |
| M S.A.       | Chile    | 97.032.000-8 | BBVA Chile            | Chile         | USD                                  | Expiration date   | 4.46%          | 4.46%        | 10,376        |                 |
|              |          |              | Caja de Ahorro y      |               |                                      |                   |                |              |               |                 |
| M S.A.       | Chile    | Foreign      | Monte de Piedad       | United States | USD                                  | Expiration date   | 3.08%          | 2.56%        | 43            |                 |
|              |          |              | BBVA Banco            |               |                                      |                   |                |              |               |                 |
| al Seed      |          |              | Bilbao Vizcaya        |               |                                      |                   |                |              |               |                 |
| ling         |          |              | Argentaria            | United States | USD                                  | Expiration date   | 1.22%          | 0.69%        | 100,053       |                 |
| poration     | Aruba    | Foreign      |                       |               |                                      |                   |                |              |               |                 |
| .V..         |          |              | ING Capital LLC       | United States | USD                                  | Expiration date   | 0.95%          | 0.80%        | -             |                 |
| al Seed      |          |              | Export                |               |                                      |                   |                |              |               |                 |
| ling         |          |              | Development           |               |                                      |                   |                |              |               |                 |
| poration     | Dutch    | Foreign      | Canada                | United States | USD                                  | Expiration date   | 2.47%          | 1.93%        | -             | 5               |
| .V.          | Antilles |              |                       |               |                                      |                   |                |              |               |                 |
| ilizantes    |          |              | Other banks           | Spain         | Euro                                 | Expiration date   | -              | -            | -             |                 |
| urales       | Spain    | Foreign      |                       |               |                                      |                   |                |              |               |                 |
|              |          |              |                       |               |                                      |                   |                |              | 167,469       | 5               |
|              |          |              |                       |               |                                      |                   |                |              | (653)         |                 |
|              |          |              |                       |               |                                      |                   |                |              | 166,816       | 5               |

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

## Note 9 - Financial Instruments, continued

| Debtor                       | Creditor       |              |                                 | Type of currency or adjustment index | Type of repayment | Effective rate  | Nominal rate | Up to 90 days | 90 days and over |
|------------------------------|----------------|--------------|---------------------------------|--------------------------------------|-------------------|-----------------|--------------|---------------|------------------|
| Subsidiary                   | Country        | Taxpayer ID  | Financial institution           | Country                              |                   |                 |              | ThUS\$        | ThUS\$           |
| M Industrial                 | Chile          | 97.006.000-6 | Banco Crédito e Inversiones     | Chile                                | USD               | Expiration date | 10.12%       | 10.12%        | 15,346           |
| M S.A.                       | Chile          | 97.006.000-6 | Banco Crédito e Inversiones     | Chile                                | USD               | Expiration date | 6.00%        | 6.00%         | -                |
| M S.A.                       | Chile          | Foreign      | JP Morgan Chase Bank            | United States                        | USD               | Expiration date | 6.63%        | 6.63%         | -                |
| M S.A.                       | Chile          | 97.006.000-6 | Banco Crédito e Inversiones     | Chile                                | USD               | Expiration date | 6.12%        | 6.12%         | -                |
| M S.A.                       | Chile          | 97.032000-8  | BBVA Chile                      | Chile                                | USD               | Expiration date | 4.62%        | 4.62%         | 10,021           |
| M S.A.                       | Chile          | 97.032000-8  | BBVA Chile                      | Chile                                | USD               | Expiration date | 7.87%        | 7.87%         | 10,166           |
| M S.A.                       | Chile          | 97.032000-8  | BBVA Chile                      | Chile                                | USD               | Expiration date | 8.00%        | 8.00%         | 20,338           |
| M Salar                      | Chile          | 97.036.000-K | Banco Santander Santiago        | Chile                                | USD               | Expiration date | 6.25%        | 6.25%         | -                |
| M Salar                      | Chile          | 97.036.000-K | Banco Santander Santiago        | Chile                                | USD               | Expiration date | 6.02%        | 6.02%         | 10,037           |
| M Salar                      | Chile          | 97.951.000-4 | HSBC Bank Chile                 | Chile                                | USD               | Expiration date | 7.80%        | 7.80%         | -                |
| Val Seed Mining Corporation  | Aruba          | Foreign      | Banco Bilbao Vizcaya Argentaria | United States                        | USD               | Expiration date | 3.01%        | 2.63%         | 204              |
| Val Seed Mining Corporation  | Aruba          | Foreign      | ING Capital LLC                 | United States                        | USD               | Expiration date | 3.19%        | 2.93%         | -                |
| M Investment Corporation     | Dutch Antilles | Foreign      | Export Development Canada       | United States                        | USD               | Expiration date | 3.73%        | 3.33%         | -                |
| M Dubai                      | Arab Emirates  | Foreign      | HSBC Bank Middle East Ltd.      | United Arab Emirates                 | Dirham            | Expiration date | -            | -             | 21               |
| Minerías y Petróliferas S.A. | Spain          | Foreign      | Other banks                     | Spain                                | Euro              | Expiration date | -            | -             | -                |



66,133  
(102)  
66,031

89

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

Note 9 - Financial Instruments, continued

b) Unsecured obligations, current:

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

Promissory notes

| ID or registration<br>No. of the<br>instrument | Adjustment |      | Face value     | Expiration<br>date of the<br>note of line of<br>Credit | Interest<br>rate | Carrying value<br>ThUS\$ |            |          |
|--|------------|------|----------------|--|------------------|--------------------------|------------|----------|
|  | Series     | unit |                |  |                  | 9/30/2010                | 12/31/2009 | 9/1/2009 |
| 47   | 1-B        | \$   | 15,000,000,000 | 3-17-2010  | 3.6%             | -                        | 29,363     | -        |
| <b>Total</b>                                   |            |      |                |  |                  | -                        | 29,363     | -        |

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

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

Note 9 - Financial Instruments, continued

Bonds

| Debtor     | Subsidiary | Country | Placement in Chile or abroad | No. of registration or ID of the instrument | Series | Placed face outstanding value | Adjustment unit | Effective rate | Nominal rate | Payment of interest | Periodicity     | Amortization        | 9/30/2010     |   |
|------------|------------|---------|------------------------------|---|--------|-------------------------------|-----------------|----------------|--------------|---------------------|-----------------|---------------------|---------------|---|
|            |            |         |                              |   |        |                               |                 |                |              |                     |                 |                     | Up to 90 days | Current maturity Between 90 days and 1 year |
|            |            |         |                              |   |        |                               |                 |                |              |                     |                 |                     | ThUS\$        | ThUS\$                                      |
| 9 SQM S.A  | Chile      | Abroad  | single                       | -   |        | US\$                          |                 | 6.79%          | 6.13%        | Semi-annual         | Expiration date |                     | 5,623         |   |
| 9 SQM S.A  | Chile      | Chile   |                              | 446   | C      | 150.000                       | UF              | 6.63%          | 4.00%        | Semi-annual         | Semi-annual     |                     | 4,740         | 3,311                                       |
| 9 SQM S.A  | Chile      | Chile   |                              | 564   | H      | -                             | UF              | 6.43%          | 4.90%        | Semi-annual         | Semi-annual     |                     | -             | 2,021                                       |
| 9 SQM S.A  | Chile      | Chile   |                              | 563   | G      | - \$                          |                 | 6.19%          | 7.00%        | Semi-annual         | Expiration date |                     |               | 701   |
| 9 SQM S.A  | Chile      | Chile   |                              | 563   | I      | -                             | UF              | 5.88%          | 3.00%        | Semi-annual         | Expiration date |                     | -             |   |
| 9 SQM S.A  | Chile      | Chile   |                              | 563   | J      | - \$                          |                 | 5.37%          | 5.50%        | Semi-annual         | Expiration date |                     | -             |   |
| 9 SQM S.A. | Chile      | Abroad  | Single                       | -   |        | US\$                          |                 | 5.92%          | 5.50%        | Semi-annual         | Expiration date |                     | 6,086         |   |
|            |            |         |                              |   |        |                               |                 |                |              |                     |                 | Total               | 16,449        | 6,031                                       |
|            |            |         |                              |   |        |                               |                 |                |              |                     |                 | Bond issuance costs | (931)         | (1,171)                                     |
|            |            |         |                              |   |        |                               |                 |                |              |                     |                 | Total               | 15,518        | 4,860                                       |

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

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

## Note 9 - Financial Instruments, continued

| Debtor              | Subsidiary | Country | Placement in Chile or abroad | No. of registration or ID of the instrument | Placed face outstanding | Adjustment unit | Effective rate | Nominal rate | Periodicity of interest | Amortization | 12/31/2009      |   |        |
|---------------------|------------|---------|------------------------------|---|-------------------------|-----------------|----------------|--------------|-------------------------|--------------|-----------------|---|--------|
|                     |            |         |                              |   |                         |                 |                |              |                         |              | Expiration date | Current maturity Between 90 days and 1 year | ThUS\$ |
| 000-9 SQM S.A       | Chile      | Abroad  | single                       |   | -                       | US\$            | 6.79%          | 6.13%        | Semi-annual             |              | Expiration date | -   | 2,577  |
| 000-9 SQM S.A       | Chile      | Chile   | 446                          | C   | 150.000                 | UF              | 6.63%          | 4.00%        | Semi-annual             | Semi-annual  | Expiration date | -   | 6,537  |
| 000-9 SQM S.A       | Chile      | Chile   | 564                          | H   | -                       | UF              | 6.43%          | 4.9%         | Semi-annual             | Semi-annual  | Expiration date | 3,891                                       | -      |
| 000-9 SQM S.A       | Chile      | Chile   | 563                          | G   | -                       | \$              | 6.19%          | 7.00%        | Semi-annual             | Semi-annual  | Expiration date | 1,386                                       | -      |
| 000-9 SQM S.A       | Chile      | Chile   | 563                          | I   | -                       | UF              | 5.88%          | 3.00%        | Semi-annual             | Semi-annual  | Expiration date | 461   | -      |
| 000-9 SQM S.A       | Chile      | Chile   | 563                          | J   | -                       | \$              | 5.37%          | 5.50%        | Semi-annual             | Semi-annual  | Expiration date | 1,391                                       | -      |
| Total               |            |         |                              |   |                         |                 |                |              |                         |              |                 | 7,129                                       | 9,114  |
| Bond issuance costs |            |         |                              |   |                         |                 |                |              |                         |              |                 | (1,169)                                     | (570)  |
| Total               |            |         |                              |   |                         |                 |                |              |                         |              |                 | 5,960                                       | 8,544  |

| Debtor              | Subsidiary | Country | Placement in Chile or abroad | No. of registration or ID of the instrument | Placed face outstanding | Adjustment unit | Effective rate | Nominal rate | Periodicity of interest | Amortization | 1/1/2009        |   |        |
|---------------------|------------|---------|------------------------------|---|-------------------------|-----------------|----------------|--------------|-------------------------|--------------|-----------------|---|--------|
|                     |            |         |                              |   |                         |                 |                |              |                         |              | Expiration date | Current maturity Between 90 days and 1 year | ThUS\$ |
| 000-9 SQM S.A       | Chile      | Abroad  | single                       |   | -                       | US\$            | 6.79%          | 6.13%        | Semi-annual             |              | Expiration date | -   | 2,577  |
| 000-9 SQM S.A       | Chile      | Chile   | 446                          | C   | 150.000                 | UF              | 6.63%          | 4.00%        | Semi-annual             | Semi-annual  | Expiration date | -   | 5,353  |
| Total               |            |         |                              |   |                         |                 |                |              |                         |              |                 | -   | 7,930  |
| Bond issuance costs |            |         |                              |   |                         |                 |                |              |                         |              |                 | -   | (586)  |
| Total               |            |         |                              |   |                         |                 |                |              |                         |              |                 | -   | 7,344  |

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

Note 9 - Financial Instruments, continued

c) Classes of non-current interest-bearing loans

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

Non-current interest-bearing bank loans

| Debtor          |                                | Creditor |             | Currency or adjustment unit | Amortization period | Effective rate | Nominal rate    | 1 to 3 years | 9 years |        |
|-----------------|--------------------------------|----------|-------------|-----------------------------|---------------------|----------------|-----------------|--------------|---------|--------|
| Taxpayer ID     | Subsidiary                     | Country  | Taxpayer ID | Financial institution       | Country             |                |                 | ThUS\$       | ThUS\$  |        |
| 93.007.000-9    | SQM S.A.                       | Chile    | Foreign     | Banco Estado NY Branch      | United States       | USD            | Expiration date | 2.71%        | 2.61%   | -      |
|                 | Royal Seed Trading Corporation |          |             |                             |                     |                |                 |              |         |        |
| Foreign         | A.V.V.                         | Aruba    | Foreign     | ING Capital LLC             | United States       | USD            | Expiration date | 1.31%        | 1.11%   | 80,000 |
| Total           |                                |          |             |                             |                     |                |                 |              | 80,000  |        |
| Borrowing costs |                                |          |             |                             |                     |                |                 |              | (13)    |        |
| Total           |                                |          |             |                             |                     |                |                 |              | 79,987  |        |

| Debtor |            | Creditor |             | Currency or Adjustment unit      | Amortization period | Effective rate | Nominal rate    | 12/31/2009<br>Years to maturity |              |                   |
|--------|------------|----------|-------------|----------------------------------|---------------------|----------------|-----------------|---------------------------------|--------------|-------------------|
| ID     | Subsidiary | Country  | Taxpayer ID | Financial institution            | Country             |                |                 | 1 to 3 years                    | 3 to 5 years | More than 5 years |
|        |            |          |             |                                  |                     |                |                 | ThUS\$                          | ThUS\$       | ThUS\$            |
| 0-9    | SQM S.A.   | Chile    | Foreign     | Banco Estado NY Branch           | United States       | USD            | Expiration date | 2.68%                           | 2.68%        | - 140,000 -       |
| 0-9    | SQM S.A.   | Chile    | Foreign     | Caja de Ahorro y Monte de Piedad | United States       | USD            | Expiration date | 3.08%                           | 2.56%        | 40,000 - -        |
| 0-9    | SQM S.A.   | Chile    | Foreign     | Banco Estado NY Branch           | United States       | USD            | Expiration date | 3.98%                           | 3.98%        | 10,000 - -        |
| 0-9    | SQM S.A.   | Chile    | Foreign     | Banco Estado NY Branch           | United States       | USD            | Expiration date | 3.98%                           | 3.98%        | 20,000 - -        |
|        |            | Aruba    | Foreign     |                                  | United States       | USD            | Expiration date | 4.07%                           | 3.25%        | 75,000 - -        |

|                                       |       |         |                 |               |     |                 |       |       |        |   |   |         |         |   |   |
|---------------------------------------|-------|---------|-----------------|---------------|-----|-----------------|-------|-------|--------|---|---|---------|---------|---|---|
| Royal Seed Trading Corporation A.V.V. |       |         | BBVA Bancomer   |               |     |                 |       |       |        |   |   |         |         |   |   |
| Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | ING Capital LLC | United States | USD | Expiration date | 0.95% | 0.80% | 80,000 | - | - | 225,000 | 140,000 | - | - |
| costs                                 |       |         |                 |               |     |                 |       |       |        |   |   | (1.192) | -       | - | - |
|                                       |       |         |                 |               |     |                 |       |       |        |   |   | 223,808 | 140,000 | - | - |

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

Note 9 – Financial instruments, continued

| Debtor<br>or ID | Subsidiary                                     | Country           | Taxpayer<br>ID | Financial<br>institution                      | Country       | Currency<br>or<br>adjustment<br>unit | Amortization<br>period | Effective<br>rate | Nominal<br>rate | 1/1/2009<br>Years to maturity |                 |                         |   |
|-----------------|--|-------------------|----------------|---|---------------|--------------------------------------|------------------------|-------------------|-----------------|-------------------------------|-----------------|-------------------------|---|
|                 |  |                   |                |   |               |                                      |                        |                   |                 | 1 to 3<br>years               | 3 to 5<br>years | More<br>than 5<br>years |   |
|                 |  |                   |                |   |               |                                      |                        |                   |                 | ThUS\$                        | ThUS\$          | ThUS\$                  |   |
|                 | Royal Seed<br>Trading<br>Corporation<br>A.V.V. | Aruba             | Foreign        | BBVA Banco<br>Bilbao<br>Vizcaya<br>Argentaria | United States | USD                                  | Expiration date        | 3.01%             | 2.63%           | 100,000                       | -               | -                       | 1 |
|                 | Royal Seed<br>Trading<br>Corporation<br>A.V.V. | Aruba             | Foreign        | ING Capital<br>LLC                            | United States | USD                                  | Expiration date        | 3.19%             | 2.93%           | 80,000                        | -               | -                       |   |
|                 | SQM<br>Investment<br>Corporation<br>N.V.       | Dutch<br>Antilles | Foreign        | Export<br>Development<br>Canada               | United States | USD                                  | Expiration date        | 3.73%             | 3.33%           | 50,000                        | -               | -                       |   |
|                 |  |                   |                |   |               |                                      |                        |                   |                 | 230,000                       | -               | -                       | 2 |
| ing costs       |  |                   |                |   |               |                                      |                        |                   |                 | (320)                         |                 |                         |   |
|                 |  |                   |                |   |               |                                      |                        |                   |                 | 229,680                       | -               | -                       | 2 |

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

| Debtor<br>or ID | Subsidiary | Country | Placement<br>in Chile<br>or<br>abroad | No. of<br>registrations<br>in<br>the<br>Series | Placed face<br>outstanding<br>value | Bond<br>adjustment<br>unit | Effective<br>rate | Nominal<br>rate | Payment<br>of<br>interest | Periodicity<br>Amortization | 9/30/2009<br>Non- Current |                 |
|-----------------|------------|---------|---------------------------------------|--|-------------------------------------|----------------------------|-------------------|-----------------|---------------------------|-----------------------------|---------------------------|-----------------|
|                 |            |         |                                       |  |                                     |                            |                   |                 |                           |                             | 1 to 3<br>years           | 3 to 5<br>years |
|                 |            |         |                                       |  |                                     |                            |                   |                 |                           |                             | ThUS\$                    | ThUS\$          |
|                 | U.S.A.     | Chile   | Abroad                                | single   | 200.000.000                         | US\$                       | 6.79%             | 6.13%           | Semi-annual               | Expiration date             | -                         | -               |
|                 | U.S.A.     | Chile   | Chile                                 | 446 C  | 2.325.000                           | UF                         | 6.63%             | 4.00%           | Semi-annual               | Semi-annual                 | 13,239                    | 13,239          |
|                 | U.S.A.     | Chile   | Chile                                 | 564 H  | 4.000.000                           | UF                         | 6.43%             | 4.9%            | Semi-annual               | Semi-annual                 | -                         | -               |
|                 | U.S.A.     | Chile   | Chile                                 | 563 G  | 21.000.000.000                      | \$                         | 6.19%             | 7.00%           | Semi-annual               | Expiration date             | -                         | 43,428          |
|                 | U.S.A.     | Chile   | Chile                                 | 563 I  | 1.500.000                           | UF                         | 5.88%             | 3.00%           | Semi-annual               | Expiration date             | -                         | 66,197          |
|                 | U.S.A.     | Chile   | Chile                                 | 563 J  | 52.000.000.000                      | \$                         | 5.37%             | 5.50%           | Semi-annual               | Expiration date             |                           | 107,536         |
|                 | U.S.A.     | Chile   | Abroad                                | single   | 250.000.000                         | US\$                       | 5.92%             | 5.50%           | Semi-annual               | Expiration date             | -                         | -               |
| Total           |            |         |                                       |  |                                     |                            |                   |                 |                           |                             | 13,239                    | 230,400         |

|                     |        |         |
|---------------------|--------|---------|
| Bond issuance costs | -      | (2,556) |
| Total               | 13,239 | 227,844 |



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

## Note 9 - Financial instruments (continued)

|                     |         |                              |   |                               |                      |                |              |                     | 12/31/2009               |                 | Non- Current   |         |             |
|---------------------|---------|------------------------------|---|-------------------------------|----------------------|----------------|--------------|---------------------|--------------------------|-----------------|----------------|---------|-------------|
|                     |         | No. of                       |   | Placed face outstanding value | Bond Adjustment unit | Effective rate | Nominal rate | Payment of interest | Periodicity Amortization | Expiration date | 1 to 3         | 3 to 5  | more than 5 |
| Subsidiary          | Country | Placement in Chile or abroad | Registration or ID of the instrument Series |                               |                      |                |              |                     |                          |                 | ThUS\$         | ThUS\$  | ThUS\$      |
| M S.A               | Chile   | Abroad                       | single                                      | 200.000.000                   | US\$                 | 6.79%          | 6.13%        | Semi-annual         | Expiration date          |                 | -              | -       | 200         |
| M S.A               | Chile   | Chile                        | 446 C                                       | 2.400.000                     | UF                   | 6.63%          | 4.00%        | Semi-annual         | Semi-annual              |                 | 6,195          | 6,195   | 75          |
| M S.A               | Chile   | Chile                        | 564 H                                       | 4.000.000                     | UF                   | 6.43%          | 4.9%         | Semi-annual         | Semi-annual              |                 | -              | -       | 1           |
| M S.A               | Chile   | Chile                        | 563 G                                       | 21.000.000.000 \$             |                      | 6.19%          | 7.00%        | Semi-annual         | Expiration date          |                 | -              | 41,412  |             |
| M S.A               | Chile   | Chile                        | 563 I                                       | 1.500.000                     | UF                   | 5.88%          | 3.00%        | Semi-annual         | Expiration date          |                 | -              | 61,949  |             |
| M S.A               | Chile   | Chile                        | 563 J                                       | 52.000.000.000 \$             |                      | 5.37%          | 5.50%        | Semi-annual         | Expiration date          |                 |                | 102,544 |             |
| Total               |         |                              |   |                               |                      |                |              |                     |                          |                 | 6,195          | 212,100 | 4           |
| Bond issuance costs |         |                              |   |                               |                      |                |              |                     |                          |                 | (731)          | (3,739) |             |
| Total               |         |                              |   |                               |                      |                |              |                     |                          |                 | 5,464          | 208,361 | 4           |
|                     |         |                              |   |                               |                      |                |              |                     | 01/01/2010               |                 | Non- Current m |         |             |
|                     |         | No. of                       |   | Placed face outstanding value | Bond adjustment unit | Effective rate | Nominal rate | Payment of interest | Periodicity Amortization | Expiration date | 1 to 3         | 3 to 5  | more than 5 |
| Subsidiary          | Country | Placement in Chile or abroad | Registration or ID of the instrument Series |                               |                      |                |              |                     |                          |                 | ThUS\$         | ThUS\$  | ThUS\$      |
| QM S.A              | Chile   | abroad                       | single                                      | 200.000.000                   | US\$                 | 6.79%          | 6.13%        | Semi-annual         | Expiration date          |                 | -              | -       | 200         |
| QM S.A              | Chile   | Chile                        | 446 C                                       | 2.550.000                     | UF                   | 6.63%          | 4.00%        | Semi-annual         | Semi-annual              |                 | 5,056          | 5,056   | 75          |
| Total               |         |                              |   |                               |                      |                |              |                     |                          |                 | 5,056          | 5,056   | 275         |
| Bond issuance costs |         |                              |   |                               |                      |                |              |                     |                          |                 | (781)          | (438)   | (3          |
| Total               |         |                              |   |                               |                      |                |              |                     |                          |                 | 4,275          | 4,618   | 272         |

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

## Note 9 - Financial instruments, continued

## e) Additional Information

## - Bonds

As of September 30, 2010, December 31, 2009 and January 1, 2009, ThUS\$22,485, ThUS\$16,243 and ThUS\$7,930, respectively are presented at short-term related to principal, short-term portion plus interest accrued at that date, not including borrowing costs and bonds issuance costs. In the long-term, non-current, the Company presented ThUS\$946,290 as of September 30, 2010, ThUS\$670,221 as of December 31, 2009 and ThUS\$285,940 as of January 1, 2009 related to principal installments of Series C bonds, unique Series bonds, Series G bonds, Series H bonds, Series J bonds, Series I bonds and single series second issuance bonds.

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

## Series "C" bonds

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

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

| Payments made | 9/30/2010 |        | 9/30/2009 |        |
|---------------|-----------|--------|-----------|--------|
|               | UF        | ThUS\$ | UF        | ThUS\$ |
| Principal     | 75,000,00 | 2,993  | 75,000,00 | 2,787  |
| Interest      | 50,500,20 | 2,576  | 53,470,80 | 1,987  |

## Single Series Bonds

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

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

|                      | 9/30/2010 | 9/30/2009 |
|----------------------|-----------|-----------|
|                      | ThUS\$    | ThUS\$    |
| Payments of interest | 6,125     | 6,125     |

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

## Note 9 - Financial instruments, continued

## Series "G" and "H" bonds

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

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

|  | 9/30/2010 | 9/30/2009 |
|--|-----------|-----------|
|  | ThUS\$    | ThUS\$    |
| Payment of interest for Series "G" bonds | 2,750     | 1,330     |
| Payment of interest for Series "H" bonds | 7,763     | 3,727     |

## Series "J" and "I" Bonds

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

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

|  | 9/30/2010 | 9/30/2009 |
|--|-----------|-----------|
|  | ThUS\$    | ThUS\$    |
| Payment of interest for Series "J" bonds | 5,588     | 2,583     |
| Payment of interest for Series "I" bonds | 1,873     | 852       |

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

Note 9 - Financial instruments, continued

Single Series bonds

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

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

- Commercial papers (promissory notes)

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

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

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

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

9.5 Trade and other payables

| Class of trade and other payables           | 09/30/2010 | 12/31/2009 | 1/1/2009 |
|---|------------|------------|----------|
|   | ThUS\$     | ThUS\$     | ThUS\$   |
| <b>Current trade and other payables</b>     |            |            |          |
| Trade payables                              | 161,294    | 182,718    | 109,465  |
| Rentals                                     | 282        | 300        | 226      |
| Other payables                              | 752        | 1,177      | 1,111    |
| Total                                       | 162,328    | 184,195    | 110,802  |
| <b>Non-current trade and other payables</b> |            |            |          |
| Trade payables                              | -          | -          | -        |
| Rentals                                     | -          | 187        | 398      |
| Total                                       | -          | 187        | 398      |



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

Note 9 - Financial instruments, continued

9.6 Financial liabilities at fair value through profit or loss

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

| Financial liabilities at fair value<br>through profit or loss | 9/30/2010 | Effect on<br>profit or loss<br>as of<br>9/30/2010 | 12/31/2009 | Effect on<br>profit or loss<br>as of<br>12/31/2009 | 1/1/2009 |
|---|-----------|---|------------|--|----------|
|   | ThUS\$    | ThUS\$  | ThUS\$     | ThUS\$   | ThUS\$   |
| <b>Current</b>  |           |   |            |  |          |
| Derivative instruments (forwards)                             | 28,230    | (28,230)  | 3,993      | (3,993)  | 5,029    |
| Derivative instruments (options)                              | 5,748     | (5,748)   | 239        | (239)  | 2,129    |
|   | 33,978    | (33,978)  | 4,232      | (4,232)  | 7,158    |

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

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

## Note 9 - Financial instruments, continued

## 9.7 Financial asset and liability categories

| Description of financial assets                            | 9/30/2010<br>Amount<br>ThUS\$ | 12/31/2009<br>Amount<br>ThUS\$ | 1/1/2009<br>Amount<br>ThUS\$ |
|--|-------------------------------|--------------------------------|------------------------------|
| Financial assets at fair value through profit or loss      | -                             | -                              | -                            |
| Financial assets held for trading                          | -                             | -                              | -                            |
| Investments held to maturity                               | 77,770                        | 75,650                         | 21,821                       |
| Loans and receivables                                      | 434,713                       | 330,031                        | 335,557                      |
| Financial assets available for sale                        | -                             | -                              | -                            |
| Total financial assets                                     | 512,483                       | 405,681                        | 357,378                      |
| Description of financial liabilities                       | 9/30/2010<br>Amount<br>ThUS\$ | 12/31/2009<br>Amount<br>ThUS\$ | 1/1/2009<br>Amount<br>ThUS\$ |
| Financial liabilities at fair value through profit or loss | -                             | -                              | -                            |
| Total financial liabilities held for trading               | -                             | -                              | -                            |
| Financial liabilities measured at amortized cost           | 1,457,728                     | 1,477,587                      | 781,662                      |
| Total financial liabilities                                | 1,457,728                     | 1,477,587                      | 781,662                      |

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

Note 9 - Financial instruments, continued

9.8 Financial assets pledged as guarantee

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

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

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

|                           | 9/30/2010 | 12/31/2009 |
|---------------------------|-----------|------------|
| Restricted cash           | ThUS\$    | ThUS\$     |
| Isapre Norte Grande Ltda. | 492       | 446        |
| SQM Brasil Limitada       | -         | 21         |
| Total                     | 492       | 467        |

9.9 Estimated fair value of financial instruments and derivative financial instruments

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

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

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

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



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

## Note 9 - Financial instruments, continued

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

|   | 9/30/2010                   |                         | 12/31/2009                  |                         | 1/1/2009                    |                         |
|---|-----------------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|
|   | Carrying<br>value<br>ThUS\$ | Fair<br>value<br>ThUS\$ | Carrying<br>value<br>ThUS\$ | Fair<br>value<br>ThUS\$ | Carrying<br>value<br>ThUS\$ | Fair<br>value<br>ThUS\$ |
| Cash and cash equivalents                     | 615,847                     | 615,847                 | 530,394                     | 530,394                 | 303,799                     | 303,799                 |
| Current trade and other receivables           | 430,840                     | 430,840                 | 325,823                     | 325,823                 | 334,791                     | 334,791                 |
| Other current financial assets:               |                             |                         |                             |                         |                             |                         |
| - Time deposits                               | -                           | -                       | 15,045                      | 15,045                  | 20,121                      | 20,121                  |
| - Derivative instruments                      | 3,181                       | 3,181                   | 9,153                       | 9,153                   | 1,599                       | 1,599                   |
| - Current hedging assets                      | 74,474                      | 74,474                  | 51,339                      | 51,339                  | -                           | -                       |
| Total other current financial assets          | 77,655                      | 77,655                  | 75,537                      | 75,537                  | 21,720                      | 21,720                  |
| Other non-current financial assets:           | 115                         | 115                     | 113                         | 113                     | 101                         | 101                     |
| Other current financial liabilities           |                             |                         |                             |                         |                             |                         |
| - Bank loans                                  | 86,335                      | 86,335                  | 220,756                     | 220,756                 | 133,587                     | 133,587                 |
| - Derivative instruments                      | 33,978                      | 33,978                  | 4,232                       | 4,232                   | 7,158                       | 7,158                   |
| - Hedging liabilities                         | -                           | -                       | -                           | -                       | 11,031                      | 11,031                  |
| - Unsecured obligations                       | 20,384                      | 20,384                  | 43,867                      | 43,867                  | 7,344                       | 7,344                   |
| Total other current financial liabilities     | 140,697                     | 140,697                 | 268,855                     | 268,855                 | 159,120                     | 159,120                 |
| Trade payables                                | 162,328                     | 162,328                 | 184,195                     | 184,195                 | 110,802                     | 110,802                 |
| Other non-current financial liabilities:      |                             |                         |                             |                         |                             |                         |
| - Bank loans                                  | 219,987                     | 223,988                 | 363,808                     | 365,489                 | 229,680                     | 229,585                 |
| - Unsecured obligations                       | 934,716                     | 1,103,491               | 660,542                     | 734,618                 | 281,662                     | 346,739                 |
| Total other non-current financial liabilities | 1,154,703                   | 1,327,479               | 1,024,350                   | 1,100,107               | 511,342                     | 576,324                 |

## Fair value hierarchy

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

- Level 1: when only quoted (unadjusted) prices have been used in active markets.

-Level 2: when in a phase in the valuation process variable other than prices quoted in Level 1 have been used which are directly observable in markets.

-Level 3: when in a phase in the valuation process variable which are not based in observable market data have been used.

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

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

Note 9 – Financial instruments, continued

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

Note 10 - Investments and disclosures on Investments in subsidiaries

10.1 Disclosures on investments in subsidiaries

a) Operations executed in 2010

On February 2, 2010, the subsidiary SQM Beijin Comercial was formed, to which Soquimich Industrial S.A. contributed capital of ThUS\$100 obtaining equity interest of 100% in that entity.

b) Operations executed in 2009

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

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

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

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

## Note 10 - Investments and disclosures on investments in subsidiaries, continued

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

| Subsidiary               | Country of incorporation | Functional currency | Equity interest % | Current ThUS\$ | 9/30/2010                |              | Current ThUS\$ | Liability          |              | Revenue ThUS\$ | Net profit (loss) the period ThUS\$ |
|--------------------------|--------------------------|---------------------|-------------------|----------------|--------------------------|--------------|----------------|--------------------|--------------|----------------|-------------------------------------|
|                          |                          |                     |                   |                | Asset Non-current ThUS\$ | Total ThUS\$ |                | Non-current ThUS\$ | Total ThUS\$ |                |                                     |
| MC Nitratos              | Chile                    | US\$                | 100               | 572,005        | 57,675                   | 629,680      | 553,704        | 10,701             | 564,405      | 80,195         | 2,4                                 |
| Insas Ltda.              | Chile                    | Ch\$                | 60.58             | 218            | 1                        | 219          | -              | -                  | -            | -              | -                                   |
| MC Internacional S.A.    | Chile                    | Ch\$                | 60.6382           | 290            | -                        | 290          | -              | -                  | -            | -              | -                                   |
| MC Potasio S.A.          | Chile                    | US\$                | 99.9974           | 105,790        | 608,742                  | 714,532      | 1              | 216,714            | 216,715      | -              | 97,7                                |
| Grados de Insito y S.A.  | Chile                    | US\$                | 100               | 133,572        | 57,831                   | 191,403      | 166,660        | 4,020              | 170,680      | 33,329         | 8,3                                 |
| More Norte S.A.          | Chile                    | Ch\$                | 100               | 435            | 568                      | 1,003        | 453            | 142                | 595          | 2,952          | -                                   |
| SQM S.A.                 | Chile                    | US\$                | 51                | 15,584         | 2,735                    | 18,319       | 7,512          | 764                | 8,276        | 40,742         | 1,2                                 |
| Macenas y Depósitos S.A. | Chile                    | Ch\$                | 100               | 400            | 50                       | 450          | 1              | -                  | 1            | -              | (                                   |
| MC Salar S.A.            | Chile                    | US\$                | 100               | 448,560        | 615,499                  | 1,064,059    | 312,998        | 91,244             | 404,242      | 448,862        | 133,1                               |
| Comercial S.A.           | Chile                    | Ch\$                | 60.6382           | 6,552          | 335                      | 6,887        | 22             | 71                 | 93           | 138            | 1                                   |
| MC Industrial S.A.       | Chile                    | US\$                | 100               | 1,038,940      | 572,475                  | 1,611,415    | 843,084        | 47,054             | 890,138      | 522,266        | 97,8                                |
| Maera S.A.               | Chile                    | US\$                | 100               | 72,634         | 53,709                   | 126,343      | 1,159          | 2,365              | 3,524        | 1,225          | 3,1                                 |
| Exploraciones S.A.       | Chile                    | US\$                | 100               | 427            | 31,371                   | 31,798       | 3,750          | -                  | 3,750        | -              | (1                                  |
| Comunidad S.A.           | Chile                    | Ch\$                | 100               | 594            | 101                      | 695          | 201            | 341                | 542          | 1,450          | -                                   |

|                              |               |      |         |         |        |         |         |       |         |         |     |
|------------------------------|---------------|------|---------|---------|--------|---------|---------|-------|---------|---------|-----|
| Quimich Comercial S.A.       | Chile         | US\$ | 60.6383 | 208,650 | 16,834 | 225,484 | 118,620 | 1,270 | 119,890 | 100,831 | 5,7 |
| Orama Legari S.A.            | Chile         | Ch\$ | 42.4468 | 4,148   | 1,315  | 5,463   | 4,008   | 26    | 4,034   | 4,774   | (2) |
| M North America S.p.         | United States | US\$ | 100     | 114,984 | 15,485 | 130,469 | 95,483  | 3,650 | 99,133  | 176,070 | 8,2 |
| Agrochemical S.A.            | Aruba         | US\$ | 100     | 5,229   | -      | 5,229   | -       | -     | -       | -       | -   |
| Quimich Comercial S.A. Ltda. | Brazil        | US\$ | 100     | 5       | 286    | 291     | 4,939   | -     | 4,939   | -       | (   |

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

## Note 10 - Investments and disclosures on investments in subsidiaries, continued

| Subsidiary                           | Country of incorporation | Functional currency | Equity interest % | 9/30/2010 |                   | Total   | Liability |             | Total   | Revenue | Net profit (loss) for the period |
|--------------------------------------|--------------------------|---------------------|-------------------|-----------|-------------------|---------|-----------|-------------|---------|---------|----------------------------------|
|                                      |                          |                     |                   | Current   | Asset Non-current |         | Current   | Non-current |         |         |                                  |
|                                      |                          |                     |                   | ThUS\$    | ThUS\$            | ThUS\$  | ThUS\$    | ThUS\$      | ThUS\$  | ThUS\$  | ThUS\$                           |
| Nitrate Corporation of Chile Ltd.    | United Kingdom           | US\$                | 100               | 5,076     | -                 | 5,076   | -         | -           | -       | -       | -                                |
| SQM Corporation N.V.                 | Dutch Antilles           | US\$                | 100               | 669       | 37,931            | 38,600  | 3,712     | -           | 3,712   | -       | (1,431)                          |
| SQM Peru S.A.                        | Peru                     | US\$                | 100               | 22,245    | 844               | 23,089  | 24,893    | -           | 24,893  | 17,418  | (1,183)                          |
| SQM Ecuador S.A.                     | Ecuador                  | US\$                | 100               | 6,656     | 73                | 6,729   | 6,157     | -           | 6,157   | 11,856  | 260                              |
| SQM Brasil Ltda.                     | Brazil                   | US\$                | 100               | 212       | 89                | 301     | 1,196     | -           | 1,196   | 504     | (67)                             |
| SQI Corporation NV.                  | Dutch Antilles           | US\$                | 100               | -         | 7                 | 7       | 33        | -           | 33      | -       | (2)                              |
| SQMC Holding Corporation L.L.P.      | United States            | US\$                | 100               | 1,659     | 7,846             | 9,505   | 589       | -           | 589     | -       | 29                               |
| SQM Japan Co. Ltd.                   | Japan                    | US\$                | 100               | 1,342     | 561               | 1,903   | 143       | 360         | 503     | 1,220   | 245                              |
| SQM Europe N.V.                      | Belgium                  | US\$                | 100               | 339,302   | 410               | 339,712 | 335,934   | -           | 335,934 | 623,579 | (6,068)                          |
| SQM Italia SRL                       | Italy                    | US\$                | 100               | 1,407     | -                 | 1,407   | 18        | -           | 18      | -       | -                                |
| SQM Indonesia S.A.                   | Indonesia                | US\$                | 80                | 5         | -                 | 5       | 1         | -           | 1       | -       | -                                |
| North American Trading Company       | United States            | US\$                | 100               | 162       | 145               | 307     | 39        | -           | 39      | -       | -                                |
| SQM Virginia LLC                     | United States            | US\$                | 100               | 14,834    | 14,380            | 29,214  | 14,834    | -           | 14,834  | -       | (1)                              |
| SQM Comercial de Mexico S.A. de C.V. | Mexico                   | US\$                | 100               | 52,021    | 1,378             | 53,399  | 53,193    | 596         | 53,789  | 93,229  | (1,009)                          |

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

## Note 10 - Investments and disclosures on investments in subsidiaries, continued

| Subsidiary                      | Country of incorporation | Functional currency | Equity interest % | Current ThUS\$ | 9/30/2010                |              | Current ThUS\$ | Liability Non-current ThUS\$ | Total ThUS\$ | Revenue ThUS\$ | Net (loss) ThUS\$ |
|---------------------------------|--------------------------|---------------------|-------------------|----------------|--------------------------|--------------|----------------|------------------------------|--------------|----------------|-------------------|
|                                 |                          |                     |                   |                | Asset Non-current ThUS\$ | Total ThUS\$ |                |                              |              |                |                   |
| Investment Corporation          | Dutch Antilles           | US\$                | 100               | 71,856         | 618                      | 72,474       | 51,440         | 708                          | 52,148       | 9,591          |                   |
| Seedling Corporation            | Aruba                    | US\$                | 100               | 73,195         | 13                       | 73,208       | 324            | 80,000                       | 80,324       | -              | (1,000)           |
| Lithium Properties              | United States            | US\$                | 100               | 15,786         | 3                        | 15,789       | 1,264          | -                            | 1,264        | -              |                   |
| Chemical Argentina              | Argentina                | US\$                | 100               | 484            | -                        | 484          | 71             | -                            | 71           | -              |                   |
| Chemical Nacional               | Panama                   | US\$                | 100               | 386            | -                        | 386          | 1,093          | -                            | 1,093        | -              |                   |
| France                          | France                   | US\$                | 100               | 345            | 6                        | 351          | 114            | -                            | 114          | -              |                   |
| Administración de Negocios S.A. | Mexico                   | US\$                | 100               | 115            | 124                      | 239          | 856            | 273                          | 1,129        | 1,871          |                   |
| Nitratos de Chile S.A.          | Mexico                   | US\$                | 51                | 20             | 1                        | 21           | 11             | -                            | 11           | 90             |                   |
| Chemical van Goyen B.V.         | The Netherlands          | US\$                | 100               | 36,564         | 56,987                   | 93,551       | 62,533         | 51                           | 62,584       | -              | (1,000)           |
| Químicos de Chile S.A.          | Spain                    | US\$                | 66.67             | 21,529         | (7)                      | 21,522       | 20,116         | -                            | 20,116       | 50,561         |                   |
| Minera                          | The Netherlands          | US\$                | 100               | 9,674          | -                        | 9,674        | 1              | -                            | 1            | 1,024          |                   |
| Africa                          | South Africa             | US\$                | 100               | 54,608         | 159                      | 54,767       | 53,932         | -                            | 53,932       | 68,040         |                   |
| Venezuela                       | Venezuela                | US\$                | 100               | 80             | -                        | 80           | 401            | -                            | 401          | -              |                   |
| Oceania                         | Australia                | US\$                | 100               | 1,994          | -                        | 1,994        | 1,159          | -                            | 1,159        | 1,524          |                   |

|                        |       |      |     |           |           |           |           |         |           |           |
|------------------------|-------|------|-----|-----------|-----------|-----------|-----------|---------|-----------|-----------|
| Agro<br>vt. Ltd.       | India | US\$ | 100 | 97        | 4         | 101       | 152       | -       | 152       | -         |
| Beijin<br>ercial<br>l. | China | US\$ | 100 | 182       | 46        | 228       | 76        | -       | 76        | 1,093     |
|                        |       |      |     | 3,461,522 | 2,156,630 | 5,618,152 | 2,746,880 | 460,350 | 3,207,230 | 2,294,434 |
|                        |       |      |     |           |           |           |           |         |           | 33        |

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

## Note 10 - Investments and disclosures on investments in subsidiaries, continued

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

| Subsidiary  | Country of incorporation | Functional currency | Equity interest % | Current ThUS\$ | 12/31/2009               |              | Current ThUS\$ | Liability Non-current ThUS\$ | Total ThUS\$ | Revenue ThUS\$ | Net profit (loss) for the period ThUS\$ |
|---|--------------------------|---------------------|-------------------|----------------|--------------------------|--------------|----------------|------------------------------|--------------|----------------|---|
|   |                          |                     |                   |                | Asset Non-current ThUS\$ | Total ThUS\$ |                |                              |              |                |   |
| SQM Nitratos S.A.   | Chile                    | US\$                | 100.00            | 455,452        | 66,564                   | 522,116      | 447,246        | 11,956                       | 459,202      | 167,562        | 45,970                                  |
| Química S.A. Ltda.  | Chile                    | Ch\$                | 60.58             | 209            | 1                        | 210          | -              | -                            | -            | -              | -                                       |
| SQM Internacional S.A.  | Chile                    | Ch\$                | 60.6382           | 281            | -                        | 281          | -              | -                            | -            | -              | -                                       |
| SQM Potasio S.A.  | Chile                    | US\$                | 99.9974           | 100,257        | 498,631                  | 598,888      | 1              | 198,902                      | 198,903      | -              | 101,710                                 |
| Servicios Integrales de Tránsito y Transferencia S.A.                   | Chile                    | US\$                | 100.00            | 93,505         | 56,361                   | 149,866      | 135,104        | 2,439                        | 137,543      | 28,066         | 38,000                                  |
| Industria del Norte Grande Ltda.  | Chile                    | Ch\$                | 100.00            | 439            | 521                      | 960          | 466            | 119                          | 585          | 3,780          | 1,000                                   |
| SQM Chile S.A.  | Chile                    | US\$                | 51.00             | 12,816         | 3,829                    | 16,645       | 6,221          | 1,662                        | 7,883        | 35,752         | 72,000                                  |
| Comarcas y Depósitos S.A.   | Chile                    | Ch\$                | 100.00            | 383            | 46                       | 429          | 1              | -                            | 1            | -              | -                                       |
| SQM Salar S.A.  | Chile                    | US\$                | 100.00            | 388,082        | 526,431                  | 914,513      | 301,143        | 86,784                       | 387,927      | 477,878        | 161,340                                 |
| Comercial Andino S.A.   | Chile                    | Ch\$                | 60.6382           | 6,105          | 365                      | 6,470        | 44             | 66                           | 110          | 69             | 25,000                                  |
| SQM Industrial S.A.   | Chile                    | US\$                | 100.00            | 844,030        | 537,981                  | 1,382,011    | 728,276        | 30,582                       | 758,858      | 628,703        | 28,800                                  |
| Minera Teves S.A.   | Chile                    | US\$                | 100.00            | 68,861         | 55,213                   | 124,074      | 1,928          | 2,484                        | 4,412        | 1,895          | 3,800                                   |
| Exploraciones Mineras S.A.  | Chile                    | US\$                | 100.00            | 403            | 31,344                   | 31,747       | 3,565          | -                            | 3,565        | -              | (18,000)                                |
| Compañía Investigadora de Servicios de Estudios Cruzados del Norte S.A. | Chile                    | Ch\$                | 100.00            | 549            | 110                      | 659          | 216            | 305                          | 521          | 1,658          | (3,000)                                 |

|                                     |               |      |         |         |        |         |         |       |         |         |       |
|-------------------------------------|---------------|------|---------|---------|--------|---------|---------|-------|---------|---------|-------|
| Quimich Comercial S.A.              | Chile         | US\$ | 60.6383 | 144,525 | 15,133 | 159,658 | 54,876  | 1,145 | 56,021  | 188,072 | 3,500 |
| Corporación Illegari S.A.           | Chile         | Ch\$ | 42.4468 | 2,130   | 173    | 2,303   | 740     | -     | 740     | 1,211   | -     |
| COM North America Corp.             | United States | US\$ | 100.00  | 137,329 | 15,540 | 152,869 | 126,097 | 3,644 | 129,741 | 191,520 | (700) |
| Agroquímica S.A. S. de C.V.         | Aruba         | US\$ | 100.00  | 5,232   | -      | 5,232   | -       | -     | -       | -       | 0     |
| Industrias Químicas do Brasil Ltda. | Brazil        | US\$ | 100.00  | 6       | 287    | 293     | 4,896   | -     | 4,896   | -       | (500) |

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

## Note 10 - Investments and disclosures on investments in subsidiaries, continued

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

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

## Note 10 - Investments and disclosures on investments in subsidiaries, continued

|  |                      |            |            |         | 12/31/2009                |         |         |                           |         |         |
|--|----------------------|------------|------------|---------|---------------------------|---------|---------|---------------------------|---------|---------|
|  | Country of           | Functional | Equity     | Current | Asset                     | Total   | Current | Liability                 | Total   | Revenue |
|  | incorporation        | currency   | interest % | ThUS\$  | Non-<br>current<br>ThUS\$ | ThUS\$  | ThUS\$  | Non-<br>current<br>ThUS\$ | ThUS\$  | ThUS\$  |
|  | Dutch Antilles       | US\$       | 100.00     | 136,349 | 847                       | 137,196 | 115,793 | 572                       | 116,365 | 14,746  |
|  | Aruba                | US\$       | 100.00     | 255,328 | 793                       | 256,121 | 100,123 | 155,000                   | 255,123 | -       |
|  | United States        | US\$       | 100.00     | 15,787  | 3                         | 15,790  | 1,264   | -                         | 1,264   | -       |
|  | Argentina            | US\$       | 100.00     | 564     | -                         | 564     | 118     | -                         | 118     | -       |
|  | Panama               | US\$       | 100.00     | 1,345   | -                         | 1,345   | 1,912   | -                         | 1,912   | 1,092   |
|  | France               | US\$       | 100.00     | 345     | 6                         | 351     | 114     | -                         | 114     | -       |
|  | Mexico               | US\$       | 100.00     | 20      | -                         | 20      | 664     | 185                       | 849     | 2,830   |
|  | Mexico               | US\$       | 51.00      | 19      | 1                         | 20      | 13      | -                         | 13      | 110     |
|  | United Arab Emirates | US\$       | -          | -       | -                         | -       | -       | -                         | -       | 5,198   |
|  | Dutch Antilles       | US\$       | 100.00     | 97,854  | 60,645                    | 158,499 | 125,168 | 38                        | 125,206 | -       |
|  | Spain                | US\$       | 66.67      | 16,872  | 3                         | 16,875  | 16,293  | -                         | 16,293  | 52,872  |
|  | Dutch Antilles       | US\$       | 100.00     | 8,959   | -                         | 8,959   | 14      | -                         | 14      | 1,330   |
|  | South Africa         | US\$       | 100.00     | 61,289  | 153                       | 61,442  | 59,834  | -                         | 59,834  | 75,438  |
|  | Venezuela            | US\$       | 100.00     | 91      | -                         | 91      | 399     | -                         | 399     | -       |

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

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

Note 11 – Equity method accounted investments in associated companies

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

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

|                           | Note         | 9/30/2010<br>ThUS\$ | 12/31/ 2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|---------------------------|--------------|---------------------|-----------------------|--------------------|
| Investments in associates | 11.1 to 11.3 | 38,084              | 35,163                | 36,934             |
| Joint ventures            | 12.0 to 12.4 | 23,842              | 20,022                | -                  |
| Total                     |              | 61,926              | 55,185                | 36,934             |

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

## Note 11 – Equity method accounted investments in associated companies, continued

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

| Tax ID No. | Associate                                       | Country of incorporation | Functional currency  | 9/30/2010         |                                    |                 | Liability         |                                    |                 | Revenue | Net pro<br>(loss) per<br>share |
|------------|---|--------------------------|----------------------|-------------------|------------------------------------|-----------------|-------------------|------------------------------------|-----------------|---------|--------------------------------|
|            |   |                          |                      | Current<br>ThUS\$ | Asset<br>Non-<br>current<br>ThUS\$ | Total<br>ThUS\$ | Current<br>ThUS\$ | Current<br>Non-<br>Total<br>ThUS\$ | Total<br>ThUS\$ |         |                                |
| 557.430-5  | Sales de<br>Magnesio<br>Ltda.                   | Chile                    | Ch\$                 | 2,977             | 5                                  | 2,982           | 851               | -                                  | 851             | 3,767   | 90                             |
| Foreign    | Abu<br>Dhabi<br>Fertilizer<br>Industries<br>WWL | Arabia                   | Arab Emirates dirham | 15,451            | 3,279                              | 18,730          | 4,802             | -                                  | 4,802           | 24,426  | 1,75                           |
| Foreign    | Doktor<br>Tarsa<br>Tarim<br>Sanayi AS           | Turkey                   | Turkish lira         | 43,727            | 7,786                              | 51,513          | 27,993            | -                                  | 27,993          | 46,292  | 7,55                           |
| Foreign    | Nutrissi<br>Holding<br>N.V.                     | Belgium                  | Euro                 | 298               | 11,370                             | 11,668          | 1,380             | -                                  | 1,380           | -       | 1,97                           |
| Foreign    | Ajay<br>North<br>America                        | United States            | US\$                 | 17,176            | 7,109                              | 24,285          | 8,273             | -                                  | 8,273           | 39,961  | 2,74                           |
| Foreign    | Nutrichem<br>Benelux                            | Belgium                  | Euro                 | -                 | -                                  | -               | -                 | -                                  | -               | -       | -                              |
| Foreign    | NU3 N.V.  | Belgium                  | Euro                 | 15,324            | 9,164                              | 24,488          | 6,124             | -                                  | 6,124           | 32,959  | 5,15                           |
| Foreign    | Ajay<br>Europe<br>SARL                          | France                   | Euro                 | 16,390            | 2,201                              | 18,591          | 8,107             | -                                  | 8,107           | 31,717  | 1,16                           |
| Foreign    | NU3 B.V.  | The<br>Netherlands       | Euro                 | 17,442            | 2,696                              | 20,138          | 16,249            | -                                  | 16,249          | 53,087  | 3,55                           |
| Foreign    | Generale<br>De<br>Nutrition                     | Belgium                  | Euro                 | -                 | -                                  | -               | -                 | -                                  | -               | -       | -                              |
| Foreign    | Mirs<br>Specialty<br>Fertilizers                | Egypt                    | Egyptian pound       | 3,347             | 3,383                              | 6,730           | 3,220             | 265                                | 3,485           | 3,247   | (30)                           |
| Foreign    | SQM<br>Eastmed<br>Turkey                        | Turkey                   | Euro                 | 102               | 591                                | 692             | 314               | -                                  | 310             | 250     | 2                              |
| Foreign    | SQM<br>Thailand<br>Co. Ltd.                     | Thailand                 | Thai bath            | 8,136             | 593                                | 8,729           | 5,337             | -                                  | 5,337           | 6,778   | 24                             |
|            | Total   |                          |                      | 140,370           | 48,177                             | 188,546         | 82,650            | 265                                | 82,911          | 242,484 | 24,75                          |

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| Entity ID No. | Associate                           | Country of incorporation | Functional currency  | 31/12/2009        |                                    |                 | 31/12/2009        |  |                 | Revenue the pe | Net pr<br>(loss) |
|---------------|-------------------------------------|--------------------------|----------------------|-------------------|------------------------------------|-----------------|-------------------|--|-----------------|----------------|------------------|
|               |                                     |                          |                      | Current<br>ThUS\$ | Asset<br>Non-<br>current<br>ThUS\$ | Total<br>ThUS\$ | Current<br>ThUS\$ | Liability<br>Non-<br>Current<br>ThUS\$ | Total<br>ThUS\$ |                |                  |
| 57.430-5      | Sales de Magnesio Ltda.             | Chile                    | Ch\$                 | 1,850             | 2                                  | 1,852           | 1,195             | -                                      | 1,195           | 2,362          | 3                |
| Foreign       | Abu Dhabi Fertilizer Industries WWL | Arabia                   | Arab Emirates dirham | 14,559            | 2,746                              | 17,305          | 5,163             | -                                      | 5,163           | 26,173         | 1,5              |
| Foreign       | Doktor Tarsa Tarim Sanayi AS        | Turkey                   | Turkish lira         | 36,022            | 6,032                              | 42,054          | 22,545            | 2,525                                  | 25,070          | 58,850         | 3,6              |
| Foreign       | Nutrisi Holding N.V.                | Belgium                  | Euro                 | (552)             | 14,913                             | 14,361          | 1,494             | -                                      | 1,494           | -              | (2,1             |
| Foreign       | Ajay North America                  | United States            | US\$                 | 12,471            | 7,046                              | 19,517          | 3,848             | -                                      | 3,848           | 28,594         | 4,0              |
| Foreign       | Nutrichem Benelux                   | Belgium                  | Euro                 | -                 | -                                  | -               | -                 | -                                      | -               | -              | -                |
| Foreign       | NU3 N.V.                            | Belgium                  | Euro                 | 22,282            | 10,178                             | 32,460          | 4,707             | -                                      | 4,707           | 31,965         | (1,4             |
| Foreign       | Ajay Europe SARL                    | France                   | Euro                 | 12,830            | 2,325                              | 15,155          | 4,181             | -                                      | 4,181           | 20,788         | 1,4              |
| Foreign       | NU3 B.V.                            | The Netherlands          | Euro                 | 15,889            | 5,300                              | 21,189          | 16,773            | -                                      | 16,773          | 64,921         |                  |
| Foreign       | Generale De Nutrition               | Belgium                  | Euro                 | -                 | -                                  | -               | -                 | -                                      | -               | -              | -                |
| Foreign       | Mirs Specialty Fertilizers          | Egypt                    | Egyptian pound       | 2,708             | 3,858                              | 6,566           | 2,542             | 275                                    | 2,817           | 5,400          | 8                |
| Foreign       | SQM Eastmed Turkey                  | Turkey                   | Euro                 | 764               | 636                                | 1,400           | 998               | -                                      | 998             | 793            | (                |
| Foreign       | SQM Thailand Co. Ltd.               | Thailand                 | Thai bath            | 6,119             | 574                                | 6,693           | 2,999             | -                                      | 2,999           | 9,691          | 4                |
|               | Total                               |                          |                      | 124,942           | 53,610                             | 178,552         | 66,445            | 2,800                                  | 69,245          | 249,537        | 8,9              |

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

Note 11 – Equity method accounted investments in associated companies

## 11.3 Detail of investments in associates

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

| Associated company                         | Main associate's activities   | Equity interest % | Investment 9/30/2010 ThUS\$ | Investment 12/31/2009 ThUS\$ | Investment 1/1/2009 ThUS\$ |
|--|---|-------------------|-----------------------------|------------------------------|----------------------------|
| Sales de Magnesio Ltda.                    | Commercialization of magnesium salts.   | 50%               | 1,065                       | 328                          | 473                        |
| Abu Dhabi Fertilizer Industries Co. W.W.L. | Distribution and commercialization of specialty plant nutrients in the Middle East. | 50%               | 6,964                       | 6,072                        | 5,278                      |
| Ajay North America L.L.C                   | Production and commercialization of iodine derivatives.                             | 49%               | 6,686                       | 6,653                        | 4,892                      |
| NU3 N.V.                                   | Production of liquid and solid fertilizers  | 50%               | -                           | -                            | -                          |
| Doktor Tarsa Tarim Sanayi AS               | Distribution and commercialization of specialty plant nutrients in Turkey.          | 50%               | 11,760                      | 8,492                        | 11,212                     |
| Nutrisi Holding N.V.                       | Holding company   | 50%               | 4,676                       | 6,239                        | 6,823                      |
| Ajay Europe SARL                           | Production and distribution of iodine and iodine derivatives                        | 50%               | 3,894                       | 3,920                        | 4,282                      |
| NU3 B.V.                                   | Production of liquid and solid fertilizers  | 100%              | -                           | -                            | -                          |
| Mirs Specialty Fertilizers S.A.E.          | Production and commercialization of liquid specialty plant nutrients for Egypt.     | 47.4857%          | 1,541                       | 1,780                        | 2,247                      |
| SQM Agro India PVT Ltda.                   | Agent and distributor of specialty plant nutrients.                                 | 49%               | -                           | -                            | 94                         |
| SQM Eastmed Turkey                         | Production and commercialization of specialty products.                             | 50%               | 141                         | 201                          | 219                        |
| SQM Thailand Co. Ltd.                      | Distribution and commercialization of specialty plant nutrients.                    | 40%               | 1,357                       | 1,478                        | 1,414                      |
| <b>Total</b>                               |   |                   | <b>38,084</b>               | <b>35,163</b>                | <b>36,934</b>              |

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

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

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

Note 12 - Joint Ventures

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

The method for the recognition of joint ventures in which equity interest 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 for the period of the investor will receive the portion which belongs to it in profit or loss of the entity under joint control.

12.2 Disclosures on interest in joint ventures

a) Operations conducted in 2010

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

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

b) Operations conducted in 2009

On October 9, 2009, the subsidiary Soquimich European Holdings formed a joint venture with Coromandel Fertilizers Limited, Coromandel SQM. Each party made capital contributions of ThUS\$2,200 for interest of 50%.

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

SQM Industrial S.A. made its first capital contribution of ThUS\$3,000 on November 6, 2009 from total contribution of ThUS\$10,000 by each party. Contributions will be paid in 2010.

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

This transaction resulted in an effect on profit of ThUS\$3,019, which is presented under Other gains (losses).

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

## Note 12 - Joint Ventures

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

| Tax ID No. | Associated                                      | Country of incorporation | Functional currency | 9/30/2010  |                   |        | Liability |              |         | Revenue | Expenses | Profit (loss) for the period |
|------------|---|--------------------------|---------------------|------------|-------------------|--------|-----------|--------------|---------|---------|----------|------------------------------|
|            |   |                          |                     | Current    | Asset Non-current | Total  | Current   | Current Non- | Total   |         |          |                              |
| Foreign    | Sichuan SQM Migao Chemical Fertilizers Co Ltda. | China                    | US\$                | 3,835      | 8,120             | 11,955 | 1,031     | -            | 1,031   | -       | (43)     | (43)                         |
| Foreign    | Coromandel SQM                                  | India                    | Indian rupee        | 32         | 919               | 951    | 109       | -            | 109     | -       | (26)     | (26)                         |
| Foreign    | SQM Vitas                                       | United Arab Emirates     | U.A.E. dirham       | 25,642     | 9,498             | 35,140 | 1,218     | -            | 1,218   | 14,407  | (13,495) | 915                          |
| Foreign    | SQM Qindao-Star Co. Ltda.                       | China                    | US\$                | 1,805      | 342               | 2,147  | 149       | -            | 149     | 1,125   | (1,127)  | (2)                          |
|            | Total   |                          |                     | 31,314     | 18,879            | 50,193 | 2,507     | -            | 2,507   | 15,532  | (14,691) | 844                          |
| Tax ID No. | Associated                                      | Country of incorporation | Functional currency | 12/31/2009 |                   |        | Liability |              |         | Revenue | Expenses | Profit (loss) for the period |
|            |   |                          |                     | Current    | Asset Non-current | Total  | Current   | Current Non- | Total   |         |          |                              |
| Foreign    | Sichuan SQM Migao Chemical Fertilizers Co Ltda. | China                    | US\$                | 6,414      | 2,146             | 8,560  | 92        | -            | 92      | -       | (33)     | (33)                         |
| Foreign    | Coromandel SQM                                  | India                    | Indian rupee        | -          | 1,060             | 1,060  | -         | -            | -       | -       | -        | -                            |
| Foreign    | SQM Vitas                                       | United Arab Emirates     | U.A.E. dirham       | 25,913     | 5,543             | 31,456 | (1,551)   | -            | (1,551) | 1,893   | (1,821)  | 72                           |
|            | Total   |                          |                     | 32,327     | 8,749             | 41,076 | (1,459)   | -            | (1,459) | 1,893   | (1,854)  | 39                           |

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

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

| Associate                                       | Main associate's activities  | Equity interest<br>% | Investment<br>9/30/2010<br>ThUS\$ | Investment<br>12/31/2009<br>ThUS\$ | Investment<br>1/1/2009<br>ThUS\$ |
|---|--|----------------------|-----------------------------------|------------------------------------|----------------------------------|
| Coromandel SQM                                  | Production and distribution of potassium nitrate.  | 50%                  | 421                               | 530                                | -                                |
| Sichuan SQM Migao Chemical Fertilizer Co. Ltda. | Production and distribution of soluble fertilizers.  | 50%                  | 5,462                             | 2,988                              | -                                |
| SQM Vitas                                       | Production and commercialization of specialty plant and animal nutrition and industrial hygiene. | 50%                  | 16,960                            | 16,504                             | -                                |
| SQM Quindao-Star Co. Ltda.                      | Production and distribution of nutrient plant solutions with soluble NPK specialties.            | 50%                  | 999                               | -                                  | -                                |
| <b>Total</b>                                    |  |                      | <b>23,842</b>                     | <b>20,022</b>                      | <b>-</b>                         |

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

## Note 13 - Intangible assets and goodwill

## 13.1 Balances

| Balances                              | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|---------------------------------------|---------------------|----------------------|--------------------|
| Intangible assets other than goodwill | 3,064               | 2,836                | 3,525              |
| Goodwill                              | 38,388              | 38,388               | 38,388             |
| Total                                 | 41,452              | 41,224               | 41,913             |

## 13.2 Disclosures on intangible assets and goodwill

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

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

| Description of classes of<br>intangible assets | Useful life | Gross<br>amount<br>ThUS\$ | 9/30/2010<br>Accumulated<br>amortization<br>ThUS\$ | Net amount<br>ThUS\$ |
|--|-------------|---------------------------|--|----------------------|
| Goodwill                                       | Indefinite  | 39,961                    | (1,573)  | 38,388               |
| Water rights                                   | Indefinite  | 3,631                     | (2,084)  | 1,547                |
| Rights of way                                  | Indefinite  | 548                       | (153)  | 395                  |
| Industrial patents                             | Finite      | 1,197                     | (680)  | 517                  |
| Trademarks                                     | Finite      | 3,817                     | (3,805)  | 12                   |
| IT programs                                    | Finite      | 1,316                     | (723)  | 593                  |
| Total  |             | 50,470                    | (9,018)  | 41,452               |

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

## Note 13 - Intangible assets and goodwill, continued

## 13.2 Disclosures on intangible assets and goodwill, continued

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

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

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

Note 13 - Intangible assets and Goodwill, continued

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

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

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

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

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

The method used to express the amortization is useful life.

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

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

- d) Disclosure on internally-generated assets

The Company has no internally-generated intangible assets.

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

## Note 13 - Intangible assets and Goodwill, continued

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

|   | Net goodwill | Water rights | Rights of way | Industrial patents, net | Trademarks, net | Computer software, net | Identifiable intangible assets, net |
|---|--------------|--------------|---------------|-------------------------|-----------------|------------------------|-------------------------------------|
| Movements in identifiable intangible assets | ThUS\$       | ThUS\$       | ThUS\$        | ThUS\$                  | ThUS\$          | ThUS\$                 | ThUS\$                              |
| Opening balance                             | 38,388       | 1,549        | 395           | 570                     | -               | 322                    | 41,224                              |
| Additions                                   | -            | 92           | -             | -                       | -               | 491                    | 583                                 |
| Amortization                                | -            | (94)         | -             | (53)                    | (360)           | (220)                  | (727)                               |
| Other increases (decreases)                 | -            | -            | -             | -                       | 372             | -                      | 372                                 |
| Ending balance                              | 38,388       | 1,547        | 395           | 517                     | 12              | 593                    | 41,452                              |

## f) Movements in identifiable intangible assets as of December 31, 2009

|   | Net goodwill | Water rights | Rights of way | Industrial patents, net | Trademarks, net | Computer software, net | Identifiable intangible assets, net |
|---|--------------|--------------|---------------|-------------------------|-----------------|------------------------|-------------------------------------|
| Movements in identifiable intangible assets | ThUS\$       | ThUS\$       | ThUS\$        | ThUS\$                  | ThUS\$          | ThUS\$                 | ThUS\$                              |
| Opening balance                             | 38,388       | 1,897        | 409           | 650                     | 159             | 410                    | 41,913                              |
| Additions                                   | -            | 51           | -             | -                       | -               | 124                    | 175                                 |
| Amortization                                | -            | (399)        | (14)          | (80)                    | (159)           | (212)                  | (864)                               |
| Ending balance                              | 38,388       | 1,549        | 395           | 570                     | -               | 322                    | 41,224                              |

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

## Note 14 - Property, plant and equipment

As of September 30, 2010, December 31, 2009 and January 1, 2009, 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                           | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|---|---------------------|----------------------|--------------------|
| Property, plant and equipment, net  |                     |                      |                    |
| Construction-in-progress  | 536,642             | 379,416              | 234,757            |
| Land  | 108,145             | 108,356              | 106,800            |
| Buildings   | 79,919              | 86,252               | 66,813             |
| Plant and equipment   | 410,556             | 453,859              | 461,277            |
| IT equipment  | 3,407               | 3,853                | 3,526              |
| Fixed facilities and accessories  | 186,150             | 193,893              | 152,176            |
| Motor vehicles  | 48,229              | 55,341               | 41,309             |
| Other property, plant and equipment   | 21,041              | 19,576               | 9,873              |
| Total   | 1,394,089           | 1,300,546            | 1,076,531          |
| Property, plant and equipment, gross  |                     |                      |                    |
| Construction-in-progress  | 536,642             | 379,416              | 234,757            |
| Land  | 108,145             | 108,356              | 106,800            |
| Buildings   | 211,050             | 212,751              | 184,061            |
| Plant and equipment   | 1,079,946           | 1,090,769            | 1,012,711          |
| IT equipment  | 21,814              | 21,573               | 19,540             |
| Fixed facilities and accessories  | 385,244             | 368,419              | 304,360            |
| Motor vehicles  | 149,166             | 154,887              | 130,154            |
| Other property, plant and equipment   | 41,084              | 37,962               | 32,410             |
| Total   | 2,533,091           | 2,374,133            | 2,024,793          |
| Accumulated depreciation and value impairment of property, plant and equipment    |                     |                      |                    |
| Accumulated depreciation and value impairment of buildings                        | 131,131             | 126,499              | 117,248            |
| Accumulated depreciation and value impairment of plant and equipment              | 669,390             | 636,910              | 551,434            |
| Accumulated depreciation and value impairment of IT equipment                     | 18,407              | 17,720               | 16,014             |
| Accumulated depreciation and value impairment of fixed facilities and accessories | 199,094             | 174,526              | 152,184            |
| Accumulated depreciation and value impairment of motor vehicles                   | 100,937             | 99,546               | 88,845             |
| Accumulated depreciation and value impairment of other                            | 20,043              | 18,386               | 22,537             |
| Total   | 1,139,002           | 1,073,587            | 948,262            |

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

## Note 14 - Property, plant and equipment, continued

## 14.2 Reconciliation of changes in property, plant and equipment by class as of September 30, 2010 and December 31, 2009:

| Reconciliation entries of changes in property, plant and equipment by class as of September 30, 2010 | Construction in-progress | Land    | Buildings, net | Plant and equipment, net | IT equipment, net | Fixed facilities and accessories, net | Motor vehicles, net | Improvements, net | Other property, plant and equipment, net | Property, plant and equipment, net |
|--|--------------------------|---------|----------------|--------------------------|-------------------|---------------------------------------|---------------------|-------------------|--|------------------------------------|
|  | ThUS\$                   | ThUS\$  | ThUS\$         | ThUS\$                   | ThUS\$            | ThUS\$                                | ThUS\$              | ThUS\$            | ThUS\$                                   | ThUS\$                             |
| Opening balance  | 379,416                  | 108,356 | 86,252         | 453,859                  | 3,853             | 193,893                               | 55,341              | -                 | 19,576                                   | 1,300,546                          |
| <b>Changes</b>   |                          |         |                |                          |                   |                                       |                     |                   |  |                                    |
| Additions  | 245,707                  | 386     | 112            | 182                      | 86                | 2                                     | 89                  | -                 | 54                                       | 246,618                            |
| Divestitures   | -                        | (26)    | (15)           | (1,521)                  | (25)              | -                                     | -                   | -                 | (14)                                     | (1,601)                            |
| Depreciation expense   | -                        | -       | (6,644)        | (58,710)                 | (1,074)           | (24,524)                              | (8,493)             | -                 | (3,825)                                  | (103,270)                          |
| <b>Increase(decrease) in foreign currency exchange</b>   |                          |         |                |                          |                   |                                       |                     |                   |  |                                    |
| Other increases (decreases)  | (88,481)                 | (571)   | 213            | 16,706                   | 567               | 16,765                                | 1,285               | -                 | 5,248                                    | (48,268)                           |
| Total changes  | 157,226                  | (211)   | (6,333)        | (43,303)                 | (446)             | (7,743)                               | (7,112)             | -                 | 1,465                                    | 93,543                             |
| Ending balance   | 536,642                  | 108,145 | 79,919         | 410,556                  | 3,407             | 186,150                               | 48,229              | -                 | 21,041                                   | 1,394,089                          |

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

## Note 14 - Property, plant and equipment, continued

## 14.3 Reconciliation of changes in property, plant and equipment by class as of September 30, 2010 and December 31, 2009, continued:

| Reconciliation entries of changes in property, plant and equipment by class as of December 31, 2009 | Construction in-progress<br>ThUS\$ | Land<br>ThUS\$ | Buildings<br>net<br>ThUS\$ | Plant and<br>equipment<br>net<br>ThUS\$ | IT equipment<br>net<br>ThUS\$ | Fixed<br>facilities and<br>accessories,<br>net<br>ThUS\$ | Motor vehicles<br>net<br>ThUS\$ | Improvements<br>of leased<br>assets<br>net<br>ThUS\$ | Other<br>property,<br>plant and<br>equipment,<br>net<br>ThUS\$ | Property,<br>plant<br>and<br>equipment,<br>net<br>ThUS\$ |
|---|------------------------------------|----------------|----------------------------|---|-------------------------------|--|---------------------------------|--|--|--|
| Opening balance   | 234,757                            | 106,800        | 66,813                     | 461,277                                 | 3,526                         | 152,176  | 41,309                          | -  | 9,873  | 1,076,531  |
| Changes   |                                    |                |                            |   |                               |  |                                 |  |  |  |
| Additions   | 394,180                            | 1,560          | -                          | 306                                     | 148                           | 9  | 233                             | -  | 128  | 396,564  |
| Divestitures  | (4,405)                            | -              | (324)                      | (1,172)                                 | (9)                           | (108)  | (6)                             | -  | (134)  | (6,158)  |
| Depreciation expense  | -                                  | -              | (8,459)                    | (90,446)                                | (1,585)                       | (22,426)   | (10,480)                        | -  | (3,014)  | (136,410)  |
| Increase(decrease) in foreign<br>currency exchange  | -                                  | -              | 3                          | 54                                      | -                             | -  | 1                               | -  | 3  | 61   |
| Other increases (decreases)   | (245,116)                          | (4)            | 28,219                     | 83,840                                  | 1,773                         | 64,242   | 24,284                          | -  | 12,720   | (30,042)   |
| Total changes   | 144,659                            | 1,556          | 19,439                     | (7,418)                                 | 327                           | 41,717   | 14,032                          | -  | 9,703  | 224,015  |
| Ending balance  | 379,416                            | 108,356        | 86,252                     | 453,859                                 | 3,853                         | 193,893  | 55,341                          | -  | 19,576   | 1,300,546  |

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

Note 14. Property, plant and equipment, continued

14.4 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.

14.2 Additional Information

1) Assets recognized at fair value

As part of the process for the first-time adoption of IFRS, the Company opted to measure certain assets at fair value as deemed cost at the transition date of January 1, 2009. These amounts were determined by an external specialist. The revaluation of assets implied an adjustment against retained earnings as of January 1, 2009 of ThUS\$52,755. The adjusted balance of property, plant and equipment assets is detailed as follows:

|  | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|--|---------------------|----------------------|--------------------|
| Land                                       | 1,332               | 1,332                | 1,332              |
| Buildings, net                             | 2,210               | 2,241                | 2,426              |
| Plant and equipment, net                   | 38,746              | 42,335               | 53,576             |
| IT equipment, net                          | 1                   | 1                    | 1                  |
| Fixed facilities and accessories, net      | 1,799               | 1,840                | 2,031              |
| Other property, plant and equipment, gross | 882                 | 918                  | 1,091              |
| Total                                      | 44,970              | 48,667               | 60,457             |

2) Lease fixed assets

Investment properties include lease assets. The detail is as follows:

| Description of assets                      | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|--|---------------------|----------------------|--------------------|
| 2 floors of the Las Americas Building, net | 1,381               | 1,405                | 1,436              |
| Total (net)                                | 1,381               | 1,405                | 1,436              |

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

Note 14 - Property, plant and equipment, continued

3) Interest capitalized in construction-in-progress

The amount capitalized for this concept amounted to ThUS\$ 19,547 as of September 30, 2010 (ThUS\$13,088 as of September 30, 2009) and ThUS\$ 19,231 as of December 31, 2009

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.

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

## Note 15 - Leases

## 15.1 Disclosures on finance leases, lessee

The asset acquired under the financial lease agreement method relates to a contract which SQM S.A. has with Inversiones La Esperanza S.A. which began in June 1992 and ends on June 31, 2011. The agreement entered indicates 230 installments with a sum of UF 663.75 each with an annual interest rate of 8.5%.

The Company maintains financial lease arrangements as lessee for which there are no contingent installments or restrictions which should be reported.

The net carrying amount as of September 30, 2010 amounted to ThUS\$1,381 and as of December 31, 2009 and January 1, 2009 amounted to ThUS\$ 1,405 and ThUS\$ 1,436, respectively.

## 15.2 Investment property under finance lease:

| Description of total investment property under finance lease, net: | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|--|---------------------|----------------------|--------------------|
| Financial lease, Las Americas Building                             | 1,381               | 1,405                | 1,436              |
| <b>Total</b>   | <b>1,381</b>        | <b>1,405</b>         | <b>1,436</b>       |

## 15.3 Reconciliation of minimum finance lease payments , lessee:

The reconciliation between the total gross investment and the present value is as follows:

| Minimum payments to be made | Gross investment | 9/30/2010<br>ThUS\$ |               |                  | 12/31/2009<br>ThUS\$ |               |                  | 1/1/2009<br>ThUS\$ |               |  |
|-----------------------------|------------------|---------------------|---------------|------------------|----------------------|---------------|------------------|--------------------|---------------|--|
|                             |                  | Deferred interest   | Present value | Gross investment | Deferred interest    | Present value | Gross investment | Deferred interest  | Present value |  |
| Not exceeding one year      | 293              | (11)                | 282           | 329              | (29)                 | 300           | 268              | (43)               | 225           |  |
| Between 1 and 5 years       | -                | -                   | -             | 192              | (5)                  | 187           | 425              | (28)               | 397           |  |
| <b>Total</b>                | <b>293</b>       | <b>(11)</b>         | <b>282</b>    | <b>521</b>       | <b>(34)</b>          | <b>487</b>    | <b>693</b>       | <b>(71)</b>        | <b>622</b>    |  |

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

## Note 16 - Employee benefits

## 16.1 Provisions for employee benefits

| Classes of benefits and expenses by employee | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|--|---------------------|----------------------|--------------------|
| <b>Current</b>                               |                     |                      |                    |
| Profit sharing and bonuses                   | 34,732              | 16,375               | 22,112             |
| <b>Total</b>                                 | <b>34,732</b>       | <b>16,375</b>        | <b>22,112</b>      |
| <b>Non- current</b>                          |                     |                      |                    |
| Profit sharing and bonuses                   | 430                 | 20,082               | 12,000             |
| Severance indemnities                        | 25,233              | 28,682               | 20,186             |
| Pension Plan                                 | 1,709               | 1,709                | 2,873              |
| <b>Total</b>                                 | <b>27,372</b>       | <b>50,473</b>        | <b>35,059</b>      |

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

Note 16 - Employee benefits, continued

16.2 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 over a term not exceeding twelve months.

Staff severance indemnities

The Company only provides compensation and benefits to active employees.

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.

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 relates to vacations (short-term benefits to employees), 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.

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

Note 16 - Employee benefits, continued

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 14, 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.

All benefits provided by the company are current. Certain benefits such as vacation and severance indemnities are long-term benefits which are accumulative. These relate to services provided in which there are future disbursements which will be subsequent to twelve months

16.3 Other long-term benefits

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

|  | 6/30/2010 | 12/31/2009 | 1/1/2009 |
|--|-----------|------------|----------|
|  | ThUS\$    | ThUS\$     | ThUS\$   |
| Staff severance indemnities at actuarial value |           |            |          |
| Staff severance indemnities, Chile             | 24,602    | 28,170     | 19,478   |
| Other obligations in companies elsewhere       | 631       | 512        | 708      |
| Total other non-current liabilities            | 25,233    | 28,682     | 20,186   |
| SQM North America's pensions plan              | 1,709     | 1,709      | 2,873    |
| Total post employment obligations              | 1,709     | 1,709      | 2,873    |

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.

The methodology followed to determine the accrual for all the employees adhered to agreements considers turnover and salary increase rates according to the valuation method referred to as Accumulated Benefit Valuation or Accrued Cost of the Benefit Method. This methodology is established in IAS 19.

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

Note 16 - Employee benefits, continued

About the characteristics of the indemnity fund

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.

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-2004 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 Retirement Benefit Costs.

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

## Note 16 - Employee benefits, continued

## 16.4 Employee post retirement obligations

Our subsidiary, SQM North America has established with its employees certain pension plans for retired employees, which are 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 an interest rate of 6.5%. The net balance of this liability is presented under Non-current provisions for benefits to employees.

The table below establishes the status of the plan financing and the amounts recognized in the consolidated balance sheet:

|   | 2010<br>ThUS\$ | 2009<br>ThUS\$ |
|---|----------------|----------------|
| <b>Variation in the benefit liability:</b>                                    |                |                |
| Benefit liability at the beginning of year                                    | 6,631          | 6,631          |
| Cost of service   | 1              | 1              |
| Interest cost   | 423            | 423            |
| Actuarial loss  | 33             | 33             |
| Benefits paid   | (297)          | (297)          |
| Benefit liability at year-end   | 6,791          | 6,791          |
| <b>Change in the plan's assets:</b>   |                |                |
| Fair value of the plan's assets at beginning of year                          | 3,758          | 3,758          |
| Contributions by the employer   | 448            | 448            |
| Actual return (loss) on plan assets   | 1,173          | 1,173          |
| Benefits paid   | (297)          | (297)          |
| Fair value of the plan assets' at year-end                                    | 5,082          | 5,082          |
| <b>Status of financing</b>  |                |                |
|   | (1,709)        | (1,709)        |
| <b>Items not yet recognized as net regular pension-related cost elements:</b> |                |                |
| Net actuarial loss at the beginning of year                                   | (4,186)        | (4,186)        |
| Amortization during the period  | 198            | 198            |
| Net gain or loss during the period  | 857            | 857            |
| Adjustment made to recognize the minimum pension-related liability            | (3,131)        | (3,131)        |
| Accrued pension-related (liability) / prepaid pension-related cost            | (1,709)        | (1,709)        |

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

Note 16 - Employee benefits, continued

16.4 Employee post retirement obligations, continued

As of September 30, 2010, the net regular pension-related expense was composed of the following elements:

|  | 2010<br>ThUS\$ |
|--|----------------|
| Costs or benefits of services earned during the period | 1              |
| Cost of interest in benefit liability                  | 423            |
| Actual return in plan's assets                         | (1,173)        |
| Amortization of loss from prior periods                | 198            |
| Net gain for the period                                | 889            |
| Net regular pension-related expense                    | 338            |

As of September 30, 2010, distributions of the plan assets by category are detailed as follows:

|                           | 2010 |
|---------------------------|------|
| Growth amounts            | 59%  |
| International amounts     | 25%  |
| Growth and income amounts | -    |
| Taxable bonus             | 14%  |
| Treasury amounts          | 0%   |
| Money market funds        | 2%   |
|                           | 100% |

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

Note 17 - Disclosures on net equity

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

17.1 Disclosures on issued capital

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

17.2 Disclosures on preference share capital

The preferential voting rights of each series are as follows:

Series "A":

If the election of the President of the Company results in a tied vote, the Company's directors may vote once again, without the vote of the director elected by the Series B shareholders.

Series "B":

- 1) A general or extraordinary shareholders' meeting may be called at the request of shareholders representing 5% of the Company's Series B shares.
- 2) An extraordinary meeting of the Board of Directors may be called with or without the agreement of the Company's President, at the request of the director elected by Series B shareholders.

As of September 30, 2010, December 31, 2009 and January 1, 2009, the Group does not maintain any dominant company's shares either directly or through investees.

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

Note 17 - Disclosures on net equity, continued

Detail of classes of capital in preference shares:

| Class of capital in preferred shares<br>Description of class of capital in preferred shares | 9/30/2010   |             | 31/12/2009  |             | 01/01       |
|---|-------------|-------------|-------------|-------------|-------------|
|   | Series A    | Series B    | Series A    | Series B    | Series A    |
| Number of authorized shares   | 142,819,552 | 120,376,972 | 142,819,552 | 120,376,972 | 142,819,552 |
| Par value of shares in ThUS\$   | -           | -           | -           | -           | -           |
| Capital amount in shares ThUS\$   | 134,750     | 342,636     | 134,750     | 342,636     | 134,750     |
| Amount of premium issuance ThUS\$   | -           | -           | -           | -           | -           |
| Amount of reserves ThUS\$   | -           | -           | -           | -           | -           |
| Number of fully subscribed and paid shares  | 142,819,552 | 120,376,972 | 142,819,552 | 120,376,972 | 142,819,552 |
| Number of subscribed, partially paid shares   | -           | -           | -           | -           | -           |
| Total number of subscribed shares   | 142,819,552 | 120,376,972 | 142,819,552 | 120,376,972 | 142,819,552 |

As of September 30, 2010, December 31, 2009 and January 1, 2009, the Company has not placed any new issuances of shares in the market.

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

Note 17 - Disclosures on net equity, continued

17.3 Dividend policy

As required by Article 19 of the Chilean Shareholders' Company 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 ended as of December 31, 2009 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 2010 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 2010.
  - Distribution and payment, if possible during 2010, 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 2010 and its amount could not exceed 50% of the retained earnings for distribution obtained during 2010, which are reflected in the Company's financial statements as of September 30, 2010.
  - The distribution and payment by the Company of the remaining balance of the final dividend related to Profit for the period for the 2010 commercial year in up to two installments, which will have to be effectively paid and distributed prior to June 30, 2011.
  - An amount equivalent to the remaining 50% of the Company's profit for the period for 2010 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.

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

## Note 17 - Disclosures on net equity, continued

## 17.4 Provisional Dividends

At a Board of Directors meeting held on April 29, 2010, the Directors unanimously agreed to reduce the dividend distribution which implies to pay a final dividend of US\$ 0.62131 per share as a result of such profit for the period. Notwithstanding the above, a deduction amounting to US\$ 0.37994 per share should be applied to this final dividend, which was already paid as a provisional dividend. In line with this, the balance amounting to US\$ 0,24137 per share, will be paid and distributed in favor of those Company's shareholders registered with the respective shareholders' registry as of the fifth business day prior to the day in which this dividend will be paid.

At a Board of Directors meeting held on November 17, 2009, the Directors agreed to pay and distribute an interim dividend of US\$0.37994 per share. This dividend totals approximately ThUS\$100,000 and is equivalent to 40% of distributable 2009 profit for the period, accumulated as of September 30, 2009. This dividend is payable with a charge to profit for the period for that commercial year to SQM shareholders registered in the respective shareholders' registry as of the fifth business day prior to December 16, 2009, in its equivalent in Chilean pesos, based on the observed dollar exchange rate as published in the Official Gazette prevailing on December 10, 2009.

## Note 18 - Provisions and other non-financial liabilities

## 18.1 Classes of Provisions

| Description of classes of provisions | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|--------------------------------------|---------------------|----------------------|--------------------|
| <b>Other current provisions</b>      |                     |                      |                    |
| Provision for legal complaints       | 590                 | 590                  | 715                |
| Other provisions                     | 12,945              | 17,632               | 8,836              |
| <b>Total</b>                         | <b>13,535</b>       | <b>18,222</b>        | <b>9,551</b>       |
| <b>Other non-current provisions</b>  |                     |                      |                    |
| Other provisions                     | 3,500               | 3,500                | 3,181              |
| <b>Total</b>                         | <b>3,500</b>        | <b>3,500</b>         | <b>3,181</b>       |

Provisions for legal complaints relate to legal expenses the resolution of which is pending in the lawsuit to make the disbursement for expenses incurred for this purpose.

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

## Note 18 - Provisions and other non-financial liabilities, continued

## 18.2 Description of other provisions

| Description of other provisions   | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|---|---------------------|----------------------|--------------------|
| <b>Current provisions, other provisions</b>                               |                     |                      |                    |
| Provision for tax loss in fiscal litigation                               | 1,607               | 1,564                | 1,284              |
| royalties, agreement with CORFO (the Chilean Economic Development Agency) | 4,578               | 3,752                | 5,256              |
| Current provisions, other provisions                                      | 3,479               | 6,500                | -                  |
| Retirement plan   | 907                 | 2,500                | -                  |
| Miscellaneous provisions  | 2,374               | 3,316                | 2,296              |
| <b>Total</b>  | <b>12,945</b>       | <b>17,632</b>        | <b>8,836</b>       |
| <b>Other long-term provisions</b>   |                     |                      |                    |
| Mine closure  | 3,500               | 3,500                | 3,181              |
| <b>Total</b>  | <b>3,500</b>        | <b>3,500</b>         | <b>3,181</b>       |

## 18.2 Other non-financial liabilities, current

| Description of other liabilities                 | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|--|---------------------|----------------------|--------------------|
| Tax withholdings                                 | 8,036               | 6,043                | 594                |
| VAT payable                                      | 3,184               | 4,733                | 5,322              |
| Guarantees received                              | 1,026               | 1,016                | 2,511              |
| Provision for minimum dividend                   | -                   | -                    | 50,422             |
| Monthly Tax Provisional Payments                 | 5,309               | 5,071                | 10,345             |
| Deferred income                                  | 49,213              | 16,537               | 31,722             |
| Withholdings from employees and salaries payable | 4,925               | 4,858                | 4,199              |
| Vacation provision                               | 12,842              | 13,897               | 10,518             |
| Other current liabilities                        | 71                  | 50                   | 49                 |
| <b>Total</b>                                     | <b>84,606</b>       | <b>52,205</b>        | <b>115,682</b>     |

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

Note 18 - Provisions and other non-financial liabilities, continued

## 18.3 Movements in provisions as of September 30, 2010

| Description of items which gave rise to variations           | Guarantee<br>ThUS\$ | Restructuring<br>ThUS\$ | Legal<br>complaints<br>ThUS\$ | Onerous<br>contracts<br>ThUS\$ | Dismantling,<br>rehabilitation<br>and<br>site<br>restoration<br>costs<br>ThUS\$ | Other<br>provisions<br>ThUS\$ | Total<br>ThUS\$ |
|--|---------------------|-------------------------|-------------------------------|--------------------------------|---|-------------------------------|-----------------|
| Total provisions, initial balance                            | -                   | -                       | 590                           | -                              | -   | 21,132                        | 21,722          |
| Changes in provisions:                                       | -                   | -                       | -                             | -                              | -   | -                             | -               |
| Additional provisions  | -                   | -                       | -                             | -                              | -   | 14,024                        | 14,024          |
| Increase (decrease) in existing provisions                   | -                   | -                       | -                             | -                              | -   | -                             | -               |
| Acquisition through business combinations                    | -                   | -                       | -                             | -                              | -   | -                             | -               |
| Divestitures through business disposals                      | -                   | -                       | -                             | -                              | -   | -                             | -               |
| Provision used   | -                   | -                       | -                             | -                              | -   | (18,753)                      | (18,753)        |
| Reversal of unused provision                                 | -                   | -                       | -                             | -                              | -   | -                             | -               |
| Increase due to adjustment in value of money throughout time | -                   | -                       | -                             | -                              | -   | -                             | -               |
| Increase (decrease) in discount rate                         | -                   | -                       | -                             | -                              | -   | -                             | -               |
| Increase (decrease) in foreign currency translation          | -                   | -                       | -                             | -                              | -   | 42                            | 42              |
| Other increases (decreases)                                  | -                   | -                       | -                             | -                              | -   | -                             | -               |
| Total provisions, final balance                              | -                   | -                       | 590                           | -                              | -   | 16,445                        | 17,035          |

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

## 18.4 Movements in provisions as of December 31, 2009

| Description of items which gave rise to variations           | Guarantee<br>ThUS\$ | Restructuring<br>ThUS\$ | Legal<br>complaints<br>ThUS\$ | Onerous<br>contracts<br>ThUS\$ | Dismantling,<br>rehabilitation<br>and<br>site | Other<br>provisions<br>ThUS\$ | Total<br>ThUS\$ |
|--|---------------------|-------------------------|-------------------------------|--------------------------------|---|-------------------------------|-----------------|
|  |                     |                         |                               |                                | restoration<br>costs<br>ThUS\$                |                               |                 |
| Total provisions, initial balance                            | -                   | -                       | 715                           | -                              | -   | 12,017                        | 12,732          |
| Changes in provisions:                                       |                     |                         |                               |                                |   |                               |                 |
| Additional provisions  | -                   | -                       | 200                           | -                              | -   | 16,384                        | 16,584          |
| Increase (decrease) in existing provisions                   | -                   | -                       | -                             | -                              | -   | -                             | -               |
| Acquisition through business combinations                    | -                   | -                       | -                             | -                              | -   | -                             | -               |
| Divestitures through business disposals                      | -                   | -                       | -                             | -                              | -   | -                             | -               |
| Provision used   | -                   | -                       | (325)                         | -                              | -   | (6,898)                       | (7,223)         |
| Reversal of unused provision                                 | -                   | -                       | -                             | -                              | -   | -                             | -               |
| Increase due to adjustment in value of money throughout time | -                   | -                       | -                             | -                              | -   | -                             | -               |
| Increase (decrease) in discount rate                         | -                   | -                       | -                             | -                              | -   | -                             | -               |
| Increase (decrease) in foreign currency translation          | -                   | -                       | -                             | -                              | -   | (371)                         | (371)           |
| Other increases (decreases)                                  | -                   | -                       | -                             | -                              | -   | -                             | -               |
| Total provisions, final balance                              | -                   | -                       | 590                           | -                              | -   | 21,132                        | 21,722          |

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

Note 18 - Provisions and other non-financial liabilities, continued

18.4 Detail of main classes of provisions

Legal expenses: this provision depends on the pending resolution of a lawsuit to conduct the disbursement for expenses associated with and incurred for this purpose.

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.

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

The settlement of these will be performed on a quarterly basis.

Temporary closure of El Toco operation: The Company's Board of Directors unanimously agreed to approve the temporary closure of Toco and Pampa Blanca mining sectors. The Company accrued the legal severance indemnity for the employees subject to this closure. Additional benefits which will be paid to employees will correspond to 2010 expenses.

Retirement plan: corresponds to a benefit agreed with employees to retire from the Company. Those employees who invoked the agreed plan signed their consent as of December 31, 2009 and the effective retirement date will be the second quarter of 2010.

Through the present date, SQM and its subsidiaries do not present any uncertainty on the timing and amount of a class of accrual.

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

Note 19 - Contingencies and restrictions

The Company maintains lawsuits or other relevant legal actions which are detailed as follows:

19.1 Lawsuits or other relevant events

1. Plaintiff : Compañía de Salitre y Yodo Soledad S.A.  
 Defendant : Sociedad Química y Minera de Chile S.A.  
 Date of lawsuit : December 1994  
 Court : Civil Court of Pozo Almonte  
 Cause : Partial annulment of mining property, Cesard 1 to 29  
 Instance : Evidence provided  
 Nominal amount : ThUS\$211
  
2. Plaintiff : Compañía Productora de Yodo y Sales S.A.  
 Defendant : Sociedad Química y Minera de Chile S.A.  
 Date of lawsuit : November 1999  
 Court : Civil Court of Pozo Almonte  
 Cause : Partial annulment of mining property, Paz III to 25  
 Instance : Evidence provided  
 Nominal amount : ThUS\$162
  
3. Plaintiff : Compañía Productora de Yodo y Sales S.A.  
 Defendant : Sociedad Química y Minera de Chile S.A.  
 Date of lawsuit : November 1999  
 Court : Civil Court of Pozo Almonte  
 Cause : Partial annulment of mining property, Paz III 1 to 25  
 Instance : Evidence provided  
 Nominal amount : ThUS\$204
  
4. Plaintiff : Angélica Allende and their sons Iván Molina and Cristóbal Molina  
 Defendant : Ingeniería, Construcción y Servicios SMR Limitada and jointly and severally SQM Nitratos S.A. and its insurance companies.  
 Date of lawsuit : May 2008  
 Court : Arbitration Court of Antofagasta  
 Cause : Work accident  
 Instance : Evidence  
 Nominal amount : ThUS\$670

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

Note 19 - Contingencies and restrictions, continued

19.1 Lawsuits or other relevant events, continued

5. Plaintiff : Nancy Erika Urrea Muñoz  
 Defendant : Fresia Flores Zamorano, Duratec-Vinilit S.A. and SQM S.A. and its insurance companies.  
 Date of lawsuit : December 2008  
 Court : 1st Civil Court of Santiago  
 Cause : Work accident  
 Instance : Response  
 Nominal amount : ThUS\$550
6. Plaintiff : Agraria Santa Aldina Limitada  
 Defendant : SQM Peru S.A.  
 Date of lawsuit : June 2009  
 Court : Civil Court of Pisco - Peru  
 Cause : Seeks compensation for damages for alleged breach of the terms and conditions of product distribution contract  
 Instance : Appeal  
 Nominal amount : ThUS\$6,000
7. Plaintiff : Eduardo Fajardo Núñez, Ana María Canales Poblete, Raquel Beltrán Parra, Eduardo Fajardo Beltrán and Martina Fajardo Beltrán  
 Defendant : SQM Salar S.A. and its insurance companies.  
 Date of lawsuit : November 2009  
 Court : 20th Civil Court of Santiago  
 Cause : Work accident  
 Instance : Evidentiary stage  
 Nominal amount : ThUS\$1,880
8. Plaintiff : María Elena Dorantes and their daughters  
 Defendant : SQM North America Corp. (SQM)  
 Date of lawsuit : October-November 2009  
 Court : High Court of Justice of San Francisco, California, USA  
 Cause : Indemnity claim presented against SQM and other 17 companies as a result of the alleged responsibility for the death of Mr. Victorino Dorantes which, in the opinion of the plaintiff, would have occurred after inhaling, ingesting or absorbing certain products, which the defendants provided to the employers of Mr. Dorantes for commercialization  
 Instance : Defense plea  
 Nominal amount : Undetermined amount

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

Note 19 - Contingencies and restrictions, continued

19.1 Lawsuits or other relevant events, continued

9. Plaintiff : Poli Instalaciones Limitada  
 Defendant : SQM Industrial S.A.  
 Date of lawsuit : August 2010  
 Court : Arbitrage procedure  
 Cause : Seeks compensation for damages for the application of a contract clause which allows early agreement termination.  
 Instance : Demand response  
 Nominal amount : ThUS\$ 484
10. Plaintiff : Newland S.A.  
 Defendant : SQM Industrial S.A.  
 Date of lawsuit : August 2010  
 Court : Arbitrage procedure  
 Cause : Compensation for damages for alleged non-compliance with obligations.  
 Nominal amount : ThUS\$480
11. Plaintiff : María Loreto Lorca Morales, Nathan Guerrero Lorca, Maryori Guerrero Lorca, Abraham Guerrero Lorca, Esteban Guerrero Lorca and María Sol Osorio Tapia et al  
 Defendant : Gonzalo Daved Valenzuela, Julio Zamorano Avendaño, Comercial Transportes y Servicios Generales Julio Zamorano Avendaño E.I.R.L. and jointly and severally, SQM S.A. and its insurance companies  
 Date of lawsuit : August 2010  
 Court : 2nd Court of Iquique  
 Cause : Lawsuit for compensation for damages related to the collision between two trucks in July 2008 in the area surrounding to Pozo Almonte resulting in the deaths of Messrs. Alberto Galleguillos Monardes and Fernando Guerrero Tapia  
 Cause : Lawsuit  
 Nominal amount : ThUS\$3,500

SQM S.A. and its subsidiaries have been involved and probably will continue to be involved as plaintiffs or defendants in several legal cases, which have been filed and will be subject to the decisions provided by Ordinary Courts of Justice. Those cases, which are regulated by legal provisions currently effective, mainly seek to enforce or file certain opposing actions or exceptions related to certain mining concessions constituted or in the process of being constituted and do not and will not essentially affect the development of SQM S.A. and its subsidiaries.

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

Note 19 - Contingencies and restrictions, continued

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

SQM S.A. and its subsidiaries have tried and currently continue to make efforts to receive payment of certain amounts still owed to them related to their normal business activities. Those amounts will continue to be legally and non-judicially demanded by the plaintiffs and the actions exercised in relation to them are currently in full force.

SQM S.A. and its subsidiaries have not been legally notified of other complaints other than those referred to in paragraph l) above and pursue the voidance of certain mining properties acquired by SQM S.A. and its subsidiaries and whose proportional purchase price, in respect to the part affected by the respective overlap, exceeds the nominal and approximate amount of ThUS\$150 or which seek to obtain payment of certain amounts allegedly owed from exercising their own activities and which exceed the nominal individual amount of approximately ThUS\$1 50.

19.2 Restrictions:

Bank loans of SQM S.A. and its subsidiaries contain restrictions similar to those of other comparable loans existing at the dates when those debt agreements were entered into. These restrictions involve maximum indebtedness and minimum equity. Other than these restrictions, SQM S.A. is not exposed to any other management restrictions or limits to financial ratios in contracts or 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 such subsidiary, will pay to CORFO, for the concept of exploitation of certain mining properties owned by CORFO and for the products resulting from such exploitation, the annual rent stated in the aforementioned contract, the amount of which is calculated on the basis of the sales of each type of product. The contract is in force until 2030 and rent began being paid in 1996 reflecting in profit or loss an amount of ThUS\$ 13,518 as of September 30, 2010 (ThUS\$ 14,077 as of September 30, 2009).

19.4 Restricted or pledged cash

The subsidiary Isapre Norte Grande S.A. 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.

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Note 19 - Contingencies and restrictions, 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 on a daily basis reports the present value of the guarantee to the Chilean Superintendence of Healthcare and Isapre Norte Grande Ltda. As of September 30, 2010, the guarantee amounts to ThUS\$ 492.

19.5 Sureties obtained from third parties

The main sureties received from third parties (distributors) to guarantee Soquimich Comercial S.A. the compliance with obligations in contracts of commercial mandates for the distribution and sale of fertilizers amounted to ThUS\$6,976 as of September 30, 2010; as of December 31, 2009 amounted to ThUS\$6,523 and as of January 1, 2009 amounted to ThUS\$5,302 which are detailed as follows:

| Entity name                    | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|--------------------------------|---------------------|----------------------|--------------------|
| Llanos y Wammes Soc. Com. Ltda | 2,272               | 2,037                | 1,727              |
| Fertglobal Chile Ltda.         | 3,515               | 3,352                | 2,671              |
| Tattersall Agroinsumos S.A.    | 1,189               | 1,134                | 904                |

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

## Note 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<br>guarantee      | Debtor<br>Name                   | Relationship | Type of<br>guarantee | Pending balances as of the closing date<br>of the financial statements |                      |                    |
|-----------------------------------|----------------------------------|--------------|----------------------|--|----------------------|--------------------|
|                                   |                                  |              |                      | 9/30/2010<br>ThUS\$  | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
| Australian and New Zealand Bank   | SQM North America Corp           | Subsidiary   | Bond                 | -  | -                    | -                  |
| Australian and New Zealand Bank   | SQM Europe N.V.                  | Subsidiary   | Bond                 | -  | -                    | -                  |
| Generale Bank                     | SQM North America Corp           | Subsidiary   | Bond                 | -  | -                    | -                  |
| Generale Bank                     | SQM Europe N.V.                  | Subsidiary   | Bond                 | -  | -                    | -                  |
| Kredietbank                       | SQM North America Corp           | Subsidiary   | Bond                 | -  | -                    | -                  |
| Kredietbank                       | SQM Europe N.V.                  | Subsidiary   | Bond                 | -  | -                    | -                  |
| Banks and financial institutions  | SQM Investment Corp. N.V.        | Subsidiary   | Bond                 | -  | -                    | -                  |
| Banks and financial institutions  | SQM Europe N.V.                  | Subsidiary   | Bond                 | -  | -                    | -                  |
| Banks and financial institutions  | SQM North America Corp           | Subsidiary   | Bond                 | -  | -                    | -                  |
| Banks and financial institutions  | Nitratos Naturais do Chile Ltda. | Subsidiary   | Bond                 | -  | -                    | -                  |
| Banks and financial institutions  | SQM México S.A. de C.V.          | Subsidiary   | Bond                 | -  | -                    | -                  |
| Banks and financial institutions  | SQM Brasil Ltda.                 | Subsidiary   | Bond                 | -  | -                    | -                  |
| Banque Nationale de Paris         | SQM Investment Corp. N.V.        | Subsidiary   | Bond                 | -  | -                    | -                  |
| San Francisco Branch              | SQM Investment Corp. N.V.        | Subsidiary   | Bond                 | -  | -                    | -                  |
| Sociedad Nacional de Minería A.G. | SQM Potasio S.A.                 | Subsidiary   | Bond                 | -  | -                    | -                  |
| Royal Bank of Canada              | SQM Investment Corp. N.V.        | Subsidiary   | Bond                 | -  | -                    | -                  |
| Citibank N.Y                      | SQM Investment Corp. N.V.        | Subsidiary   | Bond                 | -  | -                    | -                  |
|                                   |                                  | Subsidiary   | Bond                 | -  | 100,053              | 100,204            |

|  |                               |            |      |        |        |        |
|--|-------------------------------|------------|------|--------|--------|--------|
| BBVA Banco<br>Bilbao Vizcaya<br>Argentaria | Royal Seed<br>Trading A..V.V. |            |      |        |        |        |
| ING Capital LLC                            | Royal Seed<br>Trading A..V.V. | Subsidiary | Bond | 80,309 | 80,055 | 80,215 |
| JP Morgan Chase<br>Bank                    | SQM Industrial<br>S.A.        | Subsidiary | Bond | -      | -      | -      |
| Export Development<br>Canada               | SQM Investment<br>Corp. N.V.  | Subsidiary | Bond | -      | 50,019 | 50,032 |
| BBVA Bancomer<br>S.A.                      | Royal Seed<br>Trading         | Subsidiary | Bond | -      | 75,000 | -      |

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

Note 20 - Revenue

As of September 30, 2010 and 2009, revenue is detailed as follows:

| Type of revenue       | 9/30/2010<br>ThUS\$ | 9/31/2009<br>ThUS\$ |
|-----------------------|---------------------|---------------------|
| Sales of goods        | 1,319,751           | 1,046,929           |
| Provision of services | 4,985               | 5,240               |
| Interest income       | -                   | -                   |
| Income from royalties | -                   | -                   |
| Income from dividends | -                   | -                   |
| Total                 | 1,324,736           | 1,052,169           |

Note 21 - Earnings per Share

Basic earnings per share will be calculated dividing profit for the period for the period attributable to the Company's shareholders by the weighted average of the number of shares in circulation during that period.

As expressed, basic earnings per share is as follows:

| Basic earnings per share   | 9/30/2010<br>ThUS\$ | 9/30/2009<br>ThUS\$ |
|--|---------------------|---------------------|
| Earnings (loss) attributable to the holders of instruments in the net equity of the controlling entity | 276,325             | 259,414             |
|  | 9/30/2010<br>Units  | 9/30/2009<br>Units  |
| Number of common shares in circulation   | 263,196,524         | 263,196,524         |
|  | 9/30/2010           | 9/30/2009           |
| Basic earnings per share   | 1.0499              | 0.9856              |

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

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

Note 22 - Loan costs

The costs of interest are recognized as expenses in the year in which they are incurred except for those which are directly related to the acquisition and construction of tangible fixed assets and which comply with the requirements of IAS 23. As of September 30, 2010, total financial expenses incurred amount to ThUS\$26,534 (ThUS\$23,141 as of September 30, 2009.)

The Company capitalizes all interest costs which directly relate to the construction or 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 applying weighted average or weighted average of all financing costs incurred by the Company to the monthly end balances of work-in-progress meeting the requirements of IAS 23.

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

|  | 9/30/2010 | 12/31/2009 | 9/30/2009 |
|--|-----------|------------|-----------|
| Capitalization rate of costs for interest capitalized, property, plant and equipment | 7%        | 7%         | 7%        |
| Amount of costs for interest capitalized in ThUS\$                                   | 19,547    | 19,231     | 13,089    |

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

Note 23 - Effect of variations in 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:

|  | 9/30/2010<br>ThUS\$ | 9/30/2009<br>ThUS\$ |
|--|---------------------|---------------------|
| Foreign currency exchange difference recognized in profit or loss for the period | (6,875)             | (8,528)             |
| Reserves for foreign currency exchange differences                               | 345                 | 842                 |

b) Reserves for foreign currency exchange differences:

As of September 30, 2010 and December 31, 2009, the detail is as follows:

| Detail   | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ |
|--|---------------------|----------------------|
| Changes in equity generated through the proportional equity method for conversion: |                     |                      |
| Comercial Hydro S.A.   | 1,033               | 946                  |
| SQMC Internacional Ltda.   | 46                  | 43                   |
| Proinsa Ltda.  | 34                  | 32                   |
| Agrorama Callegari Ltda.   | 177                 | 66                   |
| Isapre Cruz del Norte Ltda.  | 86                  | 37                   |
| Almacenes y Depósitos Ltda.  | 72                  | 42                   |
| Sales de Magnesio Ltda.  | 96                  | 53                   |
| Sociedad de Servicios de Salud S.A.  | 35                  | 15                   |
| Total  | 1,579               | 1,234                |

The functional currency of these subsidiaries is Chilean peso.

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

Note 24 - The Environment

24.1 Disclosures on 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. SQM is currently operating under an Environmental Management System (EMS) which has allowed strengthening 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 crashed, a process in which particle emissions occur; currently this operation is conducted only in the worksite of Pedro de Valdivia. In the María Elena location, crushing units used to operate which affected the air quality. The Company has implemented a range of mitigating actions that have shown notable improvement in air quality at Maria Elena and beginning on March 2010, no ore crushing process is conducted in the Maria Elena sector.

The Company carries out environmental follow-up and monitoring plans based on specialized scientific studies, and it also provides an annual training program in environmental matters to both its direct employees and its contractors' employees. Within this context, SQM entered into a contract with the National Forestry Corporation (CONAF) aimed at researching the activities of flamingo groups that live in the Salar de Atacama (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 Pontificia Universidad Católica in Santiago and the School of Agricultural Science of Universidad de Chile.

Furthermore, within the framework of the environmental studies which the Company is conducting, the Company is performing significant activities in relation to the recording of Pre-Columbian and historical cultural heritage, as well as the protection of heritage sites, in accordance with current Chilean laws. These 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.

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

Note 24 - The environment, continued

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 SQM and its subsidiaries have incurred as of September 30, 2010 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 years disbursements related to this projects amounted to ThUS\$ 10,269 and their detail is as follows:

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

Note 24 - The environment, continued  
Accumulated expenses as of September 30, 2010

| Name of the project to which the disbursement is associated                               | Concept by which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense Item | Amount of disbursement for the Period ThUS\$ |
|---|--|-----------------|--|--|
| MCLX – Cleaning of rescue yard  | Cost reduction   | Expense         | Development                              | 6  |
| ANMI – Consulting in infrastructure to store hazardous chemicals                          | Sustentation: Risk prevention and the environment          | Expense         | Development                              |  |
| MNH8 – Lightning improvement  | Sustentation   | Asset           | Development                              | 2  |
| SCCY – Hazardous waste garbage dump   | Sustentation   | Expense         | Development                              | 1  |
| JNTU – San Isidro water assessment  | Sustentation: Risk prevention and the environment          | Asset - Expense | Not classified                           | 5  |
| JNNX – Several environment nitrate  | Sustentation: Risk prevention and the environment          | Asset           | Not classified                           |  |
| MNTE – industrial hygiene equipment   | Sustentation: Risk prevention and the environment          | Asset           | Development                              |  |
| INST – Acquisition of used lubricant quick discharge. NV-ME-PB                            | Sustentation: Risk prevention and the environment          | Asset           | Development                              |  |
| MP17 – Normalization of drinking water chlorination ME/CS/PV                              | Sustentation   | Expense         | Not classified                           |  |
| MP5W – Normalization of TK Fuel   | Sustentation   | Asset           | Not classified                           | 3  |
| FNWR - DIA Pampa Blanca discard yard  | Sustentation: Risk prevention and the environment          | Asset           | Development                              |  |
| MNYS – Actions for the dissemination of cultural heritage , technology change Maria Elena | Sustentation: Risk prevention and the environment          | Expense         | Not classified                           |  |
| MP8Z – Automation of water volume inlet pipe ME, CS and Vergara                           | Sustentation   | Asset           | Development                              | 2  |
| MPL5 – Repair of sanitary and electric facilities   | Sustentation   | Asset - Expense | Development                              | 1  |
| MPIS – Stabilization of streets and suppression of dust at sidewalks                      | Sustentation   | Asset           | Development                              | 7  |
| PPNK – Handling of PV Ammoniac in plant detention   | Sustentation: Risk prevention and the environment          | Asset           | Not classified                           |  |
| MPGF – Improve sealing and pressurization room 031  | Sustentation   | Asset           | Not classified                           |  |
| TPO4 – Indigenous camping   | Sustentation   | Asset - Expense | Not classified                           |  |

|   |  |         |                |        |
|---|--|---------|----------------|--------|
| MPLS – Automated alarms and information of Hospital Monitoring Station    | Not Classified                         | Asset   | Not classified |        |
| ACI9 – PCI II (Considers solely environmental expense)                    | Sustentation: research and development | Expense | Research       |        |
| PPC1 – Eliminate OCB switches in substations 3 and 1/12 Pedro de Valdivia | Sustentation: equipment replacement    | Asset   | Not classified |        |
| FP55 - Agua de Mar Pampa Blanca(Consider environment expense only         | Sustentation                           | Asset   | Development    | 1      |
| Management on environment (2010 only)                                     | Not classified                         | Expense | Not classified | 8<br>7 |

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

## Note 24 - The environment, continued

## Accumulated expenses as of September 30, 2010, continued

| Name of the project to which the disbursement is associated       | Concept by which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense Item | Amount of disbursement for the Period ThUS\$ | Certification which disbursements were made |
|---|--|-----------------|--|--|---|
| IPNW – Improvements in pavilions C/D/B in Iris                    | Sustentation   | Asset           | Not classified                           | 39   |   |
| IPMN – Sanitary capacity enlargement Iris                         | Capacity extension   | Asset           | Development                              | 85   |   |
| PNH2 – Waste water treatment plant, wash yards PV-NV-PB           | Sustentation: Risk prevention and the environment          | Asset - Expense | Development                              | 42   |   |
| PPOV – Environmental projects maintenance ME-PV-NV-PB             | Sustentation: Risk prevention and the environment          | Asset - Expense | Development                              | 82   |   |
| IP6W - Waste water treatment plant,                               | Sustentation: Risk prevention and the environment          | Asset - Expense | Not classified                           | 95   |   |
| PPAT – Risks prevention projects Sem II 2008                      | Sustentation: Risk prevention and the environment          | Asset           | Development                              | 141  |   |
| LP5K – Environmental evaluation extension production capacity MOP | Sustentation: Risk prevention and the environment          | Asset - Expense | Not classified                           | 4  |   |
| LNNT – Renewal of meteorological station Salar Chaxa              | Sustentation: Risk prevention and the environment          | Asset           | Not classified                           | 98   |   |
| LP5J – Water research study Atacama Salar                         | Sustentation: Risk prevention and the environment          | Expense         | Research                                 | 83   |   |
|   | Sustentation   | Asset - Expense | Development                              | 280  |   |

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|     |  |   |         |                |     |
|-----|--|---|---------|----------------|-----|
|     | LP82 – Project to foster the agricultural activities in Salar locations          |   |         |                |     |
| .A. | LPGA – Pit construction to infiltrate user water Toconao camp                    | Capacity extension                                | Asset   | Not classified | 105 |
| .A. | LPK2 – Implementation of foreign currency exchange facility                      | Not classified                                    | Asset   | Not classified | 102 |
| .A. | CPTP – Installation drinking water and emergency showers                         | Sustentation                                      | Asset   | Not classified | 13  |
| .A. | LPPJ – Dual Plant Phase II (considers solely the environment expense)            | Capacity extension                                | Expense | Not classified | 6   |
| .A. | LPN3 – Compacting and prilling engineering (Consider environmental expense only) | Sustentation: Research and development            | Expense | Research       | 16  |
| .A. | LPTF – Environmental essay and prospecting 2010                                  | Sustentation                                      | Asset   | Not classified | 149 |
| .A. | LPTJ – Sanitary work improvements  | Sustentation                                      | Asset   | Not classified | 92  |
|     | TNLA – Pavement on roads from work site to port                                  | Sustentation: Risk prevention and the environment | Asset   | Development    | 81  |
|     | PNOT – Lightning improvement in area FFCC  | Sustentation                                      | Asset   | Development    | 369 |
|     | TPR8 – Elimination of  | Sustentation: Risk prevention and the environment | Expense | Not classified | 54  |

waste water  
generation  
through vacuum

TPLR –  
Implementation  
of pump system  
for used water to  
waste

Sustentation: Risk prevention and the  
environment

Asset - Expense Not classified

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

Note 24 - The environment, continued

Accumulated expenses as of September 30, 2010, continued

| Name of the project to which the disbursement is associated     | Concept by which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense Item | Amount of disbursement for the Period ThUS\$ |
|---|--|-----------------|--|--|
| TPM7-Environmental meshes in fields 3 and 4                     | Not classified   | Asset           | Not classified                           | 524  |
| SCI6 – Environmental essays – Project Region I                  | Not classified   | Asset – Expense | Not classified                           | 2,333  |
| IPXE – Environmental follow-up plan – Llamara Saltpeter Deposit | Sustentation: Risk prevention and the environment          | Expense         | Not classified                           | 4  |
| IPFT – Cultural heritage Region I of Chile                      | Sustentation: Risk prevention and the environment          | Asset – Expense | Not classified                           | 110  |
| <b>Total</b>  |  |                 |  | <b>10,269</b>                                |

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

Note 24 - The environment, continued  
Future expenses

| Name of the project to which the disbursement is associated                               | Concept by which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense Item | Amount of disbursement for the Period ThUS\$ |
|---|--|-----------------|--|--|
| ANMI – Consulting infrastructure to the storage of Hazardous chemicals products           | Sustentation: Risk prevention and the environment          | Expense         | Development                              | 4  |
| MNH8 - Lightning improvement  | Sustentation   | Asset           | Development                              | 20   |
| MP5W – Normalization of TK fuels  | Sustentation   | Asset           | Not classified                           | 516  |
| MNYS - Actions for the dissemination of cultural heritage , technology change Maria Elena | Sustentation: Risk prevention and the environment          | Expense         | Not classified                           | 12   |
| PPC1 – Eliminate OCB switches in sub stations 3 and 1/12 Pedro de Valdivia                | Sustentation: Replacement of equipment                     | Asset           | Not classified                           | 171  |
| PPNK – Handling of Ammoniac PV in plant detention   | Sustentation: Risk prevention and the environment          | Asset           | Not classified                           | 210  |
| IPNX – Improvement NV Supervisor’s room   | Sustentation   | Asset - Expense | Not classified                           | 10   |
| MPLS – Automated alarms and information of Hospital monitoring station                    | Not classified   | Asset           | Not classified                           | 2  |
| PPZU – Normalize and certify plant fuel tanks   | Sustentation: Risk prevention and the environment          | Expense         | Not classified                           | 3.500  |
| MPQU – Construction of warehouse of hazardous chemical supplies                           | Sustentation: Risk prevention and the environment          | Asset           | Development                              | 450  |



|   |   |                 |                |     |
|---|---|-----------------|----------------|-----|
| FP55 – Pampa Blanca sea water (considers environmental expense)     | Sustentation                                      | Asset           | Development    | 373 |
| ACI9 - PCI II Study (considers environmental expense)               | Sustentation: Research and development            | Asset           | Research       | 16  |
| Environmental Management (solely 2010)                              | Not classified                                    | Expense         | Not classified | 598 |
| IPNW – Improvement in C/D/B pavilions at Iris                       | Sustentation                                      | Asset           | Not classified | 5   |
| A. PP0V – Maintenance of environmental projects ME-PV-NV-PB         | Sustentation: Risk prevention and the environment | Asset - Expense | Development    | 4   |
| A. PPAT – Risk prevention projects Sem II 2008                      | Sustentation: Risk prevention and the environment | Asset           | Development    | 14  |
| LP5J – Water study Water Recharge Atacama Saltpeter deposit         | Sustentation: Risk prevention and the environment | Expense         | Research       | 29  |
| Nuevo – Study – Improvements in fuel facilities                     | Sustentation                                      | Asset - Expense | Research       | 50  |
| LP82 – Project to foster agricultural activities in Salar Locations | Sustentation                                      | Asset - Expense | Development    | 438 |
| CPTP – Installation of drinking water emergency showers             | Sustentation                                      | Expense         | Not classified | 13  |
| LPTF – 2010 environmental study and prospecting                     | Sustentation                                      | Expense         | Not classified | 246 |

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

## Note 24 - The environment, continued

## Future expenses, continued

| of the<br>any or<br>y | Name of the<br>project to<br>which the<br>disbursement is<br>associated                                 | Concept by which the disbursement was made or<br>will be made | Asset / Expense | Description of the<br>asset or expense<br>Item | Amount of<br>disbursement<br>for the Period<br>ThUS\$ | Cer<br>esti<br>whi<br>dist<br>wer<br>ma |
|-----------------------|---|---|-----------------|--|---|---|
| A.                    | CPZH –<br>Handling of<br>hydroxide<br>press filter<br>waste   | Sustentation: Risk prevention and the environment             | Asset           | Not classified                                 | 41  |   |
| A                     | LPTJ – Sanitary<br>work<br>improvements   | Sustentation  | Asset           | Not classified                                 | 107   |   |
| A                     | LPPJ – Dual<br>Plant Phase II<br>(considers<br>solely the<br>environment<br>expense)                    | Capacity extension  | Asset           | Not classified                                 | 11  |   |
| A                     | LPN3 –<br>Compacting<br>and prilling<br>engineering<br>(Consider<br>environmental<br>expense only)      | Sustentation: Research and development                        | Asset           | Research                                       | 2   |   |
|                       | PNOT –<br>Lightning<br>improvement<br>in area FFCC  | Sustentation  | Asset           | Development                                    | 65  |   |
|                       | TPR8 –<br>Elimination of<br>waste water<br>generation<br>through<br>vacuum                              | Sustentation: Risk prevention and the environment             | Expense         | Not classified                                 | 96  |   |
|                       | TPYX –<br>Enablement of<br>dust collector<br>for dust in the<br>Tocopilla 3<br>yard rocker and<br>stamp | Sustentation: Risk prevention and the environment             | Asset           | Development                                    | 50  |   |
|                       |   | Not classified  | Asset - Expense | Not classified                                 | 52  |   |

SCI6 –  
Environmental  
studies – I  
Region of  
Chile Project

|  |   |                 |                |        |
|--|---|-----------------|----------------|--------|
| IPFT - I<br>Region of<br>Chile Cultural<br>heritage                            | Sustentation: Risk prevention and the environment | Asset - Expense | Not classified | 33     |
| IQ08 – PSA<br>Llamara &<br>Tamarugal<br>Meadows                                | Sustentation: natural resources                   | Expense         | Development    | 1.761  |
| IPXF-<br>Environmental<br>follow-up plan<br>at Tamarugal<br>Meadows            | Sustentation: Risk prevention and the environment | Asset           | Not classified | 710    |
| IQ0C –<br>Restoration of<br>value NV Mine<br>Zone                              | Sustentation: Risk prevention and the environment | Asset           | Not classified | 159    |
| IPXE –<br>Environmental<br>follow-up plan –<br>Llamara<br>Saltpeter<br>deposit | Sustentation: Risk prevention and the environment | Expense         | Not classified | 838    |
|  |   |                 |                | 10.606 |

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

## Note 24 - The environment, continued

## Accumulated expenses as of December 31, 2009

| of the<br>any or<br>y<br>al | Name of the<br>project to<br>which the<br>disbursement is<br>associated          | Concept by which the disbursement was<br>made or will be made | Asset / Expense | Description of<br>the asset or<br>expense Item | Amount of<br>disbursement for<br>the Period ThUS\$ | Certain or e<br>in which dis<br>were or will |
|-----------------------------|--|---|-----------------|--|--|--|
|                             | Cleaning of<br>rescue yard   | Cost reduction  | Expense         | Development                                    | 569  |  |
|                             | Implementation<br>of sewage to<br>ME treatment<br>plant line                     | Sustentation: Risk prevention and the<br>environment          | Expense         | Development                                    | 32   |  |
|                             | Environmental<br>study - New<br>ME crushing<br>plant                             | Sustentation: Risk prevention and the<br>environment          | Expense         | Development                                    | 5  |  |
|                             | Consulting for<br>infrastructure<br>for the storage<br>of hazardous<br>chemicals | Sustentation: Risk prevention and the<br>environment          | Expense         | Development                                    | 46   |  |
|                             | Improvement<br>in lighting   | Sustentation  | Asset           | Development                                    | 221  |  |
|                             | Sanitary<br>facility ME<br>prilling plant  | Sustentation: Risk prevention and the<br>environment          | Expense         | Not classified                                 | 44   |  |
|                             | Hazardous<br>waste garbage<br>dump   | Sustentation  | Asset           | Development                                    | 165  |  |
|                             | San Isidro<br>water<br>assessment  | Sustentation: Risk prevention and the<br>environment          | Asset-Expense   | Not classified                                 | 505  |  |
|                             | Improvement<br>in NH3 level<br>measurement                                       | Sustentation  | Expense         | Not classified                                 | 64   |  |
|                             | PV sanitary<br>regulations<br>traffic facilities                                 | Sustentation: Risk prevention and the<br>environment          | Expense         | Not classified                                 | 82   |  |
|                             | Industrial<br>hygiene<br>equipment   | Sustentation: Risk prevention and the<br>environment          | Asset           | Development                                    | 31   |  |
|                             | Replacement of<br>starters and<br>transformers<br>with PCB                       | Sustentation: Risk prevention and the<br>environment          | Expense         | Not classified                                 | 4  |  |

|    |   |   |               |                |     |
|----|---|---|---------------|----------------|-----|
| al | Acquisition for quick evacuation for used lubricants. NV-ME-PB                    | Sustentation: Risk prevention and the environment | Asset         | Development    | 45  |
| al | Handling of waste at Antofagasta  | Sustentation: Risk prevention and the environment | Asset         | Not classified | 17  |
| al | Normalization drinking water chloride ME/CS/PV                                    | Sustentation                                      | Expense       | Not classified | 7   |
| al | Normalization of TK fuels   | Sustentation                                      | Asset         | Not classified | 160 |
| al | DIA Discard field Pampa Blanca  | Sustentation: Risk prevention and the environment | Asset         | Development    | 30  |
| al | Actions for the dissemination of cultural heritage, technology change Maria Elena | Sustentation: Risk prevention and the environment | Expense       | Not classified | 20  |
| al | Chamber to detect gas leaking   | Sustentation: Risk prevention and the environment | Expense       | Research       | 5   |
| al | Automation of water volume inlet pipe ME, CS and Vergara                          | Sustentation                                      | Asset         | Development    | 261 |
| al | Repair of sanitary and electric facilities  | Sustentation                                      | Asset-Expense | Development    | 165 |

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

## Note 24 - The environment, continued

## Accumulated expenses as of December 31, 2009, continued

| Division of the company or subsidiary | Name of the project to which the disbursement is associated          | Concept by which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense Item | Amount of disbursement for the Period ThUS\$ | Certain estimates which disbursements were or will be made |
|---------------------------------------|--|--|-----------------|--|--|--|
| Industrial                            | MPIS – Stabilization of streets and suppression of dust at sidewalks | Sustentation   | Asset           | Development                              | 689  | 6-30   |
| Industrial                            | Improve sealing and pressurization room 031                          | Sustentation   | Asset           | Not classified                           | 42   | 11-30  |
| Industrial                            | Nitrate miscellaneous project  | Sustentation: Risk prevention and the environment          | Asset           | Not classified                           | 51   | 12-31  |
| Industrial                            | Automated alarms and information of monitoring station Hospital      | Not classified   | Asset           | Not classified                           | 8  | 12-31  |
| Industrial                            | Handling of PV ammonia in Detention of plant                         | Sustentation: Risk prevention and the environment          | Asset           | Not classified                           | 1  | 12-31  |
| Industrial                            | Indigenous camp  | Sustentation   | Asset-Expense   | Not classified                           | 83   | 12-31  |
| Industrial                            | Pampa Blanca sea water (DIA Mine Zone PB and DIA extension PB)       | Sustentation   | Asset           | Development                              | 461  | 12-31  |
| Industrial                            | Environmental Management   | Operations   | Expense         | Not classified                           | 1.235  | 12-31  |
| Chileva                               | Extension in sanitary capacity for Iris                              | Capacity extension   | Asset           | Development                              | 85   | 12-31  |
| Chileva S.A.                          | Waste water treatment plant washing surfaces                         | Sustentation: Risk prevention and the environment          | Asset-Expense   | Development                              | 42   | 12-31  |

|           |                                       |   |               |                |     |      |
|-----------|---------------------------------------|---|---------------|----------------|-----|------|
|           | PV-NV-PB                              |   |               |                |     |      |
| atos S.A. | Maintenance of Environmental projects | Sustentation: Risk prevention and the environment | Asset-Expense | Development    |     |      |
|           | ME-PV-NV-PB                           |   |               |                | 82  | 12-3 |
| atos S.A. | Waste water treatment plant           | Sustentation: Risk prevention and the environment | Asset-Expense | Not classified | 95  | 12-3 |
| atos S.A. | Risk prevention projects Sem II 2008  | Sustentation: Risk prevention and the environment | Asset         | Development    | 117 | 12-3 |

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

## Note 24 - The environment, continued

Accumulated expenses as of December 31, 2009, continued

| Name of the project to which the disbursement is associated        | Concept by which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense Item | Amount of disbursement for the Period ThUS\$ |
|--|--|-----------------|--|--|
| Environmental evaluation   |  |                 |  |  |
| extension of production capacity MOP                               | Sustentation: Risk prevention and the environment          | Asset-Expense   | Not classified                           | 38   |
| Detailed engineering and implementation of a dust collector        | Sustentation   | Expense         | Not classified                           | 81   |
| Renewal of meteorological station Chaxa saltpeter deposit          | Sustentation: Risk prevention and the environment          | Asset           | Not classified                           | 98   |
| Study for water recharge at Atacama saltpeter                      | Sustentation: Risk prevention and the environment          | Expense         | Research                                 | 42   |
| Construction of pit for used water infiltration, Toconao camp      | Capacity extension   | Asset           | Not classified                           | 106  |
| Project to foster the agricultural activity in saltpeter locations | Sustentation   | Asset-Expense   | Development                              | 131  |
| Implementation of currency Exchange facility                       | Not classified   | Asset           | Not classified                           | 105  |
| Dual MOP-SOP (DIA Plant Modification SOP)                          | Capacity extension   | Asset           | Development                              | 14   |
| Dryer MOP (DIA Potassium chloride dryer plant)                     | Capacity extension   | Asset           | Development                              | 19   |
| Pavement of Work location- port road                               | Sustentation: Risk prevention and the environment          | Asset           | Development                              | 82   |
| Risk prevention plan Port  | Sustentation: Risk prevention and the environment          | Asset-Expense   | Development                              | 101  |
| Lightning improvement, railroad area                               | Sustentation   | Asset           | Development                              | 365  |
| Implementation of a system to pump sewage to dump                  | Sustentation: Risk prevention and the environment          | Asset-Expense   | Not classified                           | 68   |
| Environmental meshes for fields 3 and 4                            | Not classified   | Asset           | Not classified                           | 164  |
| Environmental study - Region I project                             | Not classified   | Asset-Expense   | Not classified                           | 2,091  |
| Environmental commitments Nueva Victoria mine Zone                 | Sustentation: Risk prevention and the environment          | Expense         | Not classified                           | 275  |
| Cultural heritage Region I   | Sustentation: Risk prevention and the environment          | Asset-Expense   | Not classified                           | 75   |
|  |  |                 | Total                                    | 9,324  |

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

Note 24 - The environment, continued  
Future expenses as of December 31, 2009

|      | Name of the project to which the disbursement is associated                  | Concept by which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense Item | Amount of disbursement for the Period ThUS\$ |
|------|--|--|-----------------|--|--|
| S.A. | Consulting in infrastructure to store hazardous chemicals                    | Sustentation: Risk prevention and the environment          | Expense         | Development                              | 4  |
| S.A. | Improvement in lighting  | Sustentation   | Asset           | Development                              | 27   |
| S.A. | San Isidro water assessment  | Sustentation: Risk prevention and the environment          | Asset/Expense   | Not classified                           | 352  |
| S.A. | Normalization of drinking water chlorination, ME/CS/PV                       | Sustentation   | Expense         | Not classified                           | 88   |
| S.A. | Normalization of TK's fuel   | Sustentation   | Asset           | Not classified                           | 748  |
| S.A. | Cultural heritage dissemination actions, Technological change at Maria Elena | Sustentation: Risk prevention and the environment          | Expense         | Not classified                           | 13   |
| S.A. | Elimination of OCB switches at 3 and 1/12 Pedro de Valdivia sub stations     | Sustentation: Replacement of equipment                     | Asset           | Not classified                           | 171  |
| S.A. | Improve sealing and pressurization of 031 room                               | Sustentation   | Asset           | Not classified                           | 28   |
| S.A. | Improve the NV supervisors' hall   | Sustentation   | Asset/Expense   | Not classified                           | 10   |
| S.A. | Automation of alarms and information on Hospital Monitoring station          | Not classified   | Asset           | Not classified                           | 2  |
| S.A. | Handling of PV ammonia at plant stoppage                                     | Sustentation: Risk prevention and the environment          | Asset           | Not classified                           | 134  |
| S.A. | Pampa Blanca sea water (DIA PB mine zone and DIA PB extension)               | Sustentation   | Asset           | Development                              | 30   |
| S.A. | Environmental management Improvements in Iris C/D/B halls                    | Sustentation   | Expense         | Not classified                           | 1,239  |
| A.   | ME-PV-NV-PB environmental maintenance projects                               | Sustentation   | Asset           | Not classified                           | 44   |
| A.   | ME-PV-NV-PB environmental maintenance projects                               | Sustentation: Risk prevention and the environment          | Asset-Expense   | Development                              | 4  |
| A.   | Risk prevention projects Sem II 2008   | Sustentation: Risk prevention and the environment          | Asset           | Development                              | 38   |
| A.   | Construction of sewerage system at Lagarto.                                  | Capacity extension   | Asset-Expense   | Development                              | 100  |
|      | Renewal of Chaxa saltpeter deposit meteorological station                    | Sustentation: Risk prevention and the environment          | Asset           | Not classified                           | 1  |
|      | Water recharge study, Atacama saltpeter deposit                              | Sustentation: Risk prevention and the environment          | Expense         | Research                                 | 70   |
|      |  | Sustentation   | Asset-Expense   | Development                              | 212  |

Project to foster the agricultural activity in the saltpeter deposit locations

|  |                |               |                |    |
|--|----------------|---------------|----------------|----|
| Fuel facility improvement study              | Sustentation   | Asset-Expense | Research       | 50 |
| Improvement in lighting in the railroad area | Sustentation   | Asset         | Development    | 64 |
| Environmental meshes for fields 3 and 4      | Not classified | Asset         | Not classified | 66 |

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

## Note 24 - The environment, continued

## Future expenses as of December 31, 2009, continued

| Name of the project to which the disbursement is associated | Concept by which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense Item | Amount of disbursement for the Period ThUS\$ |
|---|--|-----------------|--|--|
| Elimination of waste water generation through vacuum        | Sustentation: Risk prevention and the environment          | Expense         | Not classified                           | 150  |
| Environmental studies – Region I project                    | Not classified   | Asset-Expense   | Not classified                           | 184  |
| Cultural Heritage Region I                                  | Sustentation: Risk prevention and the environment          | Asset-Expense   | Not classified                           | 440  |
|   |  |                 | Total                                    | 4,269  |

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

Note 24 - The environment, continued

24.3 Description of each project indicating whether these are in process or have been finished

SQM Industrial S.A.

**MCLX:** Cleaning of all rescue yards at all SQM's plants (25 yards.) This project consists of cleaning and/or sorting rescue yards, selecting and selling all waste products which can be commercialized in these yards. Identify and destine household waste to authorized garbage dumps. This process is in the closure period.

**ANMI:** Compliance with technical, legal aspects and specific standards required with respect to warehousing, signaling, safety and main factors associated with materials, products and supplies which are handled in the mine site. In addition, the Company will implement an improvement in the warehouse infrastructure for the storage of hazardous chemicals. This project is being executed.

**MNH8:** Improvement in the lighting in the Maria Elena location given that there are certain areas, which have no lighting, wires without channeling and timeworn wiring. This project is being executed.

**SCCY:** Conceptual engineering and environmental study for the construction of a storage facility for hazardous waste generated at the Company's facilities due to the performance of different processes. The project is in the closure process.

**JNTU:** Assessment of the environmental impact of San Isidro water. This project is being executed.

**JNNX:** Incorporation of UV sensor at the Coya Sur meteorological station, perimeter closure of the Nueva Victoria meteorological station and geo-reference of new emission sources at Toco and Coya Sur. This project is in the closure process.

**MNTE:** Acquisition of stationary equipment for the quantitative measurement of harmful agents at the Company's facilities. This project is being executed.

**INST:** Implementation of a circuit for the drainage of oil directly from the equipment which moves the earth to the ALU storage tanks. This project is at the closure stage.

**MP17:** A study and identification will be conducted in respect to the current water chlorination system at Maria Elena, Coya Sur and Pedro de Valdivia facilities for the subsequent implementation and start-up of water chlorination in accordance with standards in force. This project is being executed.

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

Note 24 - The environment, continued

MP5W: Normalization of the system for the storage and distribution of fuel at the Company's facilities. This project is being executed.

FNWR: Preparation and processing of DIA for the Pampa Blanca discard yard. This project is in the process of closure.

MNYS: Preparation and execution of the geoglyphs preservation project. Edition and publishing of a book in addition to implementing a dissemination center. Construction and habilitation of a collection deposit. All offsetting steps for the Technological Change at Maria Elena project. This project is being executed.

MP8Z: Implement a control system at inlet pipes at rivers at ME, CS and Vergara, which allow automating the control of these flows. In addition, this project requires the complementation of the satellite extraction control system recently implemented at inlet pipes to ensure full compliance with rights authorized by the (General Water Directorate) DGA and, therefore, also ensure the usual water supply required by SQM. This process is in the closure process.

MPL5: Improvement of a portion of the water network infrastructure and sewage system at Maria Elena. This project is being executed.

MPIS: Improve the urban situation at Maria Elena, placing a stabilization layer with product at the streets and anti-dust treatment with product in sidewalks. This project is being executed.

PPNK: Project to ensure the control of ammonia gas in crystal plant stoppage. This project is being executed.

MPGF: Eliminate pollution in substation 031 due to the inefficient sealing system. This project is being executed.

TPO4: Project to change the drinking water system and sewage system in the indigenous camp to improve living conditions. This project is being executed.

MPLS: Implement alarms via emails as to peak concentration of particle materials and change in the recording of information from text files to database for the implementation of reports. This project is being executed.

PPC1: The project consists in purchase of modern switches in order to replace equipments using PCB. This project is being executed.

FP55: This project consists of the installation of the 87 kilometer sea water adductor system from the Mejillones zone to the Company's facilities in Pampa Blanca. Expenses considered relate solely to environmental processing. This project is being executed.

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

Note 24 - The environment, continued

MPIS: Improve the urban situation at Maria Elena, placing a stabilization layer with product at the streets and anti-dust treatment with product in sidewalks. This project is being executed.

MPGF: Eliminate pollution in substation 031 due to the inefficient sealing system. This project is being executed.

JNNX: Incorporation of UV sensor at the Coya Sur meteorological station, perimeter closure of the Nueva Victoria meteorological station and geo-reference of new emission sources at Toco and Coya Sur. This project is in the closure process.

MPLS: Implement alarms via emails as to peak concentration of particle materials and change in the recording of information from text files to database for the implementation of reports. This project is being executed.

PPNK: Project to ensure the control of ammonia gas in crystal plant stoppage. This project is being executed.

TPO4: Project to change the drinking water system and sewage system in the indigenous camp to improve living conditions. This project is being executed.

FP55: This project consists of the installation of the 87 kilometer sea water adductor system from the Mejillones zone to the Company's facilities in Pampa Blanca. Expenses considered relate solely to environmental processing. This project is being executed.

Minera Nueva Victoria S.A.

IPNW: Relates to the replacement or impaired sanitary in order to improve the hygiene conditions. This project is being executed.

IPMN: Extend the sanitary capacity of the IRIS camp through the construction of 3 wells. This project is being executed.

SQM Nitratos S.A.

PNH2: Design and construct pouring off tanks for mud, water, oil and a pool with a pump to re-use poured off water, metallic pools to remove mud. This project is being executed.

PP0V: Installation of a container for hazardous waste at workshops for maintenance and removal of liquid industrial waste from hydraulic filters, workshop for mine maintenance at Maria Elena, Pedro de Valdivia, Nueva Victoria and Pampa Blanca. This project is being executed.

IP6W: Design and construct pouring off tanks for mud, water, oil and a pool with a pump to re-use poured off water, metallic pools to remove mud. This project is in the closure process.

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

Note 24 - The environment, continued

PPAT: Through this project the Company intends to comply with the current sanitary standards with respect to water treatment and waste infiltration at certain sectors in Pedro de Valdivia and Maria Elena. This project is being executed.

SQM Salar S.A.

LP5K: Environmental assessment through DIA of the project for the extension of the MOP production capacity. This project is in the closure process.

LNNT: Through this project, the Company intends to have reliable measurements of the climatologic seasonal variation in the saltpeter deposit, timely measurements for the preparation of reports and programs and deliver actual information to the environmental authority. This project is in the closure process.

LP5J: Conduct analyses to define the hydrological units in the basin, quantify the reload to the aquifer through environmental isotopic techniques. This project is being executed.

LP82: Support for the development of demonstration estate, technical support for the application of improvements in watering and agricultural practices. This project is being executed.

LPGA: Improvement in the discharge of sewage already treated. This project is in the closure process.

LPK2: Improve sanitary facilities in the current money exchange, MOP sector to comply with all requirements of the mine's different users. This project is in the closure process.

LPTF: Perform semiannual reports which are necessary to present improvements and optimizations to the environmental control points. An improvement should be made to the environmental, geological and hydro geological variables in the Atacama saltpeter deposit. This project is being executed.

LPTJ: The project relates to the acquisition of stand equipment in order to ensure the operating continuity of plants TAS and OR, change in the current level control system in drinking water accumulation at TKs, used water and used water lifting chambers, among others. This project is being executed.

SIT S.A.

TNLA: Paving of yard 2 roads and Southern access to the Tocopilla port given that these are the source of dust and emissions and risk of accidents in the operation of machinery. This project is in the closure process.

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

Note 24 - The environment, continued

PNOT: Improve night lighting in sectors with high number of movements, installing sodium bulbs more continuously with an angle of 45°. This will allow complying with Safety and Lighting Regulation Standards. This project is in the closure process.

TPR8: This project is intended to decrease waste water generation by means of using non-wash and vacuum technologies, through the implementation of a vacuum system which avoid the use of water and therefore, the generation of waste water. This project is being executed.

TPLR: The objective of the process is being able to discharge waste water generated in the Tocopilla port to the public sewage system. This project is being executed.

TPM7: Meshes will be acquired which will be installed in yards 3 and 4 to control dust emissions in sieving operations and protect product from emissions generated by the power plant. This project is being executed.

SQM S.A.

SCI6: This project is intended to obtain environmental licenses for the Development projects in Region I of Chile including all pieces of work related to initial environmental requirements which allow that Operations execute the project's construction and operation. The environmental evaluation to obtain the related license would be conducted through EIS, which contemplates the preparation and processing of the document and also includes specific environmental study activities (the study of tamarugos in Llamara and Tamarugal M., archeological mitigation steps, environmental study of Loa river, hydro geological studies.) This project is being executed.

IPFT: This project contemplates the implementation of heritage steps committed in the projects referred to as Nueva Victoria Mine Zone, Nueva Victoria Operation Updates, Iris Duct and Evaporation Pools. This project is being executed.

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

## Note 25 - Other current and non-current non financial assets

As of September 30, 2010, December 31, 2009 and January 1, 2009, the composition of the other current and non-current assets is detailed as follows:

| Other non-financial assets, current | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|-------------------------------------|---------------------|----------------------|--------------------|
| Agreement termination bonus         | 2,166               | 2,191                | 990                |
| Domestic Value Added Tax            | 14,171              | 23,246               | 24,650             |
| Foreign Value Added Tax             | 3,112               | 3,080                | 10,666             |
| Prepaid mining licenses             | 3,221               | 1,104                | 1,183              |
| Prepaid insurance                   | 1,037               | 4,062                | 4,085              |
| Commercial and industrial patents   | 746                 | -                    | -                  |
| Prepaid leases                      | 32                  | 29                   | 145                |
| Marine concessions                  | 14                  | 39                   | 30                 |
| Other prepaid expenses              | 218                 | 42                   | 46                 |
| Other assets                        | 676                 | 582                  | 176                |
| <b>Total</b>                        | <b>25,393</b>       | <b>34,375</b>        | <b>41,971</b>      |

  

| Other non-financial assets, non-current                 | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|---|---------------------|----------------------|--------------------|
| End of collective negotiation bonus                     | 2,051               | 2,842                | 454                |
| Stain development expenses and prospecting expenses (1) | 25,672              | 26,832               | 24,892             |
| Income taxes recoverable                                | 599                 | 567                  | 454                |
| Guarantee deposits                                      | 492                 | 467                  | 308                |
| Other assets  | 121                 | 172                  | 336                |
| <b>Total</b>  | <b>28,935</b>       | <b>30,880</b>        | <b>26,444</b>      |

(1) Assets for the exploration and evaluation of mineral resources are amortized when the explored or evaluated sector is 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 under Inventories and are amortized according to the estimated contained ore reserves and expenses associated with future reserves are presented under Other non-current assets. Those expenses incurred on properties with low ore grade which are not economically exploitable are directly charged to profit or loss. As of September 30, 2010, balances associated with the exploration and assessment of mineral resources are presented under Inventories for ThUS\$ 1,893.

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

Note 25 - Other current and non-current non financial assets, continued

Reconciliation of changes in assets for exploration and mineral resource evaluation, by classes

Movements in assets for the exploration and evaluation of mineral resources as of September 31, 2010 and December 31, 2009:

| Reconciliation   | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ |
|--|---------------------|----------------------|
| Assets for the exploration and evaluation of mineral resources, net, beginning balance | 26,832              | 24,892               |
| Changes in assets for exploration and assessment of mineral resources:                 |                     |                      |
| Additions, different from business combinations  | -                   | 5,446                |
| Depreciation and amortization  | (1,553)             | ( 2,641)             |
| Increase (decrease) for transfers and other charges                                    | 393                 | (865)                |
| Assets for exploration and assessment of mineral resources, net, final balance         | 25,672              | 26,832               |

At the date of presentation, no reevaluations of assets for exploration and assessment of mineral resources have been conducted.

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

Note 26 - Operating segments

26.1 Operating segments

In accordance with IFRS 8 "Operating segments", the Company provides financial and descriptions about the segments it has defined in consideration of available annual separate financial information, which is regularly evaluated by the maximum authority in making operating decisions with the purpose of deciding how to assign resources and assess performance.

Operating segments relate to the following groups of products which provide 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 which cannot be assigned to the segments indicated above, due to the nature of production processes, is included under the "Corporate Unit" category of disclosures.

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

Note 26 - Operating segments, continued

26.2 Statement of comprehensive income classified by operating segment based on product groups as of September 30, 2010

| Items in the statement of comprehensive income  | Specialty<br>plant nutrients | Iodine and<br>derivatives | Lithium and<br>derivatives | Industrial<br>chemicals | Potassium | Other<br>products<br>and<br>services | Corporat<br>unit |
|---|------------------------------|---------------------------|----------------------------|-------------------------|-----------|--------------------------------------|------------------|
| Revenue   | 452,474                      | 241,826                   | 114,329                    | 109,543                 | 356,794   | 49,770                               |                  |
| Cost of sales   | (318,929)                    | (135,838)                 | (64,997)                   | (61,419)                | (242,715) | (46,466)                             |                  |
| Gross profit  | 133,545                      | 105,988                   | 49,332                     | 48,124                  | 114,079   | 3,304                                |                  |
| Other income by function  | -                            | -                         | -                          | -                       | -         | -                                    | 5,61             |
| Administrative expenses   | -                            | -                         | -                          | -                       | -         | -                                    | (55,45)          |
| Other expenses by function  | -                            | -                         | -                          | -                       | -         | -                                    | (16,25)          |
| Other losses (gains)  | -                            | -                         | -                          | -                       | -         | -                                    | (5,87)           |
| Finance income  | -                            | -                         | -                          | -                       | -         | -                                    | 6,50             |
| Finance expenses  | -                            | -                         | -                          | -                       | -         | -                                    | (26,53)          |
| Interest in gains (losses) from associates and joint ventures accounted for using the equity method | -                            | -                         | -                          | -                       | -         | -                                    | 8,29             |
| Foreign currency exchange differences   | -                            | -                         | -                          | -                       | -         | -                                    | (6,87)           |
| Profit (loss) before taxes  | 133,545                      | 105,988                   | 49,332                     | 48,124                  | 114,079   | 3,304                                | (90,57)          |
| Income tax expense  | -                            | -                         | -                          | -                       | -         | -                                    | (84,35)          |
| Gain (loss) from continuing operations  | 133,545                      | 105,988                   | 49,332                     | 48,124                  | 114,079   | 3,304                                | (174,93)         |
| Gain (loss) from discontinued operations  | -                            | -                         | -                          | -                       | -         | -                                    | -                |
| Profit (loss)   | 133,545                      | 105,988                   | 49,332                     | 48,124                  | 114,079   | 3,304                                | (174,93)         |
| Profit (loss) attributable to:  |                              |                           |                            |                         |           |                                      |                  |
| Parent company's owners   | -                            | -                         | -                          | -                       | -         | -                                    | -                |
| Non-controlling interest  | -                            | -                         | -                          | -                       | -         | -                                    | -                |
| Net profit (loss) for the period  | -                            | -                         | -                          | -                       | -         | -                                    | -                |

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

Note 26 - Operating segments, continued

26.2 Statement of comprehensive income classified by operating segment based on product groups as of September 30, 2009, continued

| Items in the statement of comprehensive income  | Specialty<br>inplant nutrient | Iodine and<br>its derivatives | Lithium and<br>its derivatives | Industrial<br>chemicals | Potassium | Other<br>products<br>and<br>services | Corporate<br>unit |
|---|-------------------------------|-------------------------------|--------------------------------|-------------------------|-----------|--------------------------------------|-------------------|
| Revenue   | 400,314                       | 140,290                       | 84,428                         | 80,942                  | 287,104   | 59,091                               | -                 |
| Cost of sales   | (276,161)                     | (47,282)                      | (41,526)                       | (41,808)                | (181,887) | (56,008)                             | -                 |
| Gross profit  | 124,153                       | 93,008                        | 42,902                         | 39,134                  | 105,217   | 3,083                                | -                 |
| Other income by function  | -                             | -                             | -                              | -                       | -         | -                                    | 5,405             |
| Administrative expenses   | -                             | -                             | -                              | -                       | -         | -                                    | (53,436)          |
| Other expenses by function  | -                             | -                             | -                              | -                       | -         | -                                    | (18,936)          |
| Other gains (losses)  | -                             | -                             | -                              | -                       | -         | -                                    | (1,652)           |
| Finance income  | -                             | -                             | -                              | -                       | -         | -                                    | 10,093            |
| Finance expenses  | -                             | -                             | -                              | -                       | -         | -                                    | (23,141)          |
| Interest in gains (losses) from associates and joint ventures accounted for using the equity method | -                             | -                             | -                              | -                       | -         | -                                    | 1,712             |
| Foreign currency exchange differences   | -                             | -                             | -                              | -                       | -         | -                                    | (8,528)           |
| Profit (loss) before taxes  | 124,153                       | 93,008                        | 42,902                         | 39,134                  | 105,217   | 3,083                                | (88,483)          |
| Income tax expense  | -                             | -                             | -                              | -                       | -         | -                                    | (60,198)          |
| Gain (loss) from continuing operations  | 124,153                       | 93,008                        | 42,902                         | 39,134                  | 105,217   | 3,083                                | (148,681)         |
| Gain (loss) from discontinued operations  | -                             | -                             | -                              | -                       | -         | -                                    | -                 |
| Profit (loss)   | 124,153                       | 93,008                        | 42,902                         | 39,134                  | 105,217   | 3,083                                | (148,681)         |
| Profit (loss) attributable to:  |                               |                               |                                |                         |           |                                      |                   |
| Parent company's owners   | -                             | -                             | -                              | -                       | -         | -                                    | -                 |
| Non-controlling interest  | -                             | -                             | -                              | -                       | -         | -                                    | -                 |
| Net profit (loss) for the period  | -                             | -                             | -                              | -                       | -         | -                                    | -                 |

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

Note 26 - Operating segments, continued

26.3 Assets and liabilities by operating segment based on product groups as of September 30, 2010

| Items in the statement of comprehensive income | Specialty plants<br>nutrients | Iodine<br>derivatives | Lithium and<br>potassium<br>salts | Industrial<br>products | Other<br>products<br>services | Corporate<br>unit | Total segments<br>and Corporate<br>unit | Items in the<br>statement of<br>comprehensive<br>income |
|--|-------------------------------|-----------------------|-----------------------------------|------------------------|-------------------------------|-------------------|---|---|
| Current assets                                 | -                             | -                     | -                                 | -                      | -                             | 5,050,856         | (3,194,928)                             | 1,855,928   |
| Non-current assets                             | -                             | -                     | -                                 | -                      | -                             | 3,903,550         | (2,371,151)                             | 1,532,399   |
| Total assets                                   | -                             | -                     | -                                 | -                      | -                             | 8,954,406         | (5,566,079)                             | 3,388,327   |
| Current liabilities                            | -                             | -                     | -                                 | -                      | -                             | 3,362,497         | (2,913,881)                             | 448,616   |
| Non-current liabilities                        | -                             | -                     | -                                 | -                      | -                             | 1,553,809         | (288,677)                               | 1,265,132   |
| Total equity                                   | -                             | -                     | -                                 | -                      | -                             | 4,038,100         | (2,363,521)                             | 1,674,579   |
| Profit (loss)                                  | -                             | -                     | -                                 | -                      | -                             | 8,954,406         | (5,566,079)                             | 3,388,327   |

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

Note 26 - Operating segments, continued

26.3 Assets and liabilities by operating segment based on product groups as of December 31, 2009

| Items in the statement of comprehensive income | Specialty plants<br>nutrients | Iodine<br>derivatives | Lithium and<br>potassium<br>salts | Industrial<br>products | Other<br>products<br>services | Corporate<br>unit | Total segments<br>and Corporate<br>unit | Items in the<br>statement of<br>comprehensive<br>income |
|--|-------------------------------|-----------------------|-----------------------------------|------------------------|-------------------------------|-------------------|---|---|
| Current assets                                 | -                             | -                     | -                                 | -                      | -                             | 4,579,653         | (2,872,280)                             | 1,707,373   |
| Non-current assets                             | -                             | -                     | -                                 | -                      | -                             | 3,437,853         | (2,003,422)                             | 1,434,431   |
| Total assets                                   | -                             | -                     | -                                 | -                      | -                             | 8,017,506         | (4,875,702)                             | 3,141,804   |
| Current liabilities                            | -                             | -                     | -                                 | -                      | -                             | 3,096,924         | (2,551,882)                             | 545,042   |
| Non-current liabilities                        | -                             | -                     | -                                 | -                      | -                             | 1,404,841         | (272,529)                               | 1,132,312   |
| Total equity                                   | -                             | -                     | -                                 | -                      | -                             | 3,515,741         | (2,051,291)                             | 1,464,450   |
| Profit (loss)                                  | -                             | -                     | -                                 | -                      | -                             | 8,017,506         | (4,875,702)                             | 3,141,804   |

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

Note 26 - Operating segments, continued

26.4 Disbursements of segment's non-cash assets as of September 30, 2010

| Identification of disbursements of non-monetary assets | Latin America and the Caribbean, Europe and North America |                                 |          |               |              | Asia and others | Balances according to the Statement of Financial Position |
|--|---|---------------------------------|----------|---------------|--------------|-----------------|---|
|  | Chile   | Latin America and the Caribbean | Europe   | North America |              |                 |   |
| Investments in joint ventures                          | -   | -                               | -        | -             | 3,500        | 3,500           |   |
| SQM Quindao - Star                                     | -   | -                               | -        | -             | 1,000        | 1,000           |   |
| SQM Migao Sichuan                                      |   |                                 |          |               | 2,500        | 2,500           |   |
| Amounts in additions of non-current assets             | 235,553   | -                               | -        | -             | -            | 235,553         |   |
| - Property, plant and equipment                        | 235,289   | -                               | -        | -             | -            | 235,289         |   |
| - Intangible assets                                    | 264   | -                               | -        | -             | -            | 264             |   |
| <b>Total segments</b>                                  | <b>235,553</b>  | <b>-</b>                        | <b>-</b> | <b>-</b>      | <b>3,500</b> | <b>239,053</b>  |   |

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

Note 26 - Operating segments, continued

26.4 Disbursements of segment's non-cash assets as of December 31, 2009

| Identification of disbursements of non-monetary assets | Chile   | Latin America and the Caribbean |               |               | North America | Asia and others | Balances according to the Statement of Financial Position |
|--|---------|---------------------------------|---------------|---------------|---------------|-----------------|---|
|  |         | Europe                          | North America | North America |               |                 |   |
| Investments in joint ventures                          | -       | -                               | -             | -             | 3,530         | 3,530           |   |
| SQM Migao Sichuan                                      | -       | -                               | -             | -             | 3,000         | 3,000           |   |
| Coromandel SQM India                                   | -       | -                               | -             | -             | 530           | 530             |   |
| Amounts in additions of non-current assets             | 376,515 | -                               | -             | -             | -             | 376,515         |   |
| - Property, plant and equipment                        | 376,186 | -                               | -             | -             | -             | 376,186         |   |
| - Intangible assets                                    | 329     | -                               | -             | -             | -             | 329             |   |
| Total segments   | 376,515 | -                               | -             | -             | 3,530         | 380,045         |   |

26.5 Information on products and services for external customers

Revenue from external customers by product and service groups as of September 30, 2010 is detailed as follows:

| Items in the statement of comprehensive income | Specialty plant nutrients |                            | Iodine and its derivatives  |                      | Lithium and its derivatives |                        | Industrial chemicals                       |  | Potassium and services |  | Other products segments and Corporate Unit | Total |
|--|---------------------------|----------------------------|-----------------------------|----------------------|-----------------------------|------------------------|--|--|------------------------|--|--|-------|
|  | Specialty plant nutrients | Iodine and its derivatives | Lithium and its derivatives | Industrial chemicals | Potassium and services      | Potassium and services | Other products segments and Corporate Unit |  |                        |  |  |       |
| Revenue  | 452,474                   | 241,826                    | 114,329                     | 109,543              | 356,794                     | 49,770                 |  |  |                        |  | 1,324,736                                  |       |

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

Note 26 - Operating segments, continued

26.5 Information on products and services for external customers, continued

Revenue from external customers by product and service groups as of September 30, 2009 is detailed as follows:

| Items in the statement of comprehensive income | Specialty plant nutrients | Iodine and its derivatives | Lithium and its derivatives | Industrial chemicals | Potassium | Other products and services | Total segments and Corporate Unit |
|--|---------------------------|----------------------------|-----------------------------|----------------------|-----------|-----------------------------|-----------------------------------|
| Revenue  | 400,314                   | 140,290                    | 84,428                      | 80,942               | 287,104   | 59,091                      | 1,052,169                         |

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

Note 26 - Operating segments, continued

26.6 Information on geographical areas

As indicated in paragraph 33 of IFRS 8, the entity discloses geographical information on its profit from ordinary activities from external customers and from non-current assets which are not financial instruments, deferred income tax assets, assets related to post-employment benefits and rights derived from insurance contracts.

26.7 Revenue from external customers, classified by geographical areas as of September 30, 2010:

| Identification of revenue from external customers | Chile   | Latin America<br>and the<br>Caribbean | Europe  | North America | Asia<br>and<br>others | Balances<br>according to the<br>Statement of<br>and comprehensive<br>income |
|---|---------|---------------------------------------|---------|---------------|-----------------------|---|
| Revenue   | 136,045 | 132,109                               | 578,412 | 273,877       | 204,293               | 1,324,736   |

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

Note 26 - Operating segments, continued

26.7 Revenue from external customers, classified by geographical areas as of September 30, 2009:

| Identification of revenue from external customers | Chile   | Latin America and the Caribbean |         | Europe  | North America | Asia and others | Balances according to the Statement of comprehensive income |
|---|---------|---------------------------------|---------|---------|---------------|-----------------|---|
|   |         |                                 |         |         |               |                 |   |
| Revenue   | 186,086 | 123,912                         | 320,367 | 247,029 | 174,775       | 1,052,169       |   |

26.8 Non-current assets classified by geographical area as of September 30, 2010:

| Identification of revenue from external customers                          | Chile     | Latin America and the Caribbean |        | Europe | North America | Asia and others | Balances according to the Statement of financial position |
|--|-----------|---------------------------------|--------|--------|---------------|-----------------|---|
|  |           |                                 |        |        |               |                 |   |
| Investments in associates recognized using the equity method of accounting | 1,065     | -                               | 20,472 | 6,685  | 33,704        | 61,926          |   |
| Intangible assets other than goodwill                                      | 2,536     | -                               | 12     | 516    | -             | 3,064           |   |
| Goodwill   | 24,147    | 86                              | 11,373 | 724    | 2,058         | 38,388          |   |
| Property, plant and equipment, net   | 1,391,553 | 1,931                           | 365    | 46     | 194           | 1,394,089       |   |
| Investment property  | 1,381     | -                               | -      | -      | -             | 1,381           |   |
| Other non-current assets   | 28,266    | 343                             | -      | -      | 326           | 28,935          |   |
| Balance to date  | 1,448,948 | 2,360                           | 32,222 | 7,971  | 36,282        | 1,527,783       |   |

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

Note 26 - Operating segments, continued

26.8 Non-current assets classified by geographical area as of December 31, 2009:

| Non-current asset item, adjusted (IFRS 8,33,b,1/11/2006)                   | Chile     | Latin<br>America and<br>the<br>Caribbean | Europe | North America | Asia and<br>others | Balances<br>according to<br>the Statement<br>of Financial<br>Position |
|--|-----------|--|--------|---------------|--------------------|---|
| Investments in associates recognized using the equity method of accounting | 328       | -  | 18,853 | 6,653         | 29,351             | 55,185  |
| Intangible assets other than goodwill                                      | 2,267     | -  | -      | 569           | -                  | 2,836   |
| Goodwill   | 24,248    | 86                                       | 11,373 | 724           | 1,957              | 38,388  |
| Property, plant and equipment, net   | 1,297,830 | 293                                      | 474    | 1,766         | 183                | 1,300,546   |
| Investment property  | 1,405     | -  | -      | -             | -                  | 1,405   |
| Other non-current assets   | 28,529    | 1,017                                    | -      | 1,037         | 297                | 30,880  |
| Balance to date  | 1,354,607 | 1,396                                    | 30,700 | 10,749        | 31,788             | 1,429,240   |

26.9 Information on the main customers

In respect to the degree of dependency of the Company on its customers, in accordance with paragraph 34 of IFRS 8, the Company has no external customers which individually represent 10% or more of its profit from ordinary activities. Credit risk concentrations with respect to trade and other receivables are limited due to the significant number of entities which compose the Company's portfolio and its worldwide distribution. The Company's policy is requiring guarantees (such as letters of credit, guarantee clauses and others) and/or maintaining insurance policies for certain accounts as deemed necessary by the Company's Management.

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

Note 26 - Operating segments, continued

26.10 Property, plant and equipment classified by geographical areas as of September 30, 2010:

| Property, plant and equipment  | Latin America<br>and the<br>Caribbean |        |               |           |        | Asia and<br>others | Total     |
|--------------------------------|---------------------------------------|--------|---------------|-----------|--------|--------------------|-----------|
|                                | Chile                                 | Europe | North America | 9/30/2010 |        |                    |           |
|                                | ThUS\$                                | ThUS\$ | ThUS\$        | ThUS\$    | ThUS\$ | ThUS\$             | ThUS\$    |
| <b>Production facilities:</b>  |                                       |        |               |           |        |                    |           |
| Coya Sur                       | 252,304                               | -      | -             | -         | -      | -                  | 252,304   |
| María Elena                    | 133,067                               | -      | -             | -         | -      | -                  | 133,067   |
| Nueva Victoria                 | 199,815                               | -      | -             | -         | -      | -                  | 199,815   |
| Pampa Blanca                   | 23,684                                | -      | -             | -         | -      | -                  | 23,684    |
| Pedro de Valdivia              | 85,061                                | -      | -             | -         | -      | -                  | 85,061    |
| Atacama saltpeter deposit      | 397,337                               | -      | -             | -         | -      | -                  | 397,337   |
| Carmen saltpeter deposit       | 215,164                               | -      | -             | -         | -      | -                  | 215,164   |
| Tocopilla (port facilities)    | 61,028                                | -      | -             | -         | -      | -                  | 61,028    |
| Subtotal production facilities | 1,367,460                             | -      | -             | -         | -      | -                  | 1,367,460 |
| <b>Corporate facilities:</b>   |                                       |        |               |           |        |                    |           |
| Santiago                       | 14,584                                | -      | -             | -         | -      | -                  | 14,584    |
| Antofagasta                    | 7,462                                 | -      | -             | -         | -      | -                  | 7,462     |
| Subtotal corporate facilities  | 22,046                                | -      | -             | -         | -      | -                  | 22,046    |
| Subtotal business offices      | 2,047                                 | 1,931  | 365           | 46        | 194    |                    | 4,583     |
| Total segments                 | 1,391,553                             | 1,931  | 365           | 46        | 194    |                    | 1,394,089 |

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

Note 26 - Operating segments, continued

26.10 Property, plant and equipment classified by geographical areas as of December 31, 2009

| Property, plant and equipment  | Latin America<br>and the<br>Caribbean |        |               |            |        | Asia and<br>others | Total     |
|--------------------------------|---------------------------------------|--------|---------------|------------|--------|--------------------|-----------|
|                                | Chile                                 | Europe | North America | 12/31/2009 |        |                    |           |
|                                | ThUS\$                                | ThUS\$ | ThUS\$        | ThUS\$     | ThUS\$ | ThUS\$             | ThUS\$    |
| <b>Production facilities:</b>  |                                       |        |               |            |        |                    |           |
| Coya Sur                       | 252,138                               | -      | -             | -          | -      | -                  | 252,138   |
| María Elena                    | 142,442                               | -      | -             | -          | -      | -                  | 142,442   |
| Nueva Victoria                 | 202,037                               | -      | -             | -          | -      | -                  | 202,037   |
| Pampa Blanca                   | 25,271                                | -      | -             | -          | -      | -                  | 25,271    |
| Pedro de Valdivia              | 73,203                                | -      | -             | -          | -      | -                  | 73,203    |
| Atacama saltpeter deposit      | 302,840                               | -      | -             | -          | -      | -                  | 302,840   |
| Carmen saltpeter deposit       | 222,093                               | -      | -             | -          | -      | -                  | 222,093   |
| Tocopilla (port facilities)    | 59,132                                | -      | -             | -          | -      | -                  | 59,132    |
| Subtotal production facilities | 1,279,156                             | -      | -             | -          | -      | -                  | 1,279,156 |
| <b>Corporate facilities:</b>   |                                       |        |               |            |        |                    |           |
| Santiago                       | 12,233                                | -      | -             | -          | -      | -                  | 12,233    |
| Antofagasta                    | 5,808                                 | -      | -             | -          | -      | -                  | 5,808     |
| Subtotal corporate facilities  | 18,041                                | -      | -             | -          | -      | -                  | 18,041    |
| Subtotal business offices      | 633                                   | 293    | 474           | 1,766      | 183    |                    | 3,349     |
| Total segments                 | 1,297,830                             | 293    | 474           | 1,766      | 183    |                    | 1,300,546 |

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

Note 27 - Other income, other expenses by function and other gains or losses

The detail of other income and other expenses is as follows:

|  | 9/30/2010<br>ThUS\$ | 9/30/2009<br>ThUS\$ |
|--|---------------------|---------------------|
| a) Other income by function                                      |                     |                     |
| Discounts obtained from suppliers                                | 683                 | 798                 |
| Indemnities received   | -                   | 60                  |
| Insurance recovery   | 201                 | 208                 |
| Overestimate of provision for obligation with third parties      | 406                 | 620                 |
| Bad debt overestimate  | 53                  | 45                  |
| Sale of mine concessions   | 866                 | 2,121               |
| Sale of materials, spare parts and supplies                      | 580                 | 256                 |
| Sale of property, plant and equipment                            | 430                 | 194                 |
| Other operating income   | 1,250               | 509                 |
| Miscellaneous services   | 468                 | 594                 |
| Indemnities at Minera Esperanza                                  | 680                 | -                   |
| <b>Total</b>   | <b>5,617</b>        | <b>5,405</b>        |
|  |                     |                     |
| b) Other expenses by function                                    |                     |                     |
| Bad debt impairment  |                     | (1,045)             |
| V.A.T. and other non-recoverable taxes                           |                     | (410)               |
| Fines paid   |                     | (252)               |
| Expenses related to investment plan                              |                     | (9,437)             |
| Grants not accepted as credit                                    |                     | (1,576)             |
| Adjustment to realization value on property, plant and equipment |                     | (1,000)             |
| property, plant and equipment impairment                         |                     | -                   |
| Losses in auctions   |                     | (500)               |
| Other operating expenses   |                     | (2,035)             |
| <b>Total</b>   |                     | <b>(16,255)</b>     |
|  |                     |                     |
| c) Other gains or losses   |                     |                     |
| Provision for retirement program                                 | (100)               | -                   |
| Accrual for temporary closure of operations at El Toco           | (6,900)             | -                   |
| Prior year equity value adjustment                               | 1,132               | (23)                |
| Costs of dismissal process                                       | -                   | (1,655)             |
| Other  | (2)                 | 26                  |
| <b>Total</b>   | <b>(5,870)</b>      | <b>(1,652)</b>      |

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

## Note 28 - Income and deferred taxes

As of September 30, 2010, December 31, 2009 and January 1, 2009, current income taxes recoverable are detailed as follows:

## 28.1 Current tax receivables:

|   | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|---|---------------------|----------------------|--------------------|
| Monthly tax provisional payments, Chilean companies | 54,626              | 71,720               | 54,787             |
| Monthly tax provisional payments, foreign companies | 903                 | 1,606                | 1,126              |
| Royalty monthly tax provisional payments            | 16,395              | 9,149                | 1,107              |
| First category tax credits                          | 732                 | 1,085                | 1,044              |
| First category tax absorbed by tax losses           | 9,486               | 8,563                | 77                 |
| Transfer from and to income tax                     | (55,515)            | (50,298)             | (56,446)           |
| Total   | 26,627              | 41,825               | 1,695              |

## 28.2 Current tax payables:

| Taxes payable                   | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|---------------------------------|---------------------|----------------------|--------------------|
| First category tax              | 45,457              | 42,082               | 124,626            |
| Royalty                         | 18,191              | 8,539                | 20,148             |
| Foreign company income tax      | 250                 | 592                  | 762                |
| Article 21 unique tax           | 3                   | 383                  | 52                 |
| Transfer from and to income tax | (55,515)            | (50,298)             | (56,446)           |
| Total                           | 8,386               | 1,298                | 89,142             |

## 28.3 Retained taxable earnings registry

As of September 30, 2010, December 31, 2009 and January 1, 2009, the Company and its subsidiaries have recorded the following consolidated balances for retained taxable earnings registry, income which do not constitute revenue subject to income tax, accumulated tax losses and credit for shareholders:

|                             | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|-----------------------------|---------------------|----------------------|--------------------|
| Tax earnings with credit    | 744,846             | 668,670              | 813,716            |
| Tax earnings with no credit | 78,204              | 107,832              | 132,773            |
| Tax losses                  | 19,930              | 99,333               | 16,949             |
| Credit for shareholders     | 152,473             | 136,874              | 166,554            |

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

Note 28 - Income and deferred taxes, continued

28.4 Income and deferred taxes

Assets and liabilities recognized in the Statement of Financial Position are offset when 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 of tax subject; or

(ii) different entities or subjects to tax effects who intend either to settle current fiscal assets and liabilities for their net amount, either 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.

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, which have not yet been 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 fiscal income from subsequent periods, losses or credits fiscal amounts not yet used but solely as long as it is possible that there will be tax earnings in the future to charge to these losses or unused fiscal credits against them.

Deferred tax liabilities recognized refer to the amounts of income taxes payable in future periods related to taxable temporary differences.

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

Note 28 - Income and deferred taxes, continued

No deferred income taxes have been recognized between the tax and carrying value of investments in related companies, in accordance with the criteria indicated in IAS 12. Therefore, there is no recognition of deferred taxes for translation adjustments and adjustments of associated companies recorded directly in net equity, shown in the Statement of Other Comprehensive Income.

d.1 Income tax assets and liabilities as of September 30, 2010 are detailed as follows:

| Description of deferred income tax assets and liabilities | Assets<br>ThUS\$ | Liabilities<br>ThUS\$ |
|---|------------------|-----------------------|
| Depreciation  | -                | 81,499                |
| Bad debt impairment                                       | 31               | (4,190)               |
| Vacation provision  | 11               | (2,113)               |
| Production expenses                                       | -                | 41,163                |
| Unrealized gains (losses) from sales of products          | -                | (43,357)              |
| Bonds fair value  | -                | (2,601)               |
| Staff severance indemnities                               | -                | 3,030                 |
| Hedging   | -                | 13,011                |
| Inventory of products, spare parts and supplies           | -                | (12,831)              |
| Research and development expenses                         | -                | 4,983                 |
| Tax losses  | 454              | (1,885)               |
| Capitalized interest                                      | -                | 14,032                |
| Expenses in assumption of bank loans                      | -                | 1,706                 |
| Unaccrued interest  | -                | (447)                 |
| Fair value of property, plant and equipment               | -                | (9,556)               |
| Employee benefits   | -                | (7,524)               |
| Royalty deferred income taxes                             | -                | 9,322                 |
| Other   | 132              | (4,685)               |
| Balances to date  | 628              | 79,557                |

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

Note 28 - Income and deferred taxes, continued

d.2 Income tax assets and liabilities as of December 31, 2009 are detailed as follows:

| Description of deferred income tax assets and liabilities | Assets<br>ThUS\$ | Liabilities<br>ThUS\$ |
|---|------------------|-----------------------|
| Depreciation  | -                | 81,055                |
| Bad debt impairment                                       | -                | (3,708)               |
| Vacation provision  | -                | (2,309)               |
| Production expenses                                       | -                | 39,660                |
| Unrealized gains (losses) from sales of products          | -                | (48,644)              |
| Bonds fair value  | -                | (1,635)               |
| Staff severance indemnities                               | -                | 2,593                 |
| Hedging   | -                | 10,948                |
| Inventory of products, spare parts and supplies           | -                | (14,229)              |
| Research and development expenses                         | -                | 5,263                 |
| Tax losses  | 1,733            | (16,473)              |
| Capitalized interest                                      | -                | 11,222                |
| Expenses in assumption of bank loans                      | -                | 2,015                 |
| Unaccrued interest  | -                | (393)                 |
| Fair value of property, plant and equipment               | -                | (10,524)              |
| Employee benefits   | -                | (6,180)               |
| Royalty deferred income taxes                             | -                | 7,677                 |
| Other   | (863)            | (2,536)               |
| Balances to date  | 870              | 53,802                |

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

Note 28 - Income and deferred taxes, continued

d.3 Income tax assets and liabilities as of January 1, 2009 are detailed as follows:

| Description of deferred income tax assets and liabilities | Assets<br>ThUS\$ | Liabilities<br>ThUS\$ |
|---|------------------|-----------------------|
| Depreciation  | -                | 72,192                |
| Bad debt impairment                                       | -                | (1,926)               |
| Vacation provision  | -                | (1,734)               |
| Production expenses                                       | -                | 29,774                |
| Unrealized gains (losses) from sales of products          | -                | (55,827)              |
| Bonds fair value  | -                | (1,616)               |
| Staff severance indemnities                               | -                | 1,777                 |
| Hedging   | -                | (629)                 |
| Inventory of products, spare parts and supplies           | -                | (13,613)              |
| Research and development expenses                         | -                | 4,702                 |
| Tax losses  | 2,828            | (1,534)               |
| Capitalized interest                                      | -                | 9,252                 |
| Expenses in assumption of bank loans                      | -                | 826                   |
| Unaccrued interest  | -                | (504)                 |
| Fair value of property, plant and equipment               | -                | (12,287)              |
| Employee benefits   | -                | (2,915)               |
| Royalty deferred income taxes                             | -                | 5,544                 |
| Other   | (859)            | (4,294)               |
| Balances to date  | 1,969            | 27,188                |

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

Note 28 - Income and deferred taxes, continued

d.4 Deferred income taxes related to benefits for tax losses

The Company's tax loss carryforwards were mainly generated by losses in Chile, which, in accordance with current Chilean tax regulations have no expiration date. During 2009, the Company applied no significant tax losses.

As of September 30, 2010, December 31, 2009 and January 1, 2009, tax loss carryforwards were detailed as follows:

|                  | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|------------------|---------------------|----------------------|--------------------|
| Chile            | 1,597               | 16,473               | 1,534              |
| Other countries  | 742                 | 1,733                | 2,828              |
| Balances to date | 2,339               | 18,206               | 4,362              |

d.5 Unrecognized deferred income tax assets and liabilities

As of September 30, 2010, December 31, 2009 and January 1, 2009, unrecognized assets and liabilities are detailed as follows:

|                      | 9/30/2010<br>ThUS\$  | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$   |
|----------------------|----------------------|----------------------|----------------------|
|                      | Assets (liabilities) | Assets (liabilities) | Assets (liabilities) |
| Tax losses           | 489                  | 489                  | 1,544                |
| Bad debt impairment  | 98                   | 98                   | 98                   |
| Inventory impairment | 1,176                | 1,176                | 748                  |
| Pensions plan        | 648                  | 648                  | 1,091                |
| Vacation provision   | 29                   | 29                   | 29                   |
| Depreciation         | (44)                 | (44)                 | (20)                 |
| Other                | (15)                 | (15)                 | (12)                 |
| Balances to date     | 2,381                | 2,381                | 3,478                |

Tax losses mainly relate to the United States, which prescribe in 20 years.

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

Note 28 - Income and deferred taxes, continued

d.6 Movements in deferred tax liabilities

Movements in deferred tax liabilities as of September 30, 2010 and December 31, 2009 are as follows:

|  | 9/30/2010<br>ThUS\$<br>Liabilities<br>(assets) | 12/31/2009<br>ThUS\$<br>Liabilities<br>(assets) |
|--|--|---|
| Beginning balance of deferred income tax liabilities           | 53,802   | 27,188  |
| Increase (decrease) in deferred income taxes in profit or loss | 26,721   | 26,633  |
| Increase (decrease) in deferred income taxes in equity         | (966)  | (19)  |
| Balances to date   | 79,557   | 53,802  |

d.7 Disclosures on profit or loss tax expense (profit)

The Company recognizes current and deferred income taxes as income or expenses and are included in profit or loss, except if they arise from:

(a) a transaction or event which is 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

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

## Note 28 - Income and deferred taxes, continued

Current and deferred income tax expenses (income) are detailed as follows

|   | 9/30/2010<br>ThUS\$<br>Income<br>(expenses) | 9/30/2009<br>ThUS\$<br>Income<br>(expenses) |
|---|---|---|
| <b>Expense for current income tax</b>   |   |   |
| Expense for current income taxes  | (59,522)                                    | (63,647)                                    |
| Adjustments to prior period current income tax  | 2,552                                       | (4,413)                                     |
| <b>Total expense for current income tax, net</b>  | <b>(56,970)</b>                             | <b>(68,060)</b>                             |
| <b>Expense for deferred income taxes</b>  |   |   |
| Deferred tax expense (income) related to the creation and reversal of temporary differences | (27,389)                                    | 7,862                                       |
| <b>Total expense for deferred income taxes, net</b>   | <b>-</b>                                    | <b>-</b>                                    |
| <b>Expense (income) for income taxes</b>  | <b>(84,359)</b>                             | <b>(60,198)</b>                             |

Expenses (income) for income taxes for foreign and domestic parties are as follows:

|  | 9/30/2010<br>ThUS\$<br>Profit (losses) | 9/30/2009<br>ThUS\$<br>Profit (losses) |
|--|--|--|
| <b>Current income tax expense by domestic and foreign parties, net</b> |  |  |
| Current income tax expense, foreign parties, net                       | (1,319)                                | (747)                                  |
| Current income tax expense, domestic, net                              | (55,651)                               | (67,313)                               |
| <b>Total current income tax expense, net</b>                           | <b>(56,970)</b>                        | <b>(68,060)</b>                        |
| <b>Deferred income taxes by foreign and domestic parties, net</b>      |  |  |
| Deferred income tax expense, foreign parties, net                      | (1,098)                                | 389                                    |
| Deferred income tax expense, domestic, net                             | (26,291)                               | 7,473                                  |
| <b>Total deferred income tax expense, net</b>                          | <b>(27,389)</b>                        | <b>7,862</b>                           |
| <b>Expense (income) for income taxes</b>                               | <b>(84,359)</b>                        | <b>(60,198)</b>                        |

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

Note 28 - Income and deferred taxes, continued

d.8 Participation in taxation attributable to investments recognized according to the equity method:

The Company does not recognize any deferred income 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 company, investor or interest holder is able to control the time for reversal of the temporary difference;  
and

(b) it is possible 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 participations in joint ventures because it is not possible that the following requirements are met:

(a) temporary differences are reversed in a foreseeable future; and

(b) the Company has tax earnings against which temporary differences can be used.

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

Note 28 - Income and deferred taxes, continued

d.9 Information to be disclosed 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 | 9/30/2010                     |                                   | Amount after taxes |
|--|-------------------------------|-----------------------------------|--------------------|
|  | ThUS\$<br>Amount before taxes | Expense (income) for income taxes |                    |
| Cash flow hedges   | (5,683)                       | 966                               | 4,718              |
| <b>Total</b>   | <b>(5,683)</b>                | <b>966</b>                        | <b>4,718</b>       |

| Income tax related to components of other income and expense with a charge or credit to net equity | 9/30/2010                     |                                   | Amount after taxes |
|--|-------------------------------|-----------------------------------|--------------------|
|  | ThUS\$<br>Amount before taxes | Expense (income) for income taxes |                    |
| Cash flow hedges   | 12,872                        | (2,188)                           | 10,684             |
| <b>Total</b>   | <b>12,872</b>                 | <b>(2,188)</b>                    | <b>10,684</b>      |

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

Note 28 - Income and deferred taxes, continued

d.10 Explanation of the relationship between expense (income) for taxes and accounting income

In accordance with paragraph No. 81, letter c) of IAS 12, the Company has estimated that the method which 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 rate in force in Chile. This option is based on the fact that the Parent Company 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.

|   | 9/30/2010<br>ThUS\$<br>Profit (loss) | 9/30/2009<br>ThUS\$<br>Profit (loss) |
|---|--------------------------------------|--------------------------------------|
| Consolidated income before taxes                      | 363,800                              | 319,014                              |
| Income tax rate in force in Chile                     | 17%                                  | 17%                                  |
| Tax expense using the legal rate                      | (61,846)                             | (54,232)                             |
| Tax effect of rates in other jurisdictions            | (776)                                | 3,912                                |
| Tax effect of not deductible (rejected) expenses      | -                                    | -                                    |
| Other increases (decreases) in charge for legal taxes | (21,737)                             | (9,878)                              |
| Tax expense using the effective rate                  | (84,359)                             | (60,198)                             |

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

Note 28 - Income and deferred taxes, continued

d.11 Tax periods potentially subject to verification:

The Group companies are potentially subject to tax audits for income taxes by tax authorities in each country. These audits are limited to a number of annual 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 which are potentially subject to verification, in accordance with tax regulations in force in the country of origin:

a) Chile

In Chile, the tax authority may review tax returns of up to 3 years old from the expiration date of the legal term in which the payment should have been made. In the event that there is an administrative or legal notice, the review can be extended to a period of 6 years.

b) United States

In the United States the tax authority may review tax returns of up to 3 years old from the expiration date of the tax return. In the event of detecting an omission or error in the tax return of revenue or cost of sales, the review can be extended up to a period of 6 years.

c) Mexico:

In Mexico, the tax authority can review tax returns up to 5 years old from the expiration date of the tax return.

d) Spain:

In Spain, the tax authority can review tax returns up to 4 years old from the expiration date of the tax return.

e) Belgium:

In Belgium, the tax authority may review tax returns of up to 3 years old, 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 up to a period of 5 years.

f) South Africa:

In South Africa, the tax authority may review tax returns of up to 3 years old, from the expiration date of the tax return. In the event of detecting an omission or error in the tax return, the review can be extended up to a period of 5 years.

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

## Note 29 - Disclosures on the effects of variations in foreign currency exchange rates

Assets in foreign currency impacted for variations in exchange rates are as follows:

| Class of assets                             | Currency | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|---|----------|---------------------|----------------------|--------------------|
| <b>Current assets:</b>                      |          |                     |                      |                    |
| Cash and cash equivalents                   | CLP      | 439,025             | 216,081              | 99                 |
| Cash and cash equivalents                   | CLF      | -                   | 43,599               | -                  |
| Cash and cash equivalents                   | EUR      | 1,493               | 3,813                | 7,676              |
| Cash and cash equivalents                   | ZAR      | 7,199               | 2,586                | 2,574              |
| Cash and cash equivalents                   | AED      | -                   | -                    | 176                |
| Cash and cash equivalents                   | BRL      | 43                  | 33                   | 4                  |
| Cash and cash equivalents                   | YEN      | 1,090               | 823                  | 1,096              |
| Cash and cash equivalents                   | CNY      | 113                 | -                    | -                  |
| Cash and cash equivalents                   | PEN      | 159                 | 26                   | 175                |
| Cash and cash equivalents                   | ARS      | 13                  | 1                    | 3                  |
| Cash and cash equivalents                   | IDR      | -                   | 5                    | 4                  |
| Cash and cash equivalents                   | INR      | 9                   | -                    | -                  |
| Cash and cash equivalents                   | GBP      | 5                   | 2                    | 6                  |
| Cash and cash equivalents                   | MXN      | 99                  | 218                  | 809                |
| Subtotal cash and cash equivalents          |          | 449,248             | 267,187              | 12,622             |
| Other current financial assets              | CLP      | -                   | 15,043               | -                  |
| Subtotal other current financial assets     |          | -                   | 15,043               | -                  |
| Other current non- financial assets         | CLP      | 14,460              | 24,442               | 24,607             |
| Other current non- financial assets         | CLF      | -                   | 758                  | 294                |
| Other current non- financial assets         | EUR      | 2,835               | 2,656                | 10,197             |
| Other current non- financial assets         | ZAR      | 201                 | 17                   | 135                |
| Other current non- financial assets         | ARS      | 42                  | -                    | -                  |
| Other current non- financial assets         | AED      | -                   | -                    | 135                |
| Other current non- financial assets         | BRL      | 3                   | 3                    | 9                  |
| Other current non- financial assets         | YEN      | 14                  | -                    | -                  |
| Other current non- financial assets         | CNY      | 15                  | -                    | -                  |
| Other current non- financial assets         | PEN      | 259                 | -                    | -                  |
| Other current non- financial assets         | MXN      | 141                 | 442                  | 338                |
| Subtotal other current non-financial assets |          | 17,970              | 28,318               | 35,715             |
| Trade and other receivables                 | CLP      | 143,713             | 103,877              | 100,825            |
| Trade and other receivables                 | CLF      | 959                 | 1,735                | 1,512              |
| Trade and other receivables                 | EUR      | 102,628             | 62,934               | 43,096             |
| Trade and other receivables                 | ZAR      | 20,593              | 30,977               | 8,524              |
| Trade and other receivables                 | AED      | -                   | -                    | 236                |
| Trade and other receivables                 | BRL      | 1,175               | 20                   | 2                  |
| Trade and other receivables                 | ARS      | 193                 | -                    | -                  |
| Trade and other receivables                 | YEN      | 2                   | -                    | -                  |
| Trade and other receivables                 | CNY      | 53                  | -                    | -                  |
| Trade and other receivables                 | PEN      | 6                   | -                    | -                  |
| Trade and other receivables                 | GBP      | 285                 | -                    | -                  |
| Trade and other receivables                 | MXN      | 251                 | 7                    | 119                |

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|   |     |         |         |         |
|---|-----|---------|---------|---------|
| Subtotal trade and other receivables                |     | 269,858 | 199,550 | 154,314 |
| Trade receivables due from related parties          | CLP | 248     | 299     | 150     |
| Trade receivables due from related parties          | EUR | 3,043   | 1,935   | 3,637   |
| Trade receivables due from related parties          | AED | -       | -       | 39      |
| Subtotal trade receivables due from related parties |     | 3,291   | 2,234   | 3,826   |
| Current tax assets                                  | CLP | 8,586   | 7,954   | -       |
| Current tax assets                                  | EUR | 267     | 208     | 232     |
| Current tax assets                                  | ZAR | 2       | 2       | 195     |
| Current tax assets                                  | YEN | -       | 32      | 721     |
| Current tax assets                                  | PEN | 318     | -       | -       |
| Current tax assets                                  | MXN | 52      | 469     | -       |
| Subtotal current tax assets                         |     | 9,225   | 8,665   | 1,148   |
| Total current assets                                |     | 749,592 | 520,997 | 207,625 |

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

## Note 29 - Disclosures on the effects of variations in foreign currency exchange rates

| Class of assets   | Currency | 9/30/2010<br>ThUS\$ | 12/31/2009<br>ThUS\$ | 1/1/2009<br>ThUS\$ |
|---|----------|---------------------|----------------------|--------------------|
| <b>Non-current assets:</b>  |          |                     |                      |                    |
| Other non-current financial assets                                    | CLP      | 22                  | 20                   | -                  |
| Other non-current financial assets                                    | EUR      | 3                   | 10                   | 10                 |
| Other non-current financial assets                                    | BRL      | 30                  | 28                   | 19                 |
| Other non-current financial assets                                    | YEN      | 57                  | 52                   | 51                 |
| Subtotal other non-current financial assets                           |          | 112                 | 110                  | 80                 |
| Other non-current non-financial assets                                | CLP      | 582                 | 2,757                | 353                |
| Other non-current non-financial assets                                | CLF      | -                   | 5,939                | 2,449              |
| Other non-current non-financial assets                                | BRL      | 223                 | 245                  | 160                |
| Other non-current non-financial assets                                | YEN      | 326                 | 297                  | 256                |
| Subtotal other non-current non-financial assets                       |          | 1,131               | 9,238                | 3,218              |
| Non-current rights receivable   | CLP      | 529                 | 883                  | 327                |
| Non-current rights receivable   | CLF      | 634                 | 787                  | 439                |
| Subtotal non-current rights receivable                                |          | 1,163               | 1,670                | 766                |
| Investments recognized using the equity method of accounting          | CLP      | 1,065               | 328                  | 473                |
| Investments recognized using the equity method of accounting          | EUR      | 10,386              | 12,121               | 12,483             |
| Investments recognized using the equity method of accounting          | AED      | 23,925              | 22,575               | 5,277              |
| Investments recognized using the equity method of accounting          | INR      | 421                 | -                    | -                  |
| Investments recognized using the equity method of accounting          | TRY      | 11,902              | -                    | -                  |
| Investments recognized using the equity method of accounting          | EGP      | 1,541               | -                    | -                  |
| Investments recognized using the equity method of accounting          | THB      | 1,357               | -                    | -                  |
| Subtotal investments recognized using the equity method of accounting |          | 50,597              | 35,024               | 18,233             |
| Goodwill  | CLP      | 735                 | -                    | -                  |
| Subtotal goodwill   |          | 735                 | -                    | -                  |
| Property, plant and equipment   | CLP      | 1,291               | 577                  | 290                |
| Subtotal property, plant and equipment                                |          | 1,291               | 577                  | 290                |
| Total non-current assets  |          | 55,029              | 46,619               | 22,587             |
| Total assets  |          | 804,621             | 567,616              | 230,212            |

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

Note 29 - Disclosures on the effects of variations in foreign currency exchange rates, continued

Liabilities in foreign currency impacted by variations in exchange rates are as follows:

| Class of liability                             | Currency | 9/30/2010               |   | Total<br>ThUS\$ | 12/31/2009              |   | Total<br>ThUS\$ |
|--|----------|-------------------------|---|-----------------|-------------------------|---|-----------------|
|  |          | Up to 90 days<br>ThUS\$ | More than 90<br>days to 1<br>year<br>ThUS\$ |                 | Up to 90 days<br>ThUS\$ | More than 90<br>days to 1<br>year<br>ThUS\$ |                 |
| <b>Current liabilities</b>                     |          |                         |   |                 |                         |   |                 |
| Other current financial liabilities            | CLF      | 10,070                  | -   | 10,070          | 3,649                   | 6,541                                       | 10,190          |
| Other current financial liabilities            | CLP      | 707                     | -   | 707             | 30,647                  | 1,268                                       | 31,915          |
| Other current financial liabilities            | EUR      | -                       | -   | -               | -                       | 3,327                                       | 3,327           |
| Subtotal other current financial liabilities   |          | 10,777                  | -   | 10,777          | 34,296                  | 11,136                                      | 45,432          |
| Trade and other payables                       | CLP      | 37,953                  | 38,992                                      | 76,945          | 72,888                  | 66  | 72,954          |
| Trade and other payables                       | CLF      | 83                      | 199   | 282             | -                       | -   | -               |
| Trade and other payables                       | EUR      | 32,099                  | 1,123                                       | 33,222          | 65,031                  | -   | 65,031          |
| Trade and other payables                       | INR      | 1                       | -   | 1               | -                       | -   | -               |
| Trade and other payables                       | BRL      | 18                      | 352   | 370             | -                       | -   | -               |
| Trade and other payables                       | PEN      | 52                      | 293   | 345             | -                       | -   | -               |
| Trade and other payables                       | MXN      | 1,350                   | -   | 1,350           | 570                     | 19  | 589             |
| Trade and other payables                       | GBP      | 29                      | -   | 29              | -                       | -   | -               |
| Trade and other payables                       | CNY      | -                       | 39  | 39              | -                       | -   | -               |
| Trade and other payables                       | ZAR      | 4,459                   | 500   | 4,959           | 3,840                   | -   | 3,840           |
| Subtotal Trade and other payables              |          | 76,044                  | 41,498                                      | 117,542         | 142,329                 | 85  | 142,414         |
| Trade payables due to related parties          | EUR      | -                       | 597   | 597             | -                       | 23  | 23              |
| Trade payables due to related parties          | CLP      | -                       | -   | -               | -                       | 233   | 233             |
| Subtotal trade payables due to related parties |          | -                       | 597   | 597             | -                       | 256   | 256             |
| Other short-term provisions                    | CLP      | 369                     | -   | 369             | -                       | 418   | 418             |
|  | EUR      | 7                       | --  | 7               | -                       | 118   | 118             |



|   |     |         |        |         |         |        |         |
|---|-----|---------|--------|---------|---------|--------|---------|
| Other short-term provisions                           |     |         |        |         |         |        |         |
| Other short-term provisions                           | BRL | -       | 1,607  | 1,607   | -       | 1579   | 1579    |
| Subtotal Other short-term provisions                  |     | 376     | 1,607  | 1,983   | -       | 2,115  | 2,115   |
| Current tax liabilities                               | CLP | -       | -      | -       | -       | 27     | 27      |
| Current tax liabilities                               | EUR | -       | -      | -       | -       | 422    | 422     |
| Current tax liabilities                               | MXN | -       | -      | -       | -       | 2      | 2       |
| Total current tax liabilities                         |     | -       | -      | -       | -       | 451    | 451     |
| Current provisions for benefits to employees          | MXN | -       | 275    | 275     | -       | -      | -       |
| Current provisions for benefits to employees          | CLP | 20,561  | 12,896 | 33,457  | -       | 16,375 | 16,375  |
| Subtotal Current provisions for benefits to employees |     | 20,561  | 13,171 | 33,732  | -       | 16,375 | 16,375  |
| Other current non-financial liabilities               | CLP | 12,559  | 3,314  | 15,873  | 14,187  | 13,530 | 27,717  |
| Other current non-financial liabilities               | EUR | 39      | 4      | 43      | 128     | 299    | 427     |
| Other current non-financial liabilities               | BRL | -       | 19     | 19      | -       | -      | -       |
| Other current non-financial liabilities               | BRL | 9       | 53     | 62      | -       | 48     | 48      |
| Other current non-financial liabilities               | MXN | 388     | 136    | 524     | 162     | -      | 162     |
| Other current non-financial liabilities               | PEN | 70      | 10     | 80      | -       | -      | -       |
| Other current non-financial liabilities               | ZAR | -       | 660    | 660     | 856     | -      | 856     |
| Subtotal other current non-financial liabilities      |     | 13,065  | 4,196  | 17,261  | 15,333  | 13,877 | 29,210  |
| Total current liabilities                             |     | 120,823 | 61,069 | 181,892 | 191,958 | 44,295 | 236,253 |

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

## Note 29 - Disclosures on the effects of variations in foreign currency exchange rates, continued

| Class of liability                                       | Currency | Up to 90<br>days<br>ThUS\$ | 1/1/2009<br>More than<br>90 days to<br>1 year<br>ThUS\$ | Total<br>ThUS\$ |
|--|----------|----------------------------|---|-----------------|
| <b>Current liabilities</b>                               |          |                            |   |                 |
| Other current financial liabilities                      | CLF      | -                          | 5,352   | 5,352           |
| Other current financial liabilities                      | EUR      | 1,633                      | -   | 1,633           |
| Subtotal other current financial liabilities             |          | 1,633                      | 5,352   | 6,985           |
| Trade and other payables                                 | CLP      | 68,914                     | -   | 68,914          |
| Trade and other payables                                 | CFL      | 55                         | 171   | 226             |
| Trade and other payables                                 | EUR      | 9,962                      | -   | 9,962           |
| Trade and other payables                                 | BRL      | 249                        | -   | 249             |
| Trade and other payables                                 | AED      | 169                        | -   | 169             |
| Trade and other payables                                 | MXN      | 643                        | -   | 643             |
| Trade and other payables                                 | ZAR      | 599                        | -   | 599             |
| Subtotal trade and other payables                        |          | 80,591                     | 171   | 80,762          |
| Other short-term provisions                              | CLP      | 138                        | -   | 138             |
| Other short-term provisions                              | EUR      | 7                          | 291   | 298             |
| Other short-term provisions                              | BRL      | -                          | 1,295   | 1,295           |
| Other short-term provisions                              | AED      | 11                         | -   | 11              |
| Subtotal other short-term provisions                     |          | 156                        | 1,586   | 1,742           |
| Current provisions due to benefits to employees          | CLP      | -                          | 22,112  | 22,112          |
| Subtotal current provisions due to benefits to employees |          |                            | 22,112  | 22,112          |
| Other current non-financial liabilities                  | CLP      | 9,303                      | 10,042  | 19,345          |
| Other current non-financial liabilities                  | EUR      | 74                         | 375   | 449             |
| Other current non-financial liabilities                  | BRL      | 3                          | 18  | 21              |
| Other current non-financial liabilities                  | MXN      | 255                        | -   | 255             |
| Subtotal Other current non-financial liabilities         |          | 9,635                      | 10,435  | 20,070          |
| <b>Total current liabilities</b>                         |          | <b>92,015</b>              | <b>39,656</b>   | <b>131,671</b>  |

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

## Note 29 - Disclosures on the effects of variations in foreign currency exchange rates, continued

| Class of liability  | Currency | 9/30/2010                                 |   |                                | Total<br>ThUS\$ | 12/31/2009                                |   |                                | Total<br>ThUS\$ |
|---|----------|---|---|--------------------------------|-----------------|---|---|--------------------------------|-----------------|
|   |          | More than<br>1 up to 3<br>years<br>ThUS\$ | More than<br>3 up to 5<br>years<br>ThUS\$ | More than<br>5 years<br>ThUS\$ |                 | More<br>than 1 up<br>to 3 years<br>ThUS\$ | More than<br>3 up to 5<br>years<br>ThUS\$ | More than<br>5 years<br>ThUS\$ |                 |
| <b>Non-current liabilities</b>                                      |          |   |   |                                |                 |   |   |                                |                 |
| <b>Other non-current financial liabilities</b>                      |          |   |   |                                |                 |   |   |                                |                 |
|   | CLF      | -   | 63,640                                    | 279,129                        | 342,769         | 6,195                                     | 68,144                                    | 251,926                        | 326,265         |
| <b>Other non-current financial liabilities</b>                      |          |   |   |                                |                 |   |   |                                |                 |
|   | CLP      | -   | 150,964                                   | -                              | 150,964         | -   | 143,956                                   | -                              | 143,956         |
| <b>Subtotal other non-current financial liabilities</b>             |          |   |   |                                |                 |   |   |                                |                 |
|   |          | -   | 214,604                                   | 279,129                        | 493,733         | 6,195                                     | 212,100                                   | 251,926                        | 470,221         |
| <b>Non-current liabilities</b>                                      |          |   |   |                                |                 |   |   |                                |                 |
|   | CLF      | -   | -   | -                              | -               | 187                                       | -   | -                              | 187             |
| <b>Non-current liabilities</b>                                      |          |   |   |                                |                 |   |   |                                |                 |
|   |          | -   | -   | -                              | -               | -   | -   | -                              | -               |
| <b>Subtotal non-current liabilities</b>                             |          |   |   |                                |                 |   |   |                                |                 |
|   |          | -   | -   | -                              | -               | 187                                       | -   | -                              | 187             |
| <b>Tax liabilities</b>  |          |   |   |                                |                 |   |   |                                |                 |
|   | CLP      | 143                                       | -   | 15                             | 158             | -   | -   | -                              | -               |
| <b>Subtotal tax liabilities</b>                                     |          |   |   |                                |                 |   |   |                                |                 |
|   |          | 143                                       | -   | 15                             | 158             | -   | -   | -                              | -               |
| <b>Non-current provisions for benefits to employees</b>             |          |   |   |                                |                 |   |   |                                |                 |
|   | CLP      | -   | -   | 1,606                          | 1,606           | -   | -   | 28,171                         | 28,171          |
| <b>Non-current provisions for benefits to employees</b>             |          |   |   |                                |                 |   |   |                                |                 |
|   | MXN      | -   | -   | -                              | -               | -   | -   | 185                            | 185             |
| <b>Non-current provisions for benefits to employees</b>             |          |   |   |                                |                 |   |   |                                |                 |
|   | JPY      | -   | -   | -                              | -               | -   | -   | 326                            | 326             |
| <b>Subtotal Non-current provisions due to benefits to employees</b> |          |   |   |                                |                 |   |   |                                |                 |
|   |          | -   | -   | 1,606                          | 1,606           | -   | -   | 28,682                         | 28,682          |
|   |          | 143                                       | 214,604                                   | 280,750                        | 495,497         | 6,382                                     | 212,100                                   | 280,608                        | 499,090         |

Total non-current  
liabilities

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

## Note 29 - Disclosures on the effects of variations in foreign currency exchange rates, continued

| Class of liability   | Currency | 1/1/2009                                  |   |                                | Total<br>ThUS\$ |
|--|----------|---|---|--------------------------------|-----------------|
|  |          | More than<br>1 up to 3<br>years<br>ThUS\$ | More than<br>3 up to 5<br>years<br>ThUS\$ | More than<br>5 years<br>ThUS\$ |                 |
| <b>Non-current liabilities</b>                               |          |   |   |                                |                 |
| Other non-current financial liabilities                      | CLF      | 5,056                                     | 5,056                                     | 75,828                         | 85,940          |
| Subtotal other non-current financial liabilities             |          | 5,056                                     | 5,056                                     | 75,828                         | 85,940          |
| Non-current liabilities                                      | CLF      | 398                                       | -   | -                              | 398             |
| Subtotal Non-current liabilities                             |          | 398                                       | -   | -                              | 398             |
| Tax liabilities  | CLP      | 18  | -   | -                              | 18              |
| Subtotal tax liabilities                                     |          | 18  | -   | -                              | 18              |
| Non-current provisions for benefits to employees             | CLP      | -   | -   | 19,489                         | 19,489          |
| Non-current provisions for benefits to employees             | MXN      | -   | -   | 403                            | 403             |
| Non-current provisions for benefits to employees             | JPY      | -   | -   | 294                            | 294             |
| Subtotal Non-current provisions due to benefits to employees |          | -   | -   | 20,186                         | 20,186          |
| Total non-current liabilities                                |          | 5,472                                     | 5,056                                     | 96,014                         | 106,542         |

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

Note 30 - Asset value impairment

Assets value impairment

The Company assesses on an annual basis any impairment on the amount of Buildings, plant and equipment, intangible assets, goodwill and investments accounted for using the equity method of accounting in accordance with IAS 36. Assets to which this method applies are as follows:

|   |  |
|---|--|
| - | Investments recognized using the equity method of accounting |
| - | Property, plant and equipment                                |
| - | Intangible assets  |
| - | Goodwill   |

a) Impairment of investments recognized using the equity method of accounting, property, plant and equipment, intangible assets and goodwill.

Assets are reviewed for impairment as to the existence of any indication that the carrying value is lower than the recoverable amount. If such an indication exists, the asset recoverable amount is calculated in order to determine the extent of this impairment, if any. In the event that asset does not generate any cash flows independent from other assets, the Company determines the recoverable amount of the cash generating unit to which this asset belongs according to the business segment (specialty plant nutrient, iodine and derivatives, lithium and derivatives, industrial chemicals, potassium and other products and services.)

The Company conducts impairment tests to intangible assets and goodwill with indefinite useful lives on an annual basis and every time there is indication of impairment.

If the recoverable value of an asset is estimated in an amount lower than its carrying value, the latter decreases to its recoverable amount.

b) Impairment of financial assets: For the case of financial assets with a trading origin, the Company has defined a policy for the recognition of provision for impairment in consideration of the age of the past due balance.

An allowance is made for impairment losses related to trade receivables when there is objective evidence that the Company will be not able to collect all the amounts owed in accordance with the original terms of receivables.

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

Note 30 - Asset value impairment, continued

In accordance with the information presented and evaluating the indication of value impairment of any asset related to the cash flow generating unit, we may conclude that there is no evidence of indication which supports any impairment in the value of assets. Depending on value impairment indication, for the entity:

- There are no indications of value impairment in each of intangible assets with an indefinite useful life, as well as intangible assets which are not yet available for their use, comparing their carrying amounts to their recoverable amounts.

- There are no indications of value impairment on goodwill acquired in a business combination

Note 31 - Events occurred subsequent to the reporting date

31.1 Authorization of the financial statements

The interim consolidated financial statements of Sociedad Química y Minera S.A. and subsidiaries prepared in accordance with International Financial Reporting Standards for the period ended September 30, 2010 were approved and authorized for issuance by the Board of Directors at their meeting held on November 23, 2010.

31.2 Disclosures of events occurred subsequent to the reporting date

On November 23, 2010, the Company's Board of Directors agreed to pay a provisional dividend of ThUS\$110,000, payable beginning on December 15, 2010.

Management is not aware of any significant events occurred between September 30, 2010 and the date of issuance of these interim consolidated financial statements which may significantly affect them.

31.3 Detail of dividends declared after the reporting date

As of the closing date of these financial statements, there are no dividends declared after the reporting date.

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SIGNATURES

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

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Conf: /s/ Ricardo Ramos R.  
Ricardo Ramos R.  
Chief Financial Officer

Date: January 10, 2011

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