

CHEMICAL & MINING CO OF CHILE INC  
Form 6-K  
September 05, 2008

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

**FORM 6-K**

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

Includes financial statements and their related notes for the six-month period ended June 30, 2008 filed by Sociedad Química y Minera de Chile S.A. before the Superintendencia de Valores y Seguros de Chile on August 12, 2008.

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

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

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

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

Form 20-F  Form 40-F

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

Yes  No

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

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On August 12, 2008, the Registrant filed with the Superintendencia de Valores y Seguros of Chile (the "SVS") a report that included information as to the Registrant's consolidated financial condition and results of operations for the six-month period ended June 30, 2008. Attached is a summary of such consolidated financial information included in the summary and in the report filed with the Superintendencia de Valores y Seguros of Chile. This financial information was prepared on the basis of accounting principles generally accepted in Chile and does not include a reconciliation of such information to accounting principles generally accepted in the United States of America.

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THIS REPORT IS AN ENGLISH TRANSLATION OF, AND A CHILEAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES PRESENTATION OF, THE SIX-MONTH PERIOD ENDED JUNE 30, 2008 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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*Consolidated Financial Statements*

*SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.*

*Santiago, Chile*

*June 30, 2008 and 2007*

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Consolidated Financial Statements

**SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.**

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

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

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

	Note	As of June 30,	
		2008 ThUS\$	2007 ThUS\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		29,381	16,043
Time deposits		6,436	4,393
Marketable securities	4	54,582	96,715
Accounts receivable, net	5	357,835	236,318
Other accounts receivable, net	5	11,847	9,787
Accounts receivable from related companies	6	50,965	38,576
Inventories, net	7	535,989	377,544
Recoverable taxes		34,801	20,556
Prepaid expenses		6,774	6,492
Other current assets		51,135	13,347
Total current assets		1,139,745	819,771
<b>Property, plant and equipment, net</b>	8	1,004,161	951,930
<b>Other assets</b>			
Investments in related companies	9	34,236	20,477
Goodwill, net	10	33,077	35,216
Negative goodwill, net	10	(1,279)	(1,928)
Long-term accounts receivable, net	5	1,056	109
Long-term accounts receivable from related companies	6	2,000	2,118
Intangible assets, net		3,463	4,172
Other long-term assets	11	35,196	39,735
Total other assets		107,749	99,899
Total assets		2,251,655	1,871,600

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

	Note	As of June 30,	
		2008 ThUS\$	2007 ThUS\$
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Short-term bank debt	12	71,740	1,923
Current portion of long-term debt	12	455	823
Current portion of bonds payable	13	8,654	8,227
Dividends payable		474	107
Accounts payable		120,530	109,585
Other accounts payable		406	371
Notes and accounts payable to related companies	6	255	488
Accrued liabilities	14	48,718	29,979
Withholdings		7,142	6,388
Income taxes		34,591	8,244
Deferred income		79,511	23,570
Deferred income taxes	15	2,514	2,730
Other current liabilities		3,691	682
<b>Total current liabilities</b>		<b>378,681</b>	<b>193,117</b>
<b>Long-term liabilities</b>			
Long-term bank debt	12	180,000	180,000
Long-term obligations with the public (bonds)	13	301,063	298,093
Other accounts payable		586	765
Deferred income taxes	15	49,241	50,885
Long-term accrued liabilities	16	35,062	19,760
<b>Total long-term liabilities</b>		<b>565,952</b>	<b>549,503</b>
Minority interest	17	51,359	39,208
<b>Shareholders' equity</b>			
Paid-in capital	18	477,386	477,386
Other reserves	18	163,187	156,855
Retained earnings	18	615,090	455,531
<b>Total shareholders' equity</b>		<b>1,255,663</b>	<b>1,089,772</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,251,655</b>	<b>1,871,600</b>

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

		For the six months ended June 30,	
	Note	2008 ThUS\$	2007 ThUS\$
<b>Operating results</b>			
Sales		787,120	558,792
Cost of sales		(502,854)	(394,485)
Gross margin		284,266	164,307
Selling and administrative expenses		(41,942)	(32,050)
Operating income		242,324	132,257
<b>Non-operating results</b>			
Non-operating income	20	23,120	13,518
Non-operating expenses	20	(24,418)	(26,613)
Non-operating loss		(1,298)	(13,095)
Income before income taxes		241,026	119,162
Income tax expense	15	(43,081)	(24,075)
Income before minority interest		197,945	95,087
Minority interest	17	(7,449)	(1,143)
Net income before negative goodwill		190,496	93,944
Net income		190,496	93,944

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

	<b>For the six months ended June 30</b>	
	<b>2008</b>	<b>2007</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
<b>Cash flows from operating activities</b>		
Net income	190,496	93,944
<b>Charges (credits) to income not representing cash flows</b>		
Depreciation expense	8	50,754
Amortization of intangible assets	350	349
Write-offs and accruals	19,259	15,987
Gain on equity investments in related companies	(9,666)	(2,201)
Loss on equity investments in related companies	34	66
Amortization of goodwill	10	1,113
(Profit) loss on sales of assets	(708)	(16)
Loss from sale of investments	(1,388)	-
Other credits to income not representing cash flows	(8,855)	(583)
Other charges to income not representing cash flows	99,173	56,285
Foreign exchange difference, net	2,927	2,061
<b>Net changes in operating assets and liabilities</b>		
<b>(Increase) decrease:</b>		
Trade accounts receivable	(69,311)	(12,615)
Inventories	(155,832)	(16,946)
Other assets	(5,357)	(9,193)
Accounts payable	1,045	10,438
Interest payable	(143)	(733)
Net income taxes payable	(19,116)	(14,615)
Other accounts payable	-	(5,740)
VAT and taxes payable	(12,846)	5,794
Minority interest	17	1,143
Net cash provided by operating activities	89,378	171,614
<b>Cash flows from financing activities</b>		
Proceeds from short term bank financing	70,240	-
Payment of dividends	(115,455)	(95,257)
Repayment of bank financing	-	(56,422)
Payment of obligations with the public	(3,138)	(2,636)
Payment of expenses for the issuance and placement of bonds payable	-	-
Net cash used in financing activities	(48,353)	(154,315)
<b>Cash flows from investing activities</b>		
Sales of property, plant and equipment	1,552	1,435
Sales of investments in related companies	1,688	-
Other investment income	24	357
Additions to property, plant and equipment	(103,432)	(80,338)
Capitalized interest	(4,264)	(6,492)



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Other disbursements	(367)	(16)
Net cash used in investing activities	(104,823)	(85,054)
Effect of inflation on cash and cash equivalents	(4,465)	962
Net change in cash and cash equivalents	(68,263)	(66,793)
Beginning balance of cash and cash equivalents	164,213	183,943
<b>Ending balance of cash and cash equivalents</b>	<b>95,950</b>	<b>117,150</b>

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

**Note 1 – Company Background**

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

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

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

**Note 2 – Summary of Significant Accounting Policies**

**a) Basis for the preparation of the consolidated financial statements**

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

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

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

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

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

**Note 2 – Summary of Significant Accounting Policies (continued)****a) Basis for the preparation of the consolidated financial statements (continued)**

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

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

**Note 2 – Summary of Significant Accounting Policies (continued)****a) Basis for the preparation of the consolidated financial statements (continued)**

	<b>Direct or indirect ownership</b>	
	<b>2008</b>	<b>2007</b>
	<b>%</b>	<b>%</b>
<b>Domestic subsidiaries:</b>		
Servicios Integrales de Tránsitos y Transferencias S.A.	100.00	100.00
Soquimich Comercial S.A.	60.64	60.64
Isapre Norte Grande Ltda.	100.00	100.00
Almacenes y Depósitos Ltda.	100.00	100.00
Ajay SQM Chile S.A.	51.00	51.00
SQM Nitratos S.A.	99.99	99.99
Proinsa Ltda.	60.58	60.58
SQM Potasio S.A.	100.00	100.00
SQMC International Limitada.	60.64	60.64
SQM Salar S.A.	100.00	100.00
SQM Industrial S.A.	100.00	100.00
Minera Nueva Victoria S.A.	100.00	100.00
Exploraciones Mineras S.A.	100.00	100.00
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	100.00	100.00
Comercial Hydro S.A.	60.64	60,64

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

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

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

**b) Reporting period**

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

**c) Reporting currency and monetary correction**

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

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

The financial statements of those domestic subsidiaries that maintain their accounting records in Chilean pesos have been restated to reflect the effects of variations in the purchasing power of the Chilean peso during the year. For this purpose, and in accordance with Chilean regulations, non-monetary assets and liabilities, equity and income statement accounts have been restated in terms of year-end constant pesos based on the change in the consumer price index during the year ( 3.2% and 1.9% in 2008 and 2007, respectively). The resulting net charge or credit to income arises as a result of the gain or loss in purchasing power from the holding of non-U.S. dollar denominated monetary assets and liabilities exposed to the effects of inflation.

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

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

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

**d) Foreign currency**

**i) Foreign currency transactions**

Monetary assets and liabilities denominated in Chilean pesos and other currencies have been translated to U.S. dollars at the observed exchange rates determined by the Central Bank of Chile at each period end of Ch\$526.05 per US\$1 at June 30, 2008 and Ch\$526.86 per US\$1 at June 30, 2007.

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

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

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

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

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

- Translation gains and losses, as well as the price-level restatement to the balance sheet mentioned above, are included as an adjustment in shareholders’ equity, in conformity with Circular No. 1,697 of the SVS.

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

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

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

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

**d) Foreign currency (continued)**

Foreign exchange differences for the period ended June 30, 2008 and 2007 generated a net gain (loss) of ThUS\$ (2,927) and ThUS\$ (2,061) respectively, which have been charged to the consolidated statements of income in each respective period.

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

	<b>2008</b>	<b>2007</b>
	US\$	US\$
Brazilian Real	1.59	1.92
New Peruvian Sol	3.19	3.19
Argentine Peso	3.04	3.09
Japanese Yen	106.42	123.26
Euro	0.63	0.74
Mexican Peso	10.30	10.79
Australian Dollar	1.04	1.18
Pound Sterling	0.50	0.50
Ecuadorian Sucre	1.00	1.00
South African Rand	7.83	6.99

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

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

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

**e) Cash and cash equivalents**

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

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

**f) Time deposits**

Time deposits are recorded at cost plus accrued interest.

**g) Marketable securities**

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

**h) Allowance for doubtful accounts**

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

**i) Inventories and materials**

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

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

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

**j) Income taxes and deferred income taxes**

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



**SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.**  
**Notes to the Consolidated Financial Statements**  
**(A translation o**