



ANNUAL REPORT

08



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CHAIRMAN'S LETTER

Julio Ponce Chairman

Following the trend of recent years, in 2008 we achieved significant earnings that have once again marked the history of SQM. Although 2009 may be a year filled with challenges and one that global markets and investors view with uncertainty, we believe that the strength of our markets and the foundation of our business will allow us to continue to create value for our shareholders.



Continuing the trend seen in the last years, this year we have once again succeeded in achieving higher results for the eighth consecutive year, reaching revenue of US\$1.77 billion and net income of US\$501.4 million, significantly higher than our 2007 net income of US\$180 million.

For this reason we can all be proud, both as shareholders and management, to be part of a company that has managed to achieve one of its main objectives: creating sustained value to benefit our shareholders and employees. In this challenging year, creating value was only possible through teamwork, which allowed us to overcome the daily obstacles that we faced, something we hope to continue in 2009.

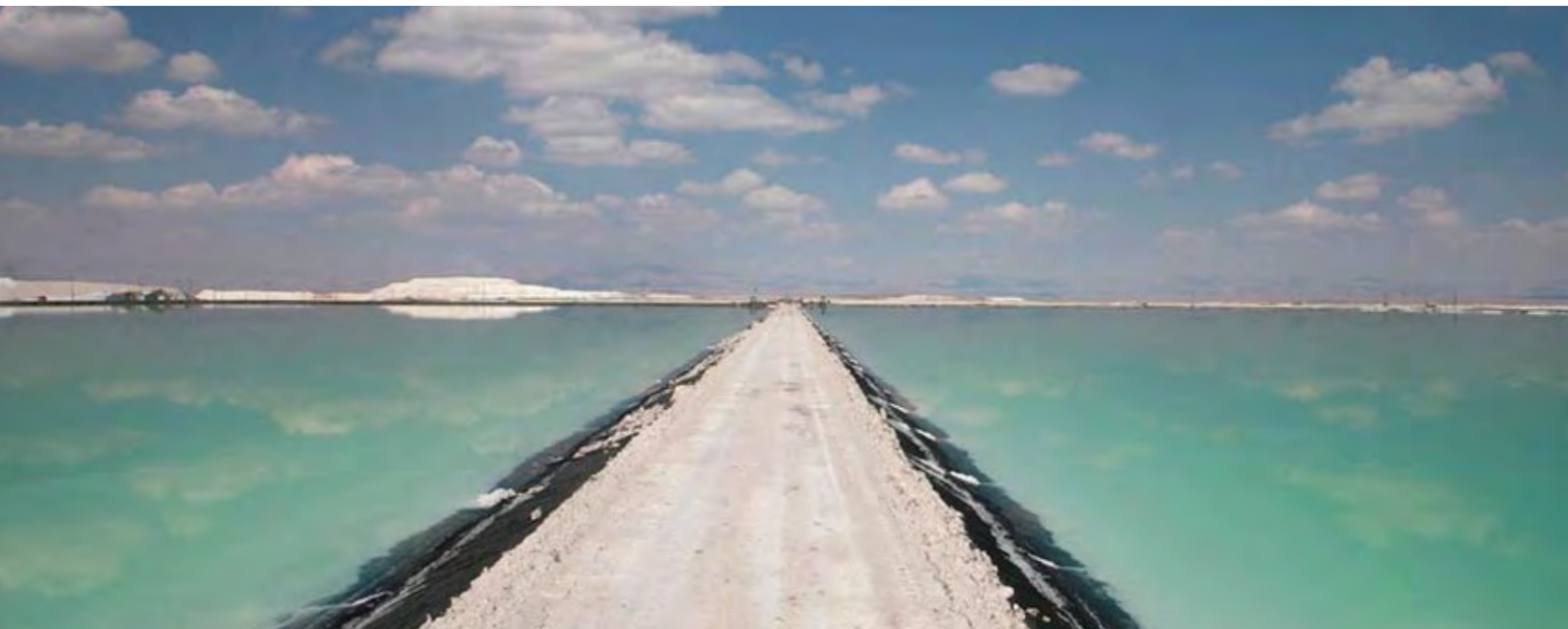
The record results we obtained this year were achieved in part by increased prices of our fertilizers, which benefited such products as potassium nitrate, potassium sulfate, potassium chloride and specialty blends. In addition, we saw substantial increases in iodine sales volumes, which consequently had a positive effect on margins. Additionally, in the beginning of October we announced a 25% increase in the price of iodine, which reflects our positive outlook for this industry in the long term.

During 2008, however, we faced important challenges that we will continue to confront in 2009. Price in-

creases in our fertilizers were partly offset by a decrease in sales volumes of our specialty plant nutrients. The consequences of the international financial crisis affected demand for fertilizers and access to credit for farmers and distributors, which translated into lower sales volumes at the end of 2008.

Despite the negative effects of the economic downturn, SQM achieved positive financial results in the fourth quarter, separating itself from the negative trend seen in the main international markets. Part of this success is attributable to the Company's solid foundation that is built upon long-term, sustainable competitive advantages. We have vast, unique natural resources and a worldwide distribution network complete with warehouses and sales offices. In addition, our production know-how and the specialization and experience of our workers allow us to increase the efficiency of our production processes.

It is precisely in order to capitalize on these competitive advantages that we have maintained intact our expansion plan announced in 2008, amounting to approximately US\$1.0 billion in investments between 2008 and 2010. This investment plan aims to strengthen our global leadership position mainly by increasing production capacity of all business lines, with a special



focus on our potassium products as they contribute significantly to the Company's margins.

As part of this plan, in 2008 we began working to expand our potassium nitrate production capacity by 300,000 metric tons, which will be operational during the second half of 2010. In addition, at the end of October we completed expansion of our lithium carbonate plant, increasing production from 30,000 to 40,000 metric tons per year and making SQM the largest producer in the world, with the greatest capacity to meet industry growth. We are also working to expand our operations in the Salar de Atacama in order to increase potassium chloride production, and we will soon begin expanding iodine capacity by more than 2,000 metric tons per year.

In the commercial area, we signed a joint venture agreement with Migao Corporation in 2008 in order to increase our presence in one of the specialty plant nutrition markets with the highest growth potential. This agreement will allow us to work together in production and distribution of potassium nitrate in China and will allow both companies to benefit from the productive and commercial synergies that will be created.

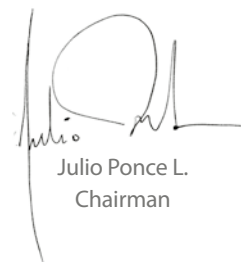
The year 2009 will be a challenging year as we confront the global economic crisis. Demand in our principal markets will be affected, particularly during the first half of 2009, but we hope to maintain, and in some cases increase, margins per unit for the majority of our products. To these margins, we will add the positive

effect of increased sales volumes of potassium chloride which should have a substantial impact on our operating margins. Looking forward, we are optimistic about the recovery in demand in all of our business lines.

Our Company's healthy financial position allows us to prepare for a period of global uncertainty, to maintain our expansion plans and to take advantage of opportunities as they arise in our businesses.

Finally, I want to thank all of you for continuing to believe in this Company. The end of 2008 was challenging and what is to come in 2009 looks even more so, but I am convinced that within SQM we have the tools to come out ahead.

Thank you,



Julio Ponce L.
Chairman

BOARD OF DIRECTORS

As of December 31, 2008, the members of the Board of Directors were:



DIRECTOR

Kendrick T. Wallace

Lawyer
Harvard Law School
Passport: 712198876

DIRECTOR

Daniel Yarur E.

Information Engineer
Universidad de Chile
RUT: 6.022.573-7

DIRECTOR

Wolf von Appen B.

Entrepreneur
RUT: 2.884.455-7

CHAIRMAN

Julio Ponce L.

Forestry Engineer
Universidad de Chile
RUT: 4.250.719-9

The members of the Director's Committee and the Audit Committee are Mr. Hernán Büchi, Mr. Eduardo Novoa and Mr. Daniel Yarur.



DIRECTOR

Eduardo Novoa C.
Commercial Engineer
Universidad de Chile
RUT: 7.836.212-K

DIRECTOR

Hernán Büchi B.
Civil Engineer
Universidad de Chile
RUT: 5.718.666-6

VICE CHAIRMAN

Wayne R. Brownlee
Economist
University of Saskatchewan
Passport: BD 108168

DIRECTOR

José María Eyzaguirre B.
Lawyer
Universidad de Chile
RUT: 7.011.679-0

The Board of Directors was elected at the General Shareholders Meeting held on April 30, 2008.

SENIOR MANAGEMENT



As of December 31, 2008, the Company's Senior Management was made up by:

Chief Executive Officer

Patricio Contesse G.

Forestry Engineer
Universidad de Chile
RUT: 6.356.264-5

Executive Vice President and Chief Operating Officer

Patricio de Solminihac T.

Industrial Engineer
Universidad Católica de Chile
RUT: 6.263.302-6

Senior Commercial Vice President

Eugenio Ponce L.

Mechanical Engineer
Universidad Católica de Valparaíso
RUT: 5.370.715-7

Chief Financial Officer and Business Development Senior Vice President

Ricardo Ramos R.

Industrial Engineer
Universidad Católica de Chile
RUT: 8.037.690-1

General Counsel

Matías Astaburuaga S.

Lawyer
Universidad Católica de Chile
RUT: 7.080.469-7

Safety, Health and Environment Senior Vice President

Pauline De Vidts S.

Industrial Engineer
Universidad Católica de Chile
RUT: 9.668.138-0

Human Resources and Corporate Affairs Senior Vice President

Daniel Jiménez Sch.

Industrial Engineer
Universidad Católica de Chile
RUT: 6.362.533-7

Nueva Victoria Operations Senior Vice President

Jaime San Martín L.

Transportation Engineer
Universidad Católica de Chile
RUT: 8.931.725-8

Nitrates and Iodine Operations Senior Vice Presidente

Mauricio Cabello C.

Mechanical Engineer
Universidad de Santiago de Chile
RUT: 10.391.635-6

Salar-Lithium Operations Senior Vice President

Juan Carlos Barrera P.

Industrial Engineer
Universidad Católica de Chile
RUT: 10.528.182-K

Picture: Standing, left to right: Matías Astaburuaga S., Pauline De Vidts S., Juan Carlos Barrera P., Mauricio Cabello C., Eugenio Ponce L., Daniel Jiménez Sch. and Ricardo Ramos R.
Seated, left to right: Patricio de Solminihac T., Patricio Contesse G. and Jaime San Martín L.



MAIN SHAREHOLDERS

The Company's main shareholders as of December 31, 2008 were:

Series A shareholders	Number of shares	% Ownership of series A Shares	% Ownership of total Shares
SOCIEDAD DE INVERSIONES PAMPA CALICHERA S.A.	57,934,256	40.56%	22.01%
INVERSIONES EL BOLDO LTDA.	44,604,761	31.23%	16.95%
INVERSIONES RAC CHILE LTDA.	19,200,242	13.44%	7.30%
INVERSIONES GLOBAL MINING (CHILE) LTDA.	13,798,539	9.66%	5.24%
INVERSIONES LA ESPERANZA (CHILE) LTDA.	3,643,977	2.55%	1.38%
KOWA CO. LTD.	781,429	0.55%	0.30%
KOCHI S.A.	714,084	0.50%	0.27%
LA ESPERANZA DELAWARE CORPORATION	207,550	0.15%	0.08%
BANCHILE CORREDORES DE BOLSA S.A.	163,497	0.11%	0.06%
AGRICOLA EL RINCON LTDA.	153,000	0.11%	0.06%
INMOBILIARIA Y COMERCIAL RECOLETA SUR LTDA.	97,572	0.07%	0.04%
LARRAIN VIAL S.A. CORREDORA DE BOLSA	93,823	0.07%	0.04%
Subtotal Main Series A Shareholders	141,392,730	99.00%	53.72%
Total Series A Shares	142,819,552	100%	54.26%
Total Series A Shareholders	537		

Series B Shareholders	Number of shares	% Ownership of Series A Shares	% Ownership of Total Shares
THE BANK OF NEW YORK	49,798,063	41.37%	18.92%
INVERSIONES EL BOLDO LTDA	17,718,111	14.72%	6.73%
SOCIEDAD DE INVERSIONES PAMPA CALICHERA SA	12,490,092	10.38%	4.75%
AFP PROVIDA S.A.	5,660,593	4.70%	2.15%
BANCO DE CHILE POR CUENTA DE TERCEROS	4,801,438	3.99%	1.82%
AFP CAPITAL S.A.	4,077,994	3.39%	1.55%
AFP HABITAT S.A.	3,927,593	3.26%	1.49%
INVERSIONES RAC CHILE LIMITADA	2,699,773	2.24%	1.03%
LARRAIN VIAL S.A. CORREDORA DE BOLSA	2,089,051	1.74%	0.79%
SANTANDER S.A. CORREDORES DE BOLSA	1,806,929	1.50%	0.69%
BANCHILE CORREDORES DE BOLSA S.A.	1,783,255	1.48%	0.68%
AFP CUPRUM S.A.	1,577,612	1.31%	0.60%
Subtotal Main Series B Shareholders	108,430,504	90.08%	41.20%
Total Series B Shares	120,376,972	100%	45.74%
Total Series B Shareholders	1,231		

Total Series A and B Shareholders **1,353**

During the year 2008, Sociedad de Inversiones Pampa Calichera S.A and Inversiones Global Mining (Chile) Ltda. –collectively, Pampa Group– made several share purchases on different stock exchanges until they attained 32% of the total shares of SQM S.A. Likewise, Kowa Company Ltd., Inversiones La Esperanza (Chile) Limitada, Kochi S.A. and La Esperanza Delaware Corporation –collectively, Kowa Group– control 2.05% of the total shares of SQM S.A.

On December 21, 2006, Pampa Group and Kowa Group signed a joint agreement, pursuant to which these two groups are considered the Controlling Group of SQM S.A. Potash Corporation of Saskatchewan, Inc. ("PCS") controls 100% of total shares of Inversiones El Boldo Limitada and Inversiones RAC Chile Limitada. During 2008, PCS made several share purchases on different stock exchanges until it attained 32% of the total shares of SQM S.A.

In addition, during the year 2008 some of the Company's main shareholders have decreased or terminated their shareholding, and others have acquired or increased their shareholding in SQM S.A.

HISTORICAL BACKGROUND

1924

1930

1951

1968

1971

1983

1985

1986

1993



1924

The Guggenheim family acquires the Coya Norte land in the El Toco sector of northern Chile, in order to build a facility for caliche operations. Thus María Elena is constructed and begins operating on November 22, 1926 using the Guggenheim method, which is still used in today's production process.

1930

Construction of the Pedro de Valdivia caliche facility begins. This facility has greater capacity than María Elena and starts operations on June 6, 1931.

1951

A crystallizing plant is built in Coya Sur in order to efficiently use the nitrate precipitation in the solar evaporation ponds.

1968

SQM is created through the merger of the companies Corporación de Ventas de Salitre y Yodo, Compañía Salitrera Anglo Lautaro, Compañía Victoria and the Government of Chile.

1971

CORFO (Chilean government agency for the advancement of production) takes control of 100% of the ownership of SQM.

1983

SQM's five-year privatization process starts and private pension funds acquire an ownership stake.

1985

The heap leaching process starts to be applied in the extraction of nitrates and iodine.

1986

The potassium nitrate facility at Coya Sur begins production.

1993

The technical-grade potassium nitrate facility begins operations, and the Company issues the first offering of shares on the international markets by starting an ADR program.

1995

The Company issues a second share offering, with access to international markets through its ADR program. Production of potassium chloride begins in the Salar de Atacama.

1997

SQM begins producing lithium carbonate using lithium brines.

1995

1997

1998

2000

2001

2005

2006

2007

2008



1998

Production of potassium sulfate and boric acid starts up at the Salar de Atacama.

2000

Construction of a new potassium nitrate facility is completed. SQM increases its potassium chloride production capacity.

2001

A commercial distribution agreement is signed with the Norwegian company Yara International ASA, allowing SQM to achieve significant cost synergies in its Specialty Plant Nutrition business.

2005

SQM purchases the Kemira Emirates Fertilizers Company (Kefco) plant. The lithium hydroxide facility in the Salar del Carmen begins operations.

2006

SQM acquires the iodine business of DSM in Chile. In addition, SQM sells its Mexican commodity trading subsidiary, Fertilizantes Olmea.

2007

Production at the new prilling and granulating facility at Coya Sur starts up and work begins on the expansion of the lithium carbonate plant. SQM attains ISO 9001:2000 certification for its lithium hydroxide operations.

2008

SQM signs a joint venture agreement with Migao Corporation to produce and distribute potassium nitrate in China. Lithium carbonate production capacity expands to 40,000 MT per year. SQM begins expansion of potassium nitrate production, which will have an additional 300,000 MT by the second half of 2010.

COMPANY PROFILE



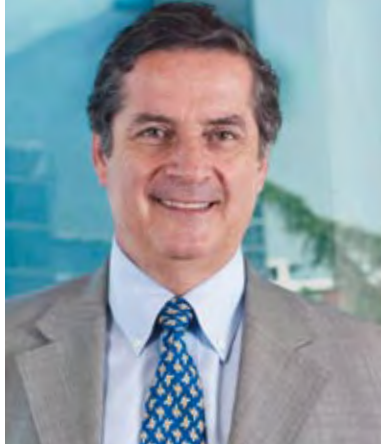
SQM began operations in 1968 producing and selling fertilizers, having evolved from Chile's once-potent nitrates industry. Over the years, the Company recognized innovative ways to expand its operations and develop new products and markets to add value to its core businesses. As a result of this expansion, SQM has become an integrated producer of specialty plant nutrients and chemicals, with approximately US\$1.77 billion in annual revenues, of which more than 84% come from sales outside Chile. Today, SQM is the undisputed worldwide leader in its three core businesses: specialty plant nutrition, iodine and lithium.

Complementing its strategy of integrating production and logistics, the Company has commercial offices and production plants in close to 20 countries and diversified sales in more than 100. This extensive network, built gradually over many years, enables SQM to streamline its sales processes and identify and reach the most profitable markets in each niche.

In 2008, SQM announced an investment plan for the 2008-2010 period of approximately US\$1.0 billion. Through this plan, of which approximately US\$287 million were invested in 2008, SQM aims to increase production capacity in its principal business lines, and in particular production of its potassium-based products which contributed significantly to the Company's margins during 2008. These efforts will allow SQM to maintain its position as a global leader in its business lines.

SQM's leadership is rooted in several competitive advantages across its diverse businesses, namely:

- Vast natural resources, whose location, ease of extraction and chemical composition make them unique in the world.
- Scale of production –the largest in the world– in its main business areas, which gives it significant cost advantages over its competitors.
- Flexible, integrated production processes, which allow SQM to obtain multiple, complementary products from the same natural source.
- An international distribution and sales network, with a presence in close to 20 countries and diversified sales in more than 100 countries.
- A leading role in developing new products and services.
- Know-how in its unique technological processes.



Patricio Contesse
Chief Executive Officer

The year 2008 was a record year for SQM; for the eighth consecutive year we achieved higher earnings than the previous year. These results were achieved in part by increased prices of our potassium products and increased sales volumes in our iodine and iodine derivatives business. Although global economic conditions have created widespread uncertainty, we trust in the fundamentals behind our business principles to ensure future growth.



Strategy

SQM's strategy is based on the Company's competitive advantages and sustainable growth throughout its diverse operating markets, aiming to maintain and strengthen its global leadership in its three key business areas.

A fundamental part of the Company's strategy is providing business solutions to its customers. This strategy has significantly and consistently impacted SQM's financial results: the year 2008 was the eighth consecutive year of growth in revenues and net income.

SQM's strategy is based on:

- Developing new products and applications and opening new markets, targeting its three core businesses.
- Focusing on reducing costs and improving efficiency and productivity on an ongoing basis.
- Evaluating acquisitions, joint ventures and commercial alliances in each of the three main businesses.
- Maintaining a solid, conservative financial position.



Our People

The success of SQM in large part depends upon its people, and for this reason the personal and professional development of its workers is an important part of the Company's commitment and responsibility to its employees.

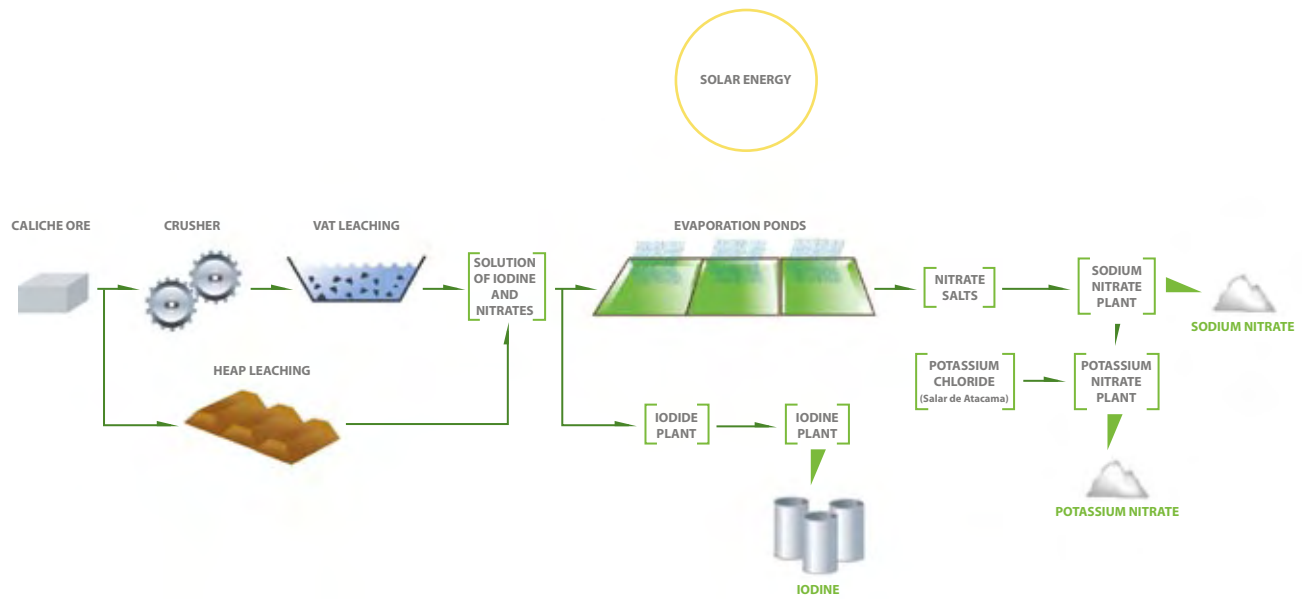
In 2008, SQM developed a training program in which 4,120 employees completed 85,000 hours of training. The Company also continued its education program in which 276 employees participated in a program enabling them to attain their primary or secondary school diplomas through courses arranged by the Company. In addition, university and graduate level scholarships were awarded to 39 high-performing employees.

We also offered training courses for employees in our operations area in the form of advanced certification coursework and technical workshops, giving employees the opportunity to expand their knowledge and gain a deeper, more analytical understanding of their work.

Encouraging the personal development of its employees is another important concern for SQM. Since 2002, the Company has held an annual contest awarding 4 winners with approximately US\$5,000 each to develop social assistance projects.

Another important initiative undertaken during the year was improving the infrastructure of on-site employee housing. During 2008, a series of projects aimed at improving the quality of life of employees who reside on-site during their shifts were completed. Improvements included more and better individual accommodations, new recreational areas and 2 modern on-site residential centers at Maria Elena; which will be completed in the first months of 2009.

CALICHE ORE: NITRATES AND IODINE*



*This diagram is not an exact, technical representation of these processes.

Natural Resources

SQM's products are derived from two natural resources found in Chile's Tarapacá and Antofagasta Regions: caliche ore and salar brines.

Caliche is extracted from surface deposits located in northern Chile. Although the geological origin of caliche deposits is unknown, there are various theories regarding its formation. One theory speculates that caliche evolved from sediment deposits left by an ancient sea while another theory suggests that its origins lie in minerals accumulated from the erosion of the Andes Mountains.

Caliche contains high concentrations of nitrates and iodine. The caliche deposits are found no more than two meters below the desert surface, in layers two to three meters thick, thus enabling extensive mineral extraction at a relatively low cost.

Products derived from caliche include: sodium nitrate, potassium nitrate, sodium potassium nitrate and iodine. Annually, SQM extracts close to 35 million tons of caliche.

To produce nitrates the caliche mineral is crushed and then subjected to a leaching process. Sodium nitrate is obtained from this leached solution by a crystallization process. Part of the sodium nitrate obtained passes

through another stage in which potassium chloride, from the Salar de Atacama, is added. The mixture is then subjected to processes of conversion, crystallization and drying to produce potassium nitrate.

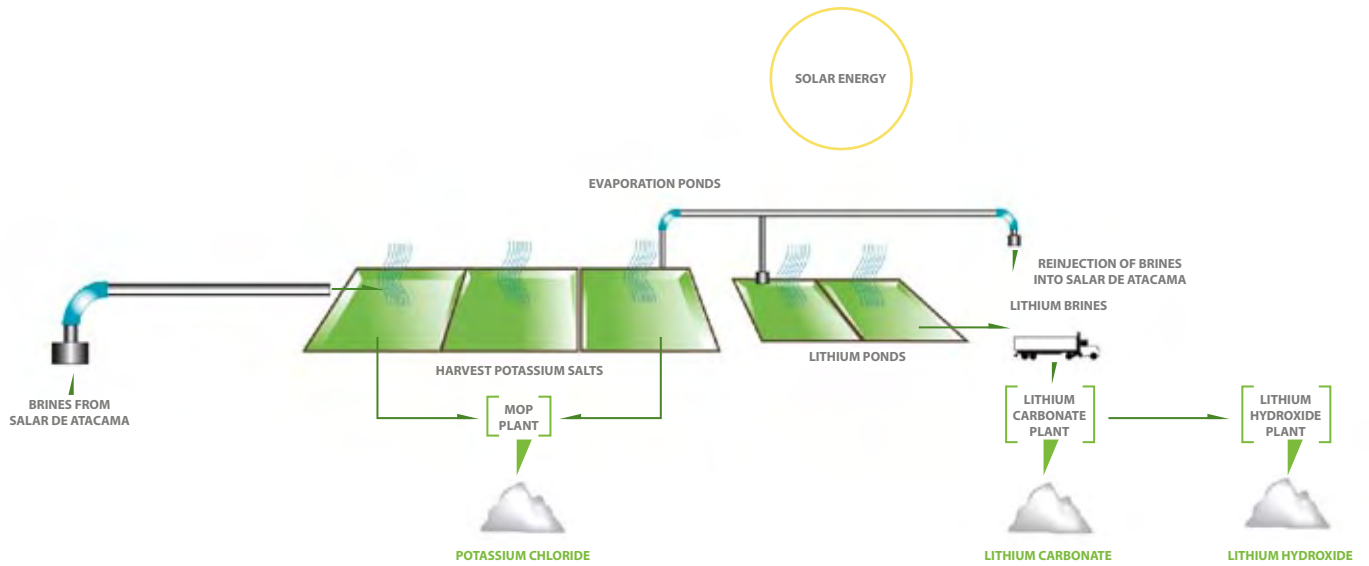
Iodine is obtained from caliche after a series of processes such as crushing and vat or heap leaching after which it is transferred to production facilities in Pedro de Valdivia and Nueva Victoria.

The iodine obtained in this stage is in the form of iodate. A portion of this iodate is reduced to iodide using sulfur dioxide. The resulting iodide is combined with the untreated iodate solution to release elemental iodine. The elemental iodine has more than one refining stage, the most important of which is filtering the concentrated iodide solution to remove impurities. Lastly, the smelted iodine then undergoes a chemical refining process known as prilling, for which SQM holds patents in Chile and the US.

The Salar de Atacama, or Atacama Salt Flat, located approximately 250 kilometers northeast of the city of Antofagasta, is a natural source of underground brines contained in porous rocks fed by an underground inflow of water from the Andes Mountains. Estimates indicate that the salar spans approximately 2,900 square kilometers and offers sustainably competitive advantages on



BRINES: LITHIUM AND POTASSIUM*



*This diagram is not an exact, technical representation of these processes.

a global scale as it contains the world's highest known concentrations of potassium and lithium and one of the lowest concentrations of magnesium. The brines not used by SQM in its production processes are re-injected into the salar.

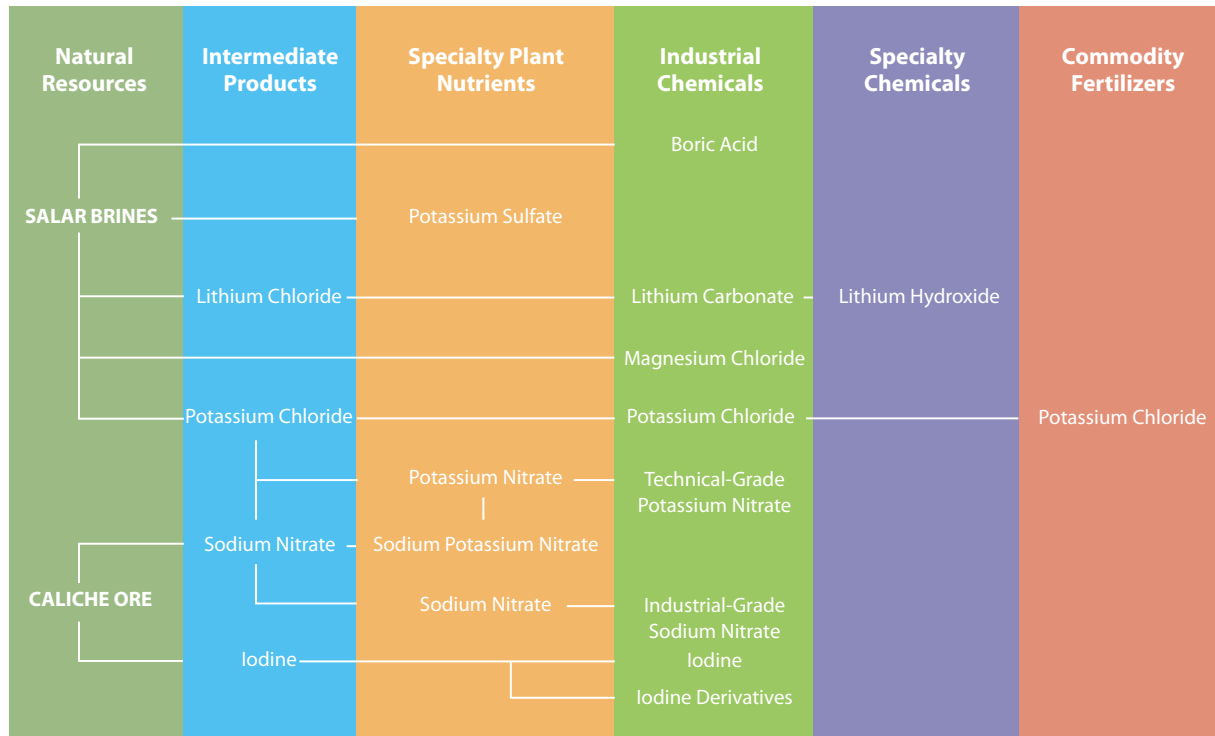
The salar brines are pumped from depths of between 1.5 and 60 meters below the surface and are then deposited in large ponds for solar evaporation to occur, thus separating the desired elements so they may be transferred to the respective production plants for further processing.

The production of lithium carbonate begins with solutions of lithium chloride, which are subsequently processed to produce lithium carbonate in a chemical plant located in the Salar del Carmen in Antofagasta.

SQM has exploitation and exploration rights to these reserves, making it the largest producer in the world. These rights are based on a contract between the Company and CORFO (the Corporation for the Advancement of Production, a government entity), which expires in the year 2030.



Main Products



Logistics and Distribution

To address the ongoing logistical challenges that the Company faces, SQM has developed a comprehensive and efficient logistics and distribution network that spans from its production facilities in Chile's Tarapacá and Antofagasta Regions to thousands of customers around the world.

Sales offices in more than 20 countries and important global distribution agreements form part of this valuable network. In line with its development strategy, the Company has sought alternatives to further strengthen its distribution chain by establishing strategic alliances with major international companies that allow SQM to reduce costs, to take advantage of distribution synergies and to broaden its global reach. In addition to these key distribution channels, SQM also maintains warehouses and mixing plants in strategic locations which allow the Company to deliver its products to clients in over 100 countries on six continents.

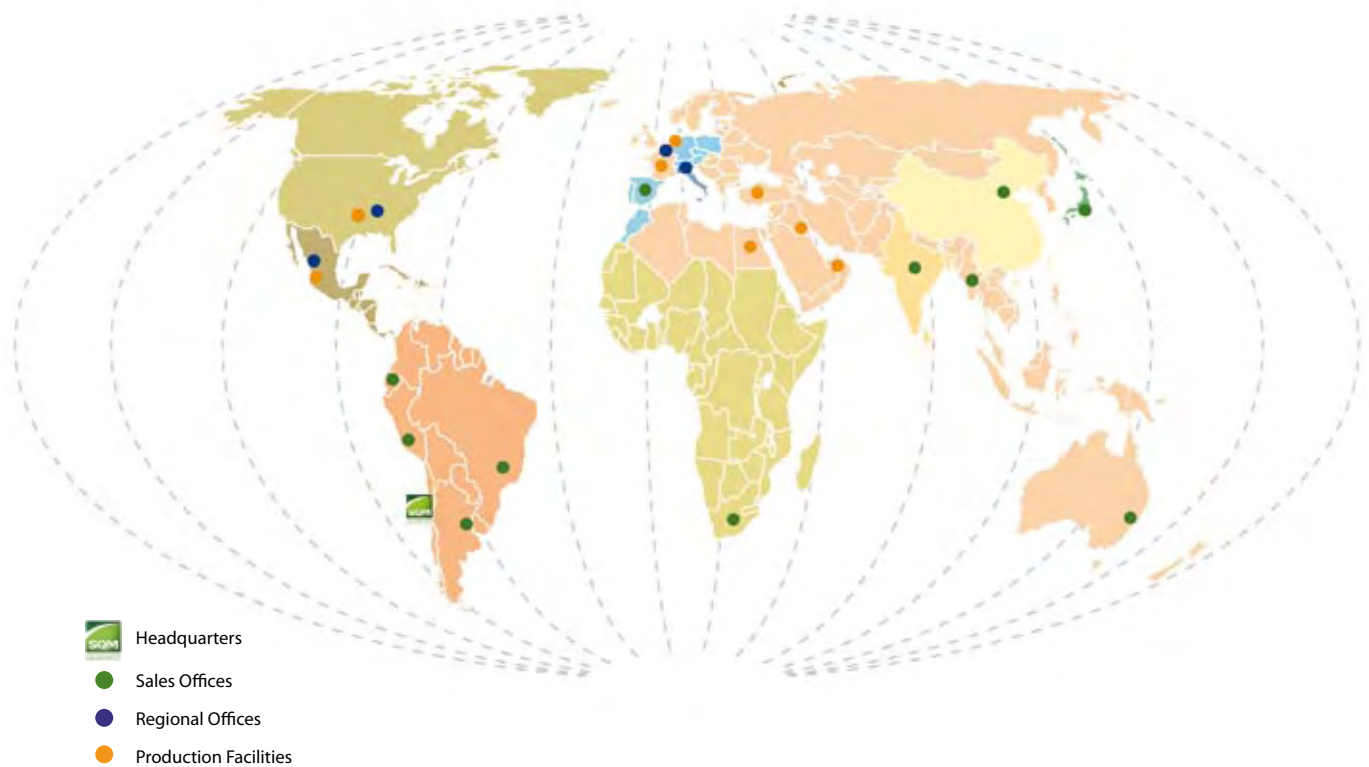
A key element in this distribution network is the Company's own railway system, through which nearly 1.1 million tons of finished product are transported from the production plants to the port of Tocopilla and another 12 million tons of caliche ore are moved from mining sites to the Pedro de Valdivia plant.

Since 2006, the Company has developed a Railway Infrastructure Investment Plan of more than US\$36 million for improvements that include enhancing over 30 km of railway and purchasing 50 new cars for product transport. These investments have allowed SQM to sustain and increase its railway transportation capacity as well as maintain high standards of safety. The Company expects to spend close to US\$12 million on railway infrastructure improvements in 2009.

SQM's global network coupled with integrated planning from production to delivery enables the Company to achieve efficient distribution, controlling quality and timing of deliveries throughout the supply chain. Aside from allowing the Company to operate with lower costs, SQM's widespread logistics and distribution network is a powerful competitive advantage.



SQM in the World



Quality

Selling quality products is a corporate commitment that is constantly reinforced among all of SQM's employees and business partners, who understand the importance of building trusting, long-lasting relationships with customers, thus ensuring the Company's growth.

SQM must deliver quality products in compliance with established conditions and in a timely manner in order to exceed client expectations and satisfy its customers' needs, one of the Company's key concerns. To meet productivity and efficiency standards, SQM employs a quality management system throughout its logistics chain intended to continuously improve its production, sales and distribution processes.

Along these same lines, SQM has obtained ISO 9001:2000 certifications for its production processes in the north of Chile and for sales processes of its 3 main business lines.

Research and Development

Research and Development is essential for any company to significantly improve performance and efficiency. SQM employs a group of top-level research professionals dedicated to researching and developing processes that reduce costs, increase productivity and maximize the Company's returns on mineral resources. This research team also advises the production, quality and sales areas on technical matters.

In 2008, important research projects were developed to increase returns from brine processing for the production of lithium and potassium and to optimize nitrate production processes. Other noteworthy R&D activities include progress made on improving the physical quality of some of the prilled products and research dedicated to developing new products to satisfy special commercial needs.

SUSTAINABLE DEVELOPMENT



Part of SQM's long term strategy is to work within a sustainable development frame. Our commitment to the environment and our workers, customer satisfaction and our relationship with the communities in which we operate are the pillars of our Sustainable Development Policy. Each of SQM's workers and collaborators is responsible for contributing to the fulfillment of these practices.

The Environment

SQM is committed to implementing sustainable practices in company operations and to protecting its employees, the surrounding communities and the natural resources in the areas in which it operates. In order to identify and control environmental factors related to its production processes, SQM has implemented an environmental management system. SQM also possesses an environmental affairs unit made up of professionals responsible for coordinating environmental efforts. This unit conducts periodic internal and external audits to ensure that the Company is complying with its commitment to the environment.

During 2008, SQM obtained approval from Chilean environmental authorities for various projects, including its "Nueva Victoria Mine", "Incorporation of Chlorine in the Nueva Victoria Iodine Plant" and "El Toco Solids

Field and Fine Pools". The "Maria Elena Technological Change Project", which forms part of the "Maria Elena Decontamination Plan", involved replacing an outdated crusher which improved substantially the air quality of this community. In addition, a project entitled "Changes and Improvements to Mining Operations in the Salar de Atacama", which obtained approval from environmental authorities at the end of 2006, is currently in operation. This project aims to expand brine extraction to sustain current and projected production levels of potassium and lithium from the Salar de Atacama, all in accordance with a robust environmental control plan, which was designed to ensure that the systems under protection will maintain their natural states. The plan includes constant monitoring of both subterranean and surface water as well as flora and fauna.

It is important for SQM to work with high-level technical organizations to conduct environmental evaluations and to design follow-up plans for environmental monitoring. Of particular importance are: an agreement with Pontificia Universidad Católica to perform hydrogeological studies in the Tamarugal Plains, the Salar de Llamara and the Salar de Atacama; the agreement the Company has had since 1995 with CONAF Antofagasta to monitor birdlife in the Salar de Atacama; the arrangement with Universidad de Chile to monitor Tamarugo trees in the Llamara Salt Flat; and an agreement with Universidad Católica del Norte to perform a hydrological recharge study in the northern sector of the Salar de Atacama.



In 2009, the Company expects approval of additional projects that it either has already submitted or will submit for assessment under the Environmental Impact Evaluation System, including, of particular importance, the Pampa Hermosa project related to operations in Nueva Victoria. This project is designed to expand iodine production and construct a new plant for sodium nitrate and potassium nitrate production, which requires environmental approval to use water rights the Company owns in the Tarapacá Region.

Management of Operating Risks

The health and safety of its employees is a central concern for SQM. For this reason, in May 2008, the Company signed an agreement with the Chilean Chamber of Construction to implement the Competitive Company Program. This auditable and certifiable program involves all levels of the Company in all of its facilities in the Tarapacá and Antofagasta Regions. The success of this risk management system depends primarily on actions at the supervisory level, seeking to develop effective leadership from supervisors on these risk-related matters. This program also includes training programs specially designed for all workers in accordance with their job responsibilities.

Similarly, SQM implemented its Eleven Basic Safety Rules Program, once again directed towards all levels of the Company. These rules are designed to control risks that could cause serious harm to our employees and in turn, help prevent major accidents.

Our goal is zero damage and no harm. We are convinced that a job well done is a job done safely.



Patricio de Solminihac
Executive Vice President and Chief
Operating Officer

SQM's strategy is based on an ongoing quest for innovation and development in each of our business lines. This quest, which translates into new markets and products, develops daily and helps us maintain and strengthen our long-term competitive position. We are aware of our advantages as a leader and we have developed an important investment plan to increase our production levels, allowing us to offer a reliable supply of products to our customers.



Working with the Community

SQM is committed to being a good neighbor to the communities near its production centers. Part of SQM's commitment as a good neighbor consists of promoting economic and social development within these communities through projects that aim to emphasize the value of education, culture and social development and that aim to improve the quality of life of local residents.

Recovering Heritage

Conscious of its leading role in the nitrates industry, SQM has contributed considerable effort to recovering and conveying the story of its heritage and historical legacy. In 2008, the Company continued its strategic partnership with the Corporación Museo del Salitre (Nitrates Museum Corporation) in order to restore the old Humberstone and Santa Laura facilities, both of which were of great importance in the nitrate boom of the nineteenth century. This work has helped restore the old office buildings and create an opportunity for tourism, which has enhanced the recognition of this nitrate zone as a World Heritage Site.

In 2008, SQM continued the "Nitrate Stories" exhibition, which presents the industry's history from its origins to the present, featuring a collection of posters used in the 1930's in different countries to advertise sales of natural fertilizers instead of synthetic fertilizers. In 2008, the exhibit was presented in Iquique and then installed permanently in the Administrative Building of the old Humberstone office.

During 2008, the Company committed to restoring María Elena, a nitrate enclave that suffered considerable damage in the November 2007 earthquake in the Antofagasta Region. In addition to reconstructing and repairing damaged homes and infrastructure, restoration plans include painting the homes of local residents in the area, stabilizing roads and supervising the design and development of public spaces.

Finally, as part of the environmental studies SQM carries out for its new projects, the Company is also creating a registry of pre-Hispanic and historical artifacts as well as protecting heritage sites, in accordance with current legislation, particularly around María Elena and Nueva Victoria. These efforts will be complemented by promotional activities within the community and other measures to add value to local and regional museums.



Education and Culture

As part of its dedication to education and culture, the Company renewed in 2008 an educational alliance with the Municipality of San Pedro de Atacama that was formed in 2007. Through this initiative, SQM financed the salary of a new educational specialist to work with local students with learning disabilities.

Additionally, through an agreement with the San Pedro de Atacama community, SQM finances transportation for students studying outside the town, demonstrating the Company's concern for maintaining and encouraging contact between students and their families and friends.

Another contribution that SQM makes to promote education and provide incentives for academic excellence is in the form of scholarships offered to the children of SQM employees, which enables the Company to assist its employees with up to 50% of the expenses of their children's education.

An additional education initiative that began in 2008 involved literary workshops organized by SQM and the renowned author Hernán Rivera Letelier.



Social Development

In an effort to further promote economic and social development in the surrounding communities, in 2008 SQM continued its program to develop and fund a contest to finance micro-entrepreneurs in the region. The initiative was developed jointly with the municipal government of San Pedro de Atacama and the foundation Servicio País to foster skill development among community residents.

Out of the 38 proposed projects from the towns of San Pedro de Atacama, Río Grande, Toconao, Peine, Socaire and Camar, six projects received funding to develop the following:

- Producing and selling toasted vegetable and fruit seeds in Peine
- Developing and marketing local candies (arope de chañar) in San Pedro de Atacama
- Producing and marketing quinoa in Socaire
- Manufacturing traditional ceramics in Séquitor
- Farming and selling poultry in Socaire
- Recovering ancestral architecture in San Pedro de Atacama

In 2008, SQM began its Agricultural Development initiative in the district of San Pedro de Atacama; this initiative aims to support the community in developing sustainable agriculture to obtain products with greater added value. As part of the initiative, the Company decided to work with the most typical crops from the towns of Talabre, Socaire and Toconao, where pilot programs have been developed that include new irrigation, fertilization and seed health testing techniques for future harvests along with a nutritional program appropriate for each type of crop and soil.

In the district of Pozo Almonte, SQM continues to provide support for “Entrepreneur’s Week”, which includes sponsoring workshops to encourage entrepreneurship in the community. Through entrepreneurial efforts, residents can create their own businesses and increase their household income and encourage development in the area. Through infrastructure improvements, the Company also continues to support the Oasis del Desierto school in Pintados.

To complement the “Entrepreneur’s Week” project, in 2008 SQM contributed resources for the program Production Development Funds (FONDEPRO), which provides financing to micro-entrepreneurs to carry out their business projects.





SPECIALTY
PLANT NUTRITION

ANNUAL REPORT SQM S.A. 2008

SPECIALTY PLANT NUTRITION

Specialty plant nutrition is one of SQM's principal business lines. The Company is currently the world's leading producer of potassium nitrate with installed capacity of 650,000 metric tons per year and global market share of 47%, without considering Chinese production that is consumed domestically.

In 2008, this business line contributed US\$978.9 million to the Company's consolidated revenues, up 49% from US\$580.8 million in 2007.

During the first nine months of 2008, prices of specialty plant nutrients –especially of potassium-based products– increased significantly over 2007. However, with the exception of potassium-based fertilizers whose prices remained unchanged, commodity fertilizer prices in general fell towards the end of 2008 as a result of the global financial crisis. The price stability of potassium-based fertilizers can be attributed to consistent growth in demand in recent years coupled with stable supply. SQM anticipates that demand for these fertilizers will resume in the future once global economic conditions have improved.

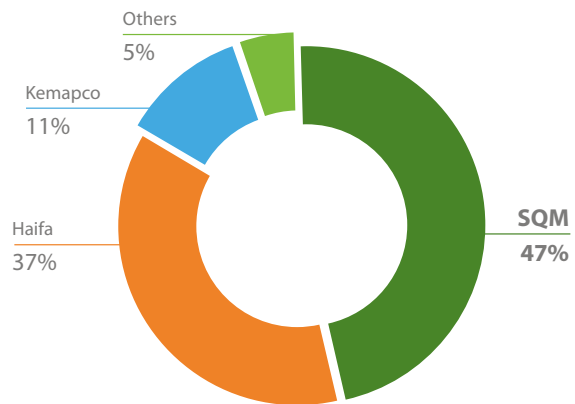
One major factor affecting past and future growth of this business line is the sustained growth of the world population which currently exceeds 6.5 billion people. Another recent change in global eating habits has also impacted demand; more animal protein is being consumed, and given the direct relationship between meat consumption and demand for grain, grain consumption has subsequently risen. An estimated 7 kg of grain is required to produce 1 kg of beef, while approximately 2-4 kg of grain is needed to produce 1 kg of pork or chicken. Therefore, as the world population increases, meat consumption and thus demand for grain will also increase, and consequently, farmers should require more fertilizer to maximize crop yield.

To face the immense challenge of producing ever-greater quantities of ever-higher quality crops –factoring in the natural restrictions that are characteristic of agriculture such as scarcity of water and arable land– farmers employ innovative techniques such as microirrigation, hydroponics, greenhousing and other agricultural methods to improve resource efficiency and maximize output.

The use of these innovative techniques, however, creates new pressures for farmers. Because commodity fertilizers do not provide the return necessary to make investments in modern technology profitable, growers that apply these techniques are forced to use more sophisticated fertilizers. As a result, there arises a fundamental



POTASSIUM NITRATE MARKET SHARE *



(*) SQM estimates as of December 31, 2008



Eugenio Ponce
Senior Commercial Vice
President

This year was marked by potassium product sales. As the world population grows and changes its eating habits, long-term demand for grain increases, which directly benefits us. Farmers of premium crops have also had to expand production in recent years, increasing the area devoted to modern agricultural techniques in order to maximize crop yields, which has a decisive impact on long-term demand. Looking beyond today, we expect that these applications, together with iodine and lithium uses, will experience sustained medium and long-term growth.

need for specialty plant nutrients including potassium nitrate, which, given its superiority, has practically no substitute in modern agricultural applications.

The growing importance of specialty plant nutrients today is reflected in the fact that their global consumption has more than doubled in the last decade, whereas the growth rates of other alternatives, such as commo-



dity fertilizers, have been more moderate. The impressive growth rate of specialty plant nutrients can be attributed to:

- More extensive use of new technologies such as fertirrigation, hydroponic and greenhouse crops.
- Increased costs of arable land, forcing farmers to maximize yield per hectare.
- Water scarcity.
- Increased per capita consumption of vegetables.
- Growing demand for high-quality foods.

SQM maintains its leadership position not only because of its access to unique natural resources but also because of its extensive distribution network that provides the Company with a global presence to meet customer needs. SQM has established commercial agreements, joint ventures and strategic alliances to expand and strengthen this network. One of its most important strategic alliances was signed in November 2001 with the Norwegian company Yara International ASA. Through this agreement, SQM and Yara share their respective distribution chains, thus broadening their geographic reach and lowering costs.

In May 2008, SQM signed a joint venture with Migao Corporation to produce and distribute potassium nitrate in China. The first stage of this agreement will entail building a new potassium nitrate plant with production capacity of 40,000 metric tons per year, set to begin operating during the second quarter of 2010.

SQM's specialty plant nutrition business line consists of sodium nitrate, potassium nitrate, potassium sulfate and sodium potassium nitrate. These products are principally used on tobacco, coffee, vegetables, sugar cane and other high-value crops.

In the specialty plant nutrition market, SQM has consolidated its position with an extensive portfolio of more than 200 specialty blends including its own brands such as Ultrasol™, for application via fertirrigation; Qrop™, for soil application; Speedfol™, for foliar application; and Allganic™, the family of products designed for organic crops.

An important segment of the target market for specialty plant nutrients is high-value crops such as fruits and vegetables many of which must be grown using modern farming techniques. The rest of the market consists of premium crops that require fertilizers with certain characteristics found in SQM products.



Unlike commodity fertilizers such as urea, SQM's nitrate-based fertilizers improve crop yields by providing nitric nitrogen, which is directly absorbed by the plant. Another benefit of specialty plant nutrients is that they are water soluble and provide chlorine-free potassium to plants. Crops such as tobacco and coffee, among others, are very sensitive to chlorine.



Sources of Potassium

The principal sources of potassium that are used in fertilizers are potassium chloride (KCl), potassium sulfate (K_2SO_4) and potassium nitrate (KNO_3). Of these sources, potassium chloride is without a doubt the most important on a global scale, with estimated demand approaching 52 million tons in 2008. It is either directly applied to the soil or mixed with other fertilizers and used with crops that tolerate chlorine, the other element present in the chemical compound. The principal crops fertilized with potassium chloride are sugar cane, wheat, corn and soy. Its application requires no special technology, and given its broad availability, it is considered to be a great example of a commodity product.

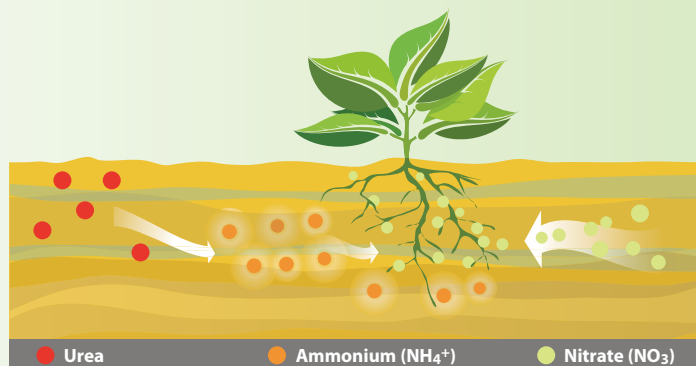
The other two sources of potassium are used less and may require more sophisticated technology, especially when applied with irrigation water. Thus, they are considered specialty fertilizers or specialty plant nutrients. SQM is the only company that produces all three potassium sources.

Nitrate vs. Urea

Urea = Ammoniacal nitrogen

Nitrate = Nitric nitrogen

Sources of nitrogen can be classified by those that contain ammoniacal nitrogen (e.g., urea, ammonium nitrate) and those that contain nitric nitrogen (e.g., potassium nitrate, sodium nitrate). Urea, one of the most common nitrogen fertilizers used in agriculture, must be transformed into nitric nitrogen before it can be absorbed, a process that increases the acidity of soil. In turn, the nitrate fertilizers from our SPN division are formed of nitric nitrogen which can be rapidly absorbed by plants without acidifying the soil.





The Importance of Potassium in Crops

The qualities in a plant that are sought out by both producers and consumers alike – qualities such as post-harvest duration, taste, vitamin content and physical appearance – depend on the correct balance of nutritional levels in various tissues at each stage of a plant's growth.

Potassium, nitrogen and phosphorous are the three macronutrients a plant needs to develop. Although potassium does not form part of a plant's structure, it is essential to the development of its basic functions. Potassium serves as one of the catalysts in activating more than 60 enzymatic systems within cells and in synthesizing proteins, vitamins, starch and cellulose for metabolism and tissue formation. Additionally, potassium assists with opening and closing of stomata on leaves. Stomata are pores that regulate water levels and aid in photosynthesis, the process by which sugar and energy are obtained and

- K



**IMPROPER POTASSIUM
FERTILIZATION**

+ K



BALANCED NUTRITION

transported throughout a plant. Potassium also plays a vital role in starch formation, which explains its importance to carbohydrate-rich products such as sugar cane, sugar beets and some fruit trees.

Despite the fact that soil can have anywhere from 45 to 65 tons of potassium per hectare, 90 to 98% of this potassium is in a form called primary-mineral, which cannot be utilized by the plant. Between 1 and 10% is trapped in expandable clay structures and only slowly becomes usable. A mere 1 to 2% is dissolved in soil solution or absorbed in cation exchange sites where it can be used by plants.

For this reason, potassium must be applied in the quantity required by each plant, which may vary depending on the type of crop, the soil fertility conditions and the desired yield.

The following characteristics are signs of improper potassium fertilization:

- Marginal and tip leaf necrosis (brown coloration that resembles scorching), beginning with more mature leaves
- Weak stems that bend easily
- Small fruit or wrinkled seeds
- Slow growth

	He
F	Ne
Cl	Ar
Br	Kr
I	Xe
At	Rn
Uus	Uuo
Li	
Lu	

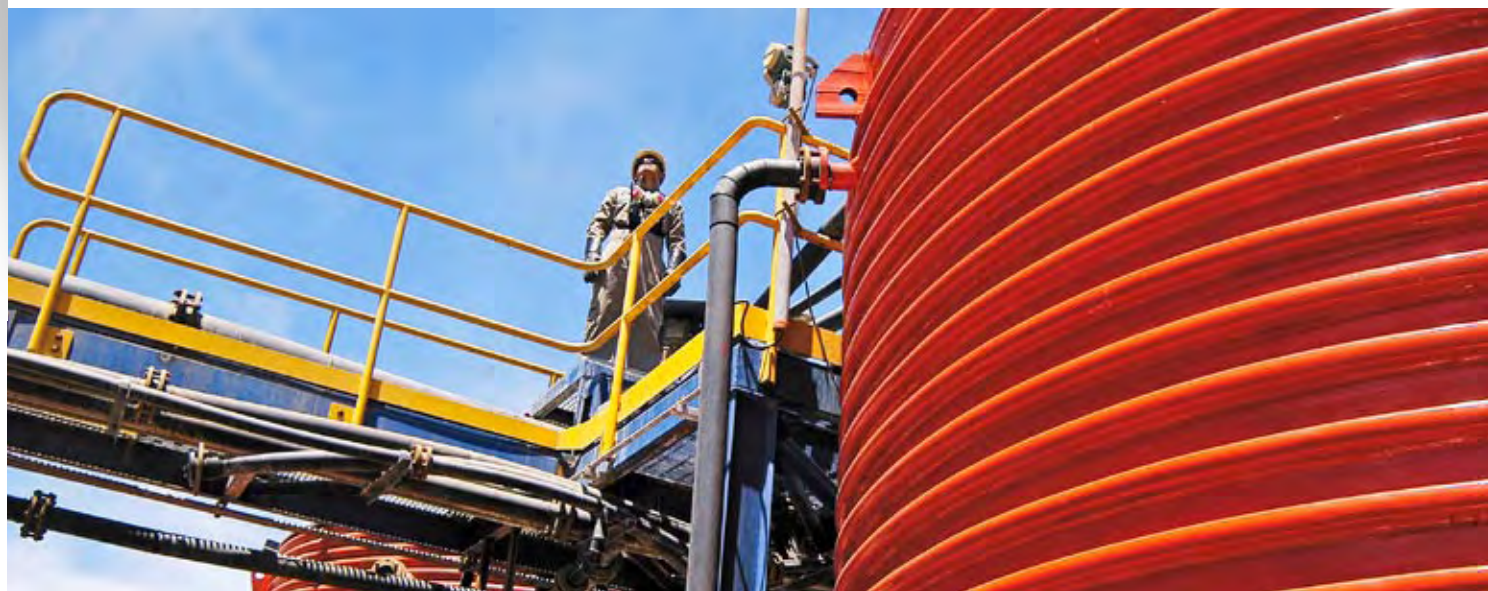




IODINE AND DERIVATIVES

ANNUAL REPORT SQM S.A. 2008

IODINE AND DERIVATIVES



SQM is the world's leading producer of iodine with market share close to 33%.

Iodine and iodine derivatives, one of SQM's three core business segments, accounted for approximately 14% of the Company's total sales in 2008.

Since 1990, SQM has participated in the iodine derivatives market through a joint venture with the U.S. company, Ajay Chemicals. With production plants in Chile, the U.S. and France, Ajay-SQM has become the world's chief producer and seller of iodine derivatives.

Principal Uses of Iodine

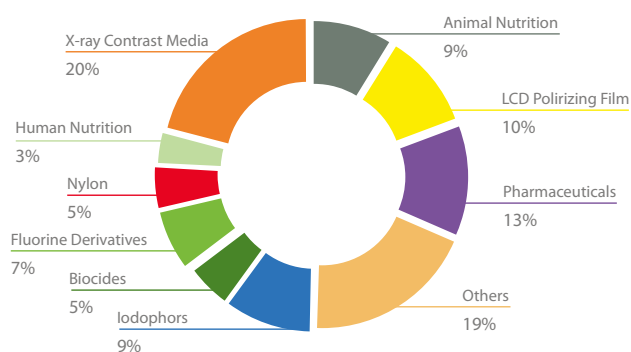
Health and Nutrition

Approximately 55% of the applications for iodine and its derivatives are related to human and animal health and nutrition.

The main use within the health segment is in X-ray contrast media, where iodine is used as an active ingredient in contrast media. Iodine is ideal for these uses due to its high atomic number that, upon entering the body, helps create contrasts between tissues, organs and blood vessels that have similar atomic numbers. Iodine consumption for this application grew between 4 and 5% in 2008.

Iodine is also one of the most potent disinfectants known. Iodized povidone, for example, is used as an an-

MAIN USES OF IODINE*



(*) SQM estimates as of December 31, 2008.

tiseptic because of its properties as a bactericide, fungicide and germicide. Iodine and iodine derivatives are also used to produce antibiotics and other drugs as well as medicines to treat arrhythmias. Applications for iodine and its derivatives in the pharmaceutical industry grew by approximately 3% in 2008.

It has been clinically established that every adult should have between 20 and 50 milligrams of iodine. This small quantity is essential as it allows for proper functioning of the thyroid gland. In order to ensure adequate intake, iodate and potassium iodide are added to salt for human consumption. For this application, growth of iodine use is quite stable and stems primarily from population growth and the incorporation of iodi-



ne into diets in developing countries. This application grew by nearly 1 to 2% in 2008.

Technological Applications

After contrast media, the second major use of iodine is in liquid crystal displays (LCD). In order to vary the amount of light emitted by fluorescent tubes in the LCD, the liquid crystal molecules must be oriented or polarized through a polarizing film. Iodine is an essential polarizing agent in the film's manufacturing process.

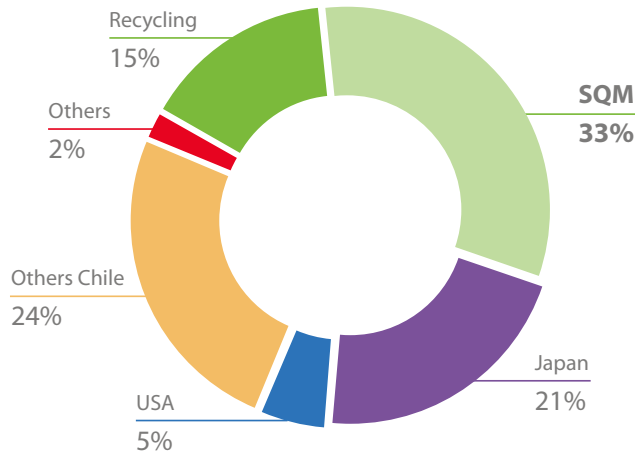
A significant increase in demand for computers, televisions and handheld devices (PDAs), among others, has strongly driven demand for LCD screens in the last few years. The use of iodine for this application grew by between 10 and 15% in 2008.

Industrial Applications

The numerous industrial applications for which iodine is used are quite diverse in nature. Some examples include disinfectants for the dairy industry, catalysts for organic synthesis, colorants, biocides for paints and wood treatment products and heat stabilizers (nylon), among

others. A biocide, for example, is any substance intended to destroy, counteract, neutralize or inhibit the action of any organism considered harmful to humans. In the case of heat stabilizers, such as nylon, iodine makes the fibers in tires and heating tubes resistant to high temperatures.

IODINE MARKET SHARE*



(*) SQM estimates as of December 31, 2008.

Evolution of Demand

In 2008, demand for iodine reached approximately 29,200 metric tons, representing growth of approximately 3 to 4% compared to 2007. In 2009, we expect demand to be impacted by the global economic crisis, principally in industries such as LCDs, biocides and nylon. However, applications related to nutrition and health should not be largely affected as they have historically been less sensitive to economic cycles.

In the last 8 years, worldwide demand for iodine has grown an average of 6 to 7% annually, which can be explained principally by developments in contrast media and the LCD industry. The contrast media industry, which represents close to 20% of demand for iodine has grown an average of 4 to 5% per year. The LCD industry has shown explosive growth in the last few years at an average of over 30% per year. Other uses of iodine related to nutrition and human and animal health, which have experienced growth of 1 to 2% per year, are expected to remain stable in the future.

Furthermore, new applications for iodine have recently been developed; one example is the use of me-

thyl iodide as a soil fumigant in the agrochemical sector. This new application, which replaces methyl bromide, does not damage the ozone layer and has interesting possibilities for future growth.

SQM's position as market leader in iodine and iodine derivatives involves continuous effort and commitment to our clients. Iodine production and logistics are certified under ISO 9001:2000, meeting the quality and service requirements of our clients, who participate in competitive market segments that are highly demanding.



The Importance of Iodine in Human Nutrition

Iodine is an essential element in the chemical structure of thyroid hormones. The thyroid is a butterfly-shaped gland at the front of the neck that produces two hormones, thyroxine (T4) and triiodothyronine (T3). Iodine deficiency is one of the most serious health problems for humans, affecting in particular women and children in underdeveloped countries. The damage caused by insufficient quantities of this essential micronutrient is immeasurable when compared to the small cost of supplying iodine.

Iodine deficiency is the most common cause of mental retardation and preventable brain damage and can also decrease child survival rates, impeding growth and development. Iodine deficiency in pregnant women is particularly complicated and can cause miscarriages and other complications.

Close to 38% of the world's population is estimated to live in areas at risk of developing some form of iodine deficiency disorder. This situation is particularly critical in India, where it is estimated that nearly 500 million people are affected by iodine deficiency. China and Kazakhstan, among other affected nations, have begun efforts to address the problem of iodine deficiency.

Effective and affordable technology exists to prevent iodine deficiency and the problems it causes. Given that humans consume small quantities of salt daily, salt is the ideal vehicle to offer the general population necessary quantities of micronutrients such as iodine. Salt iodization has been carried out successfully in various countries for more than 80 years.

Given the vital importance of iodine in the human diet, demand for this type of use is very stable over time. Iodine consumption for human nutrition applications is estimated to be close to 1000 metric tons per year.





LITHIUM AND DERIVATIVES

ANNUAL REPORT SQM S.A. 2008

LITHIUM AND DERIVATIVES



SQM began to produce lithium carbonate as a co-product of potassium chloride in 1996, and in a short time, SQM became the world's leading lithium producer with a market share of close to 30%. In 2008, the lithium business line represented 10% of SQM's total sales.

Principal Uses of Lithium

Lithium is a metal from the alkaline family whose main properties are:

- Lightest solid element at room temperature
- Low coefficient of thermal expansion
- High electrochemical potential

Given their versatility, lithium chemicals have a wide variety of applications.

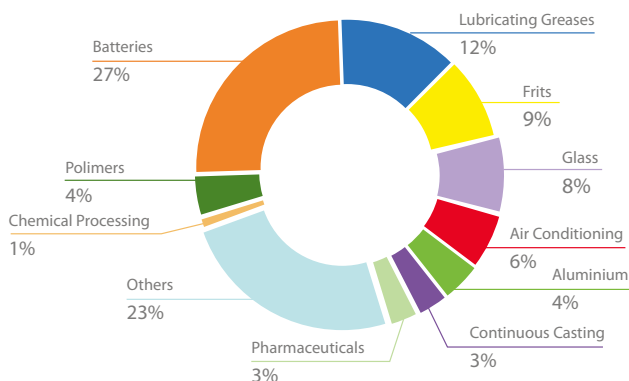
Because lithium is the lightest solid element at room temperature and it has a high electrochemical potential, lithium is the ideal cathode material for rechargeable batteries (lithium-ion) and anode material in primary, or non-rechargeable, batteries.

Around 27% of lithium is produced for batteries used in devices such as cellular phones, portable computers, digital cameras, handheld electronics (PDAs) and MP3s, among others.

In a solid state, lithium is the element with the greatest caloric capacity and therefore is utilized in applications that involve heat transfer, such as ceramic glass, an important component in kitchen stovetops. One of the main advantages of using lithium to manufacture this type of glass is that it improves its appearance, and lithium's high caloric capacity makes glass harder.

Having a low coefficient of thermal expansion makes lithium-containing glass and ceramic coatings (glazes)

MAIN USES OF LITHIUM*



(* SQM estimates as of December 31, 2008.



more resistant to high temperatures and sudden changes in temperature. In addition, adding lithium to glass gives the glass certain physical and mechanical properties such as hardness, shine and increased resistance to chemical agents, among others.

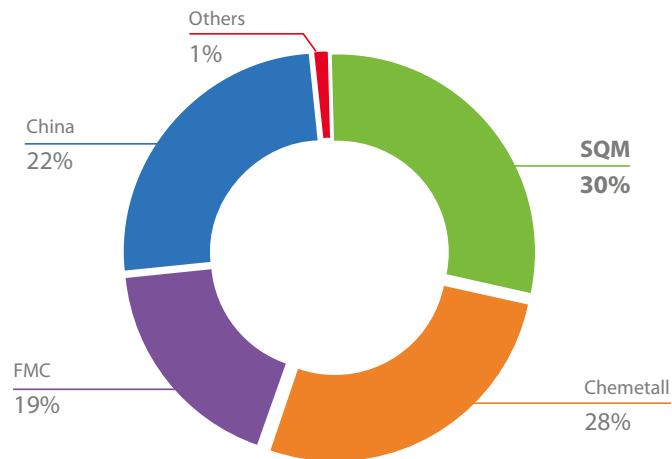
In the last few years, lithium use has experienced significant growth in the steel industry, particularly in continuous casting powder processes where lithium carbonate affords greater speed and fluidity in the molding process. Despite the fact that lithium demand for this application is strongly linked to economic cycles, this application grew between 4 and 5% in 2008.

Demand for lithium hydroxide grew by between 1 and 2% in 2008, resulting primarily from its use in batteries since the principal use for lithium hydroxide –in lubricating grease– showed no growth during the year as a result of the deceleration in the automotive industry that began during the second half of the year.

Lubricating grease represents approximately 75% of the total market for lithium hydroxide. In fact, estimates indicate that more than 70% of the lubricating greases produced in the world contain lithium.

A wide variety of organic and inorganic derivatives are produced from lithium carbonate, lithium hydroxi-

de and lithium chloride. These derivatives have various applications, mainly in the chemical and pharmaceutical industries. Over time, lithium derivatives have shown fairly stable growth rates which are expected to continue in the medium to long term, since these applications in general are very specific and not sensitive to economic cycles.

LITHIUM MARKET SHARE*

(*) SQM estimates as of December 31, 2008

Evolution of Demand

As a result of its outstanding product quality and ongoing development of new markets for lithium and its derivatives, SQM has a strong global presence in the lithium industry, which enables the Company to handle growth prospects and challenges that arise in the short, medium or long-term with an optimistic outlook.

In the last 10 years, global demand has grown an average of 7 to 8% annually, driven by the development of rechargeable batteries while the rest of the applications have also shown attractive growth rates. In fact, demand for lithium, excluding battery use, has grown around 5% per year.

In 2008, demand for lithium chemicals totaled approximately 92,000 metric tons in terms of lithium carbonate equivalent, representing close to 2% growth compared to 2007. This decrease in growth as compared to historical averages is a result of the economic deceleration that began during the second half of the year.

This negative trend is expected to continue during the first half of 2009, principally in applications used by the construction industry, such as glazes and glass. The market for batteries will also be affected by current eco-

nomical conditions, which have forced the battery industry to optimize inventory levels throughout its supply chain.

Throughout 2008, major global automotive companies continued to announce plans for new electric vehicles using Li-ion batteries as energy storage systems. These developments are in response to the worldwide need to reduce oil dependency and help reduce pollution from fossil fuels.

To meet growing global demand, SQM has assumed the role of leading lithium supplier, increasing its production capacity in response to market conditions, which in 2008 reached total capacity of 40,000 MT per year of lithium carbonate.



Electric Vehicles: A Closer Reality

The constant search for alternative energies and technologies to break our dependency on oil and the commitment made by many governments to drastically reduce CO₂ atmospheric emissions have driven many global players, both political and private, to pursue solutions to meet these objectives.

Currently the transportation sector accounts for 48% of global energy consumption from nonrenewable natural resources, with light-weight passenger vehicles representing 57% of consumption within this sector. These figures demonstrate that any savings made in this sector would have a significant impact on world demand for energy.

In late 2008, the European Union's Directorate-General for the Environment introduced new regulation on CO₂ emissions for light vehicles, setting a high standard for significant reductions starting in 2012 and achieving a 30% reduction (with respect to current levels) by 2020. The legislation establishes heavy fines for car manufacturers that fail to comply with each year's requirements. The United States has also set standards through the Corporate Average Fuel Economy (CAFE) regulations, which have been more flexible than those of the European Union. However, the new U.S. administration has recently taken a major interest in this issue and has announced implementation of more drastic measures in order to comply with today's more ambitious objectives.

Varied and diverse technologies to make engines more efficient and less polluting are being studied and developed. However, in the short to medium term, vehicles with both internal combustion and electric engines (hybrid vehicles or HEV) or that use solely electric engines (EV) are the most viable alternatives.

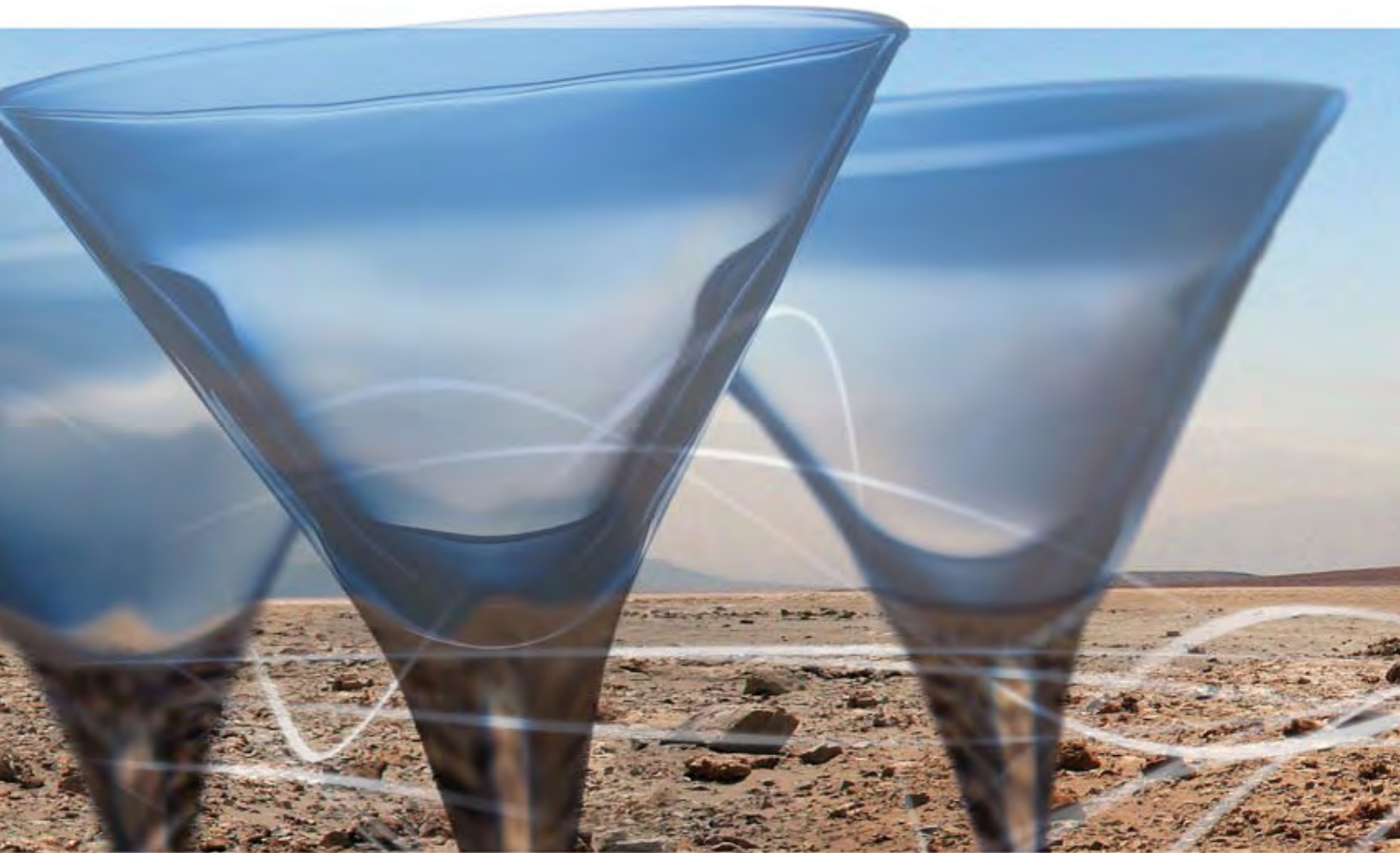
These vehicles require an energy storage device (i.e. a battery) to obtain reasonable autonomy. At present, Li-ion batteries are the best technology for these batteries.

The year 2008 was a year of announcements: Nissan-Renault which, together with the "Better Place" project for electric distribution, announced the availability of electric cars in different countries such as Israel and Denmark starting in 2011; and Mitsubishi's launch of the i-Miev, a compact vehicle operating solely with an electric motor, which the Company expects to sell outside of Japan starting in 2010.



Other companies joined these announcements, including the U.S. "Big 3", despite their current difficulties. Towards the end of 2009, General Motors expects to launch the Chevrolet Volt, a P-HEV vehicle, which is a hybrid vehicle with a Li-ion battery that can be recharged both while the internal combustion engine is running as well as by connecting to an external electricity source.

This new use for batteries promises interesting developments for lithium. SQM, through its reserves and production capacity, is one of the companies best prepared to take on the important challenge of providing the car industry with the lithium it needs.





INDUSTRIAL CHEMICALS

ANNUAL REPORT SQM S.A. **2008**

INDUSTRIAL CHEMICALS



Industrial chemicals are used as inputs in a great number of production processes. SQM entered the industrial chemicals business over 30 years ago producing sodium nitrate, potassium nitrate, boric acid and potassium chloride. These products make up 7% of the Company's consolidated revenues.

SQM began producing industrial nitrates in the 1970's with industrial-grade sodium nitrate as its first commercialized product. Later, in the 1980's, the Company expanded its portfolio to include technical-grade potassium nitrate. In efforts to expand even further, SQM subsequently built a boric acid plant in the 1990's and began producing industrial-grade potassium chloride at the beginning of the current decade.

Industrial Nitrates

Industrial nitrate sales represent 95% of total industrial chemical sales, and within this business line sodium nitrate and potassium nitrate lead sales. Industrial nitrates are obtained by refining nitrate fertilizers, eliminating elements that are beneficial for plant nutrition but are considered to be impurities for industrial use.

Sodium nitrate and potassium nitrate are used in a wide variety of applications including glass manufacturing, explosives for mining and civil works, metal treatment and recently as a renewable energy source. The broad range of uses combined with a customer base spread all over the world affords SQM considerable diversification in its sales.

SQM is the world's principal producer of industrial-grade sodium nitrate, with a global market share of close to 50% and four grades of purity (standard, industrial, technical, and refined). The Company also has a 28% market share in industrial-grade potassium nitrate, which is offered in three grades of purity (industrial, technical, and refined).

Sodium Nitrate

Sodium nitrate has diverse properties which enable it to be used in a wide variety of applications. Traditional uses include: glass production, in which sodium nitrate lowers the melting temperature and acts as a refining agent to oxidize organic matter; explosives, where it is used mainly in emulsion production providing oxygen as well as greater stability and useful life; water treatment, where it helps to prevent formation of odors in sewage; and charcoal briquettes, in which it is utilized as an additive providing oxygen and aiding in igniting and continuous burning.

Potassium Nitrate

Because potassium nitrate possesses properties similar to those of sodium nitrate, it is used in some of the same applications such as crystal and glass manufacturing. Other applications include glazes for ceramics—such as the enamel coatings for metal-cased refrigerators, dishwashers, and bathtubs, as well as the finish on ceramic tiles— and in the pyrotechnics industry where it acts as an oxidizing agent and gives fireworks their color and sound.



Solar Energy: Nitrate Salts

Along with its traditional uses, one of the more recent applications of sodium and potassium nitrate is as a means for storing thermal energy in solar energy plants. Solar energy is a renewable, green source of energy used more and more as method to reduce the effects of global warming.

Solar thermal energy plants differ from traditional solar energy plants by using a “battery” of nitrate salts to store heat generated from the sun. Solar thermal plants use large mirrors to reflect sunlight that heats, either directly or indirectly, a molten nitrate salt mixture composed of sodium and potassium nitrate. This mixture has a lengthy heating process, but at the same time, loses energy slowly, in effect storing energy from the sun as heat. Energy in the form of heat can be stored in the nitrate mixture for up to several days and can be released when needed, either immediately or on occasions when the sun is not shining. This new process enables the plant to continue producing electricity during more hours each day, improving its efficiency.

The use of solar energy helps to reduce the greenhouse effect produced by CO₂ emissions into the atmosphere. Industrial nitrate use in this application has the potential to play a key role in future growth of demand.

Other Industrial Chemicals

Aside from its industrial nitrate products, SQM offers other industrial chemicals such as boric acid and potassium chloride, which are extracted from the brines of the Salar de Atacama.

Boric acid’s high degree of purity with respect to other borates has enabled it to become an important input for a variety of industrial applications such as: glass, where it improves resistance to chemicals and heat; insulating materials made from wood pulp, in which it acts as a fire retardant; and also in LCD screen manufacturing, where it improves chemical resistance.

SQM supplies industrial-grade potassium chloride in two grades: standard and granular. One of this product’s chief applications is as a clay inhibitor in drilling fluids for oil wells, improving their stability. Potassium chloride is also used as a reagent in manufacturing potassium hydroxide and metallic potassium.

Demand Evolution

The global economic slowdown, observed with greater intensity in the second half of 2008, negatively affected the demand for industrial chemicals, mainly in those applications related to the construction industry—glass and ceramics.

For 2009, we expect the observed negative trend to continue in those applications that are more sensitive to economic cycles and in particular, in the construction industry. However, other applications such as charcoal briquettes and explosives are expected to remain stable.



POTASSIUM CHLORIDE
AND OTHER COMMODITY
FERTILIZERS

ANNUAL REPORT SQM S.A. 2008



Potassium Chloride

Potassium chloride is a naturally occurring chemical compound used in agriculture to supply plants with potassium, a crucial nutrient for healthy plant growth. Potassium is essential for regulating sugar levels, water balance and protein synthesis. Because soil naturally contains low levels of potassium and the roots of growing plants absorb potassium in large quantities, farmers must supplement soil with this essential nutrient.

Most of the potassium in soil (90-98%) is contained in crystalline mineral structures and networks. These forms constitute a long-term potassium reservoir but are not immediately available to the plant, therefore farmers must fertilize with potassium.

Intensive farming of crops such as wheat, corn and soybean require that potassium be replaced quickly to the soil. This high-speed replacement is achieved through periodic applications of fertilizers containing potassium, an irreplaceable element in the metabolic process, as well as an osmotic pressure regulator and an important factor in tissue growth.

Currently 95% of the potassium chloride produced globally is used in agriculture as fertilizer. Three countries –Canada, Russia and Belarus– produce two-thirds of the mineral, and the rest is produced among nine other countries, of which Chile and Brazil make up a small part. The United States, China, Brazil and India are the leading consumers; however, none of these countries is a major producer.

Other Commodity Fertilizers

SQM also participates in the commodity fertilizer market through its subsidiary Soquimich Comercial S.A. The fertilizers sold by this subsidiary include granular, water soluble and foliar products.

In the first quarter of 2008, there was a significant increase in fertilizer prices on a global level, due to an increase in demand from developing countries such as China, India and other Southeast Asian countries. The considerable growth in demand was related to food shortages and significant price increases in some crops.

In Chile, more than 85% of agricultural fertilizers are imported. Most of these fertilizers are commodities that trade in high volumes and follow international price trends. Fertilizer consumption in Chile is close to 1.1 million tons and represents 0.3% of fertilizer consumption worldwide, meaning that any change in the international market has repercussions in the local market.

In the second half of 2008, both grain prices and some commodity prices began to fall, which affected worldwide demand for fertilizers, and as a result, local consumption decreased. We expect the demand scenario to improve in the medium term given historically low levels of inventories of some main crops and a growing world population. These two factors will spark a rise in demand that will require farmers to increase their fertilizer use in order to balance inventory levels and maximize land use.

In order to meet the challenges that it faces daily, Soquimich Comercial has an inventory management policy that, along with its trade policy, allows it to mitigate business risk.





FINANCIAL ANALYSIS

FINANCIAL ANALYSIS

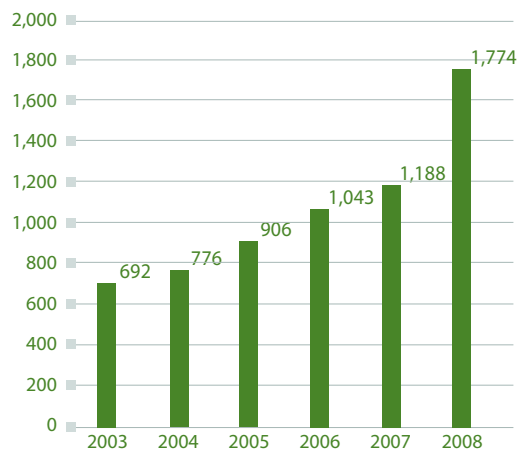


SQM recorded net income for the year 2008 of US\$501.4 million, an increase of 179% over the US\$180.0 million recorded in 2007. Net income per ADR reached US\$1.91 in 2008 compared to the US\$0.68 per ADR in 2007.

SQM's revenues in 2008 totaled US\$1.77 billion, representing 49% growth over the previous year. This increase was driven principally by more favorable pricing conditions in the Company's Specialty Plant Nutrition business line and by higher sales volumes in Iodine and Derivatives. Sales volumes and pricing conditions for Lithium and Derivatives fell slightly year over year.

The positive trend observed in revenues enabled the Company to achieve a 144% increase in operating income, reaching US\$632.2 million in 2008 compared to US\$259.5 million seen in 2007.

Revenues
(MMUS\$)

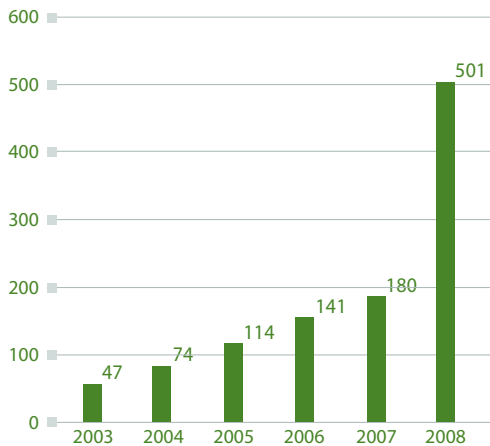




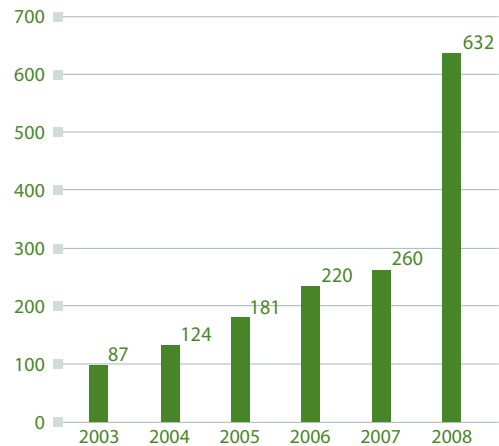
Ricardo Ramos
Chief Financial Officer and Business Development
Senior Vice President

Following the positive trend seen in the last years SQM reported a significant increase in its 2008 results. These results benefited from better pricing conditions for potassium-based fertilizers and higher iodine volumes but were slightly offset due to higher production costs, namely the depreciating U.S. dollar and higher energy costs during the first nine months of 2008. Maintaining the positive trend in results for 2009, under the current market conditions, is an important challenge for SQM. Our objective is to streamline our production and sales processes in order to continuously improve operating efficiencies so that we may successfully continue on the path we have set forth for the Company.

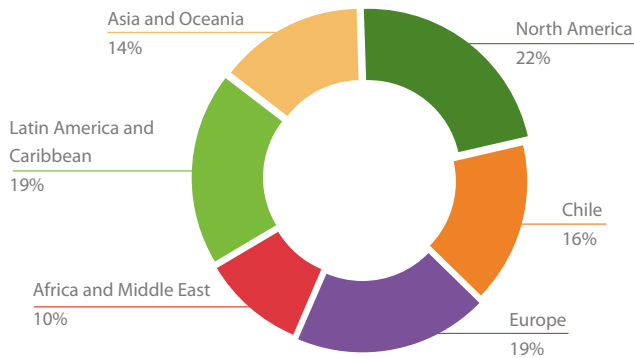
Net Income
 (MMUS\$)



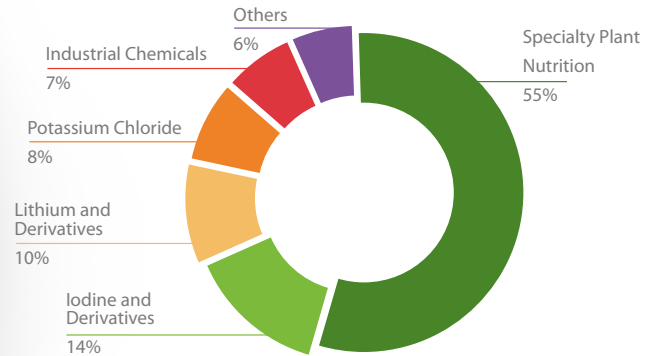
Operating Income
 (MMUS\$)



2008 SALES BY GEOGRAPHICAL REGION



2008 SALES BY BUSINESS SEGMENT



Specialty Plant Nutrition

During 2008, revenues in the Specialty Plant Nutrition Business line reached US\$978.9 million, 69% higher than the US\$580.8 million registered the previous year.

Revenue growth in 2008 was due to a sustained increase in prices for this business line, which more than offset a decline in sales volumes. On average, prices in 2008 for this segment increased approximately 116% with respect to 2007. This increase can be explained by a generalized increase in prices for potassium-related fertilizers; furthermore, the specialized nature of this business line continues to command higher prices for our specialty plant nutrition products.

In general, demand for SPN across our main markets fell year over year as farmers were mainly affected by tight credit conditions generated by the financial crisis

and were forced to delay some purchases. SQM feels, however, that this decline in demand is not sustainable given that specialty crop producers must fertilize to maximize yields and continue to provide export-quality products in order to maintain margins.

Although we face challenging global economic circumstances which resulted in lower volumes in 2008, we believe that the underlying fundamentals of our Specialty Plant Nutrition business, namely tight supply conditions and expected recovery in demand, remain solid. Given these strong fundamentals, we expect demand and sales volumes during the second half of 2009 to recover significantly compared to the first half of the year. In terms of pricing, we anticipate stable prices in 2009 compared to average prices in 2008.

Specialty Plant Nutrition Volumes and Revenues:

		2008	2007	Δ
Sodium nitrate	Th. MT	22.8	45.9	-50%
Potassium nitrate and sodium potassium nitrate	Th. MT	538.2	695.3	-23%
Specialty blends	Th. MT	205.9	261.5	-21%
Other non-SQM specialty plant nutrients (*)	Th. MT	103.1	117.1	-12%
Potassium sulfate	Th. MT	138.3	172.0	-20%
Specialty Plant Nutrition Revenues	MUS\$	978.9	580.8	69%

*Trading of other specialty fertilizers.





Iodine and Derivatives

Iodine and derivatives revenues for full-year 2008 amounted to US\$246.9 million, 15% higher than the US\$215.1 million recorded for 2007.

Results in this business line were mainly driven by an increase in volumes, which were influenced by market growth and by SQM's ability to capture market share. The tightness in the market prompted SQM to announce in the fourth quarter a price increase of approximately 25% which should have a positive impact on revenues going forward. Additionally, this price increase will help finance the expansion of iodine production.

During the first half of 2008, core demand growth in the iodine market was sustained by demand for polarizing film in liquid crystal displays (LCDs), x-ray contrast

media for diagnostic imaging and animal feed and human nutrition applications. In the second half of 2008, demand for iodine salts used in LCDs and nylon applications for the automotive industry began to decline.

For the first half of 2009, we expect iodine volumes to be lower with respect to the same period in 2008, following the trend observed in the fourth quarter. However, average prices for this business line should be higher than average prices seen in 2008 as we begin to implement the recently announced price increase. Demand in this business line should normalize by the second half of 2009 sustained by core applications such as health and nutritional uses that make up approximately 55% of applications.

Iodine and Derivatives Volumes and Revenues:

		2008	2007	Δ
Iodine and derivatives	Th. MT	10.5	9.1	15%
Iodine and derivatives revenues	MUS\$	246.9	215.1	15%



Lithium and Derivatives

In 2008, revenues in this segment reached US\$172.3 million, 4% lower than the US\$179.8 million registered in 2007.

As expected, lithium prices and sales volumes for 2008 were slightly lower compared to the previous year due to the global economic slowdown. Many applications for lithium are related to the construction industry, which contracted significantly during recent periods affecting our sales volumes in the last part of 2008.

In 2009, we expect lithium volumes to be lower with respect to the previous year. We anticipate a weak first quarter driven by the slowdown in the construction in-

dustry and in the battery market. On the positive side, the car companies Mitsubishi and Nissan-Renault announced in 2008 plans to introduce hybrid cars powered by lithium-ion batteries sometime in 2010; these announcements are in addition to those made by other car manufacturers in previous years. We expect to start seeing relevant volumes for this new application within 2 to 3 years.

Another important factor to consider in this market is that the previously announced new capacity from Chinese suppliers in the lithium market did not reach anticipated levels.

Lithium and Derivatives Volumes and Revenues:

		2008	2007	Δ
Lithium and derivatives	Th. MT	27.9	28.6	-2%
Lithium and derivatives revenues	MUS\$	172.3	179.8	-4%

Potassium Chloride

Potassium chloride revenues grew 173% in 2008, reaching US\$140.0 million, compared to US\$51 million in 2007.

The considerable increase in year over year potassium chloride revenues was a result of a substantial increase in prices. Because our relatively small size in this market allows us more flexibility in allocating product, SQM was not impacted by lower demand in the fourth quarter despite the prevailing economic situation.

The underlying demand fundamentals in this market are strong given that the market will ultimately be driven by historically low food inventories and a growing global population. Therefore, we anticipate that demand will rebound during the second quarter, and so we will continue our expansion plans in this business line as previously outlined. Sales of potassium chloride are expected to double in 2009 with a significant impact on projected margins for the year.

Potassium Chloride Volumes and Revenues:

		2008	2007	Δ
Potassium chloride	Th. MT	185.6	179.0	4%
Potassium chloride revenues	MUS\$	140.0	51.3	173%

Industrial Chemicals

Revenues in 2008 totaled US\$123.6 million, an increase of 52% with respect to the 2007 figure of US\$81.2 million.

Results in this business line increased in 2008 largely as a consequence of rising prices, which on average were approximately 66% higher than full-year 2007 prices. As a result of the global economic circumstances, sales volumes for industrial nitrates declined approximately 8% with respect to 2007, with a pronounced drop in the fourth quarter. We anticipate that sales volumes in the

first part of 2009 will continue to be under pressure until the world economic trend reverts.

Growing demand for industrial-grade sodium nitrate to be used in solar energy plants should continue as environmental policies in some countries begin to require the use of renewable energy sources. Additional volumes in 2009 generated by this new application will partly offset the decrease in demand for traditional applications such as construction.

Industrial Chemicals Volumes and Revenues:

		2008	2007	Δ
Industrial nitrates	Th. MT	161.9	175.2	-8%
Boric acid	Th. MT	7.2	9.2	-22%
Industrial chemicals revenues	MUS\$	123.6	81.2	52%



Other Commodity Fertilizers

Revenues from sales of other commodity fertilizers increased from US\$79.4 million in 2007 to US\$112.3 million in 2008. The growth in revenues can be explained by better pricing conditions. SQM posted losses during the fourth quarter for inventories of nitrogen and phosphate fertilizers related to trading activities; these inventories were acquired in previous periods but were negatively impacted by the declining price scenario in the last part of 2008.

Sales and Administrative Expenses

Selling and administrative expenses totaled US\$85.7 million (4.8% of revenues) for the full year, compared to the US\$70.3 million (5.9% of revenues) recorded during full-year 2007.

Operating Costs

Operating costs increased in the first three quarters of 2008 due to the appreciation of the Chilean peso and higher costs of oil and raw materials. However, in the second half of 2008, the US dollar began to strengthen against the Chilean peso, alleviating peso-denominated costs and reversing the rising cost trend that had prevailed in previous years. Furthermore, freight rates, oil prices and the cost of raw materials began to fall during the second semester. These lower cost levels combined with increased production efficiency should lower operating costs further in 2009.

Non-Operating Income

The Company recorded a non-operating loss of US\$19.3 million for 2008 which is lower than the US\$27.1 million loss recorded for full-year 2007. The decrease in the non-operating loss was mainly explained by higher financial income, which increased from US\$9.3 million in 2007 to US\$13.9 million in 2008, and relatively flat financial expenses.

Financial Debt

SQM took on the following long-term debt to fund its capital expenditures program and to refinance short- and long-term financial obligations:

- December 2008: SQM's subsidiary SQM Investment Corp. signed a 2-year bullet loan agreement for US\$50 million with semiannual interest payments and an annual rate of Libor + 1.5%.
- January 2009: SQM issued two series of bonds in the Chilean market for a total of US\$173 million. The series H bond is 4 million UF's (Chilean inflation-adjusted currency, equivalent to approximately US\$139 million) for 21 years with a 10-year grace period at a re-offer yield of 5.05% in UF's. The series G bond is a 5-year bullet bond for Ch\$21 billion (approximately US\$34 million) at re-offer yield of 7.5% in Chilean pesos.

As of December 31, 2008, net financial debt⁽¹⁾ was US\$333.8 million, similar to the year-ago figure of US\$333.9 million. Net financial debt/EBITDA was 0.45x as of December 31, 2008.

⁽¹⁾ Net financial debt is financial debt minus cash and cash equivalents.



Capex

In 2008, SQM invested approximately US\$287 million as part of its Three-Year Investment Plan, which includes close to US\$1.0 billion in investments between 2008 and 2010. This plan aims to increase production capacity of all business lines, with a special focus on potassium products as they contribute significantly to the Company's margins. In addition, part of this investment plan is intended to modernize production processes in order to improve SQM's operating efficiency.

Major projects included in this plan are:

- Capacity expansion of our lithium carbonate plant from 30,000 to 40,000 metric tons. This project was completed in the third quarter of 2008.
- Construction of a potassium nitrate plant in Coya Sur. This project was initiated in the second half of 2008 and aims to increase SQM's capacity by 300,000 metric tons by the second half of 2010.
- Capacity increases in the Salar de Atacama. The most important project is the increase in production capacity for potassium-based products. Currently, total capacity for potassium chloride and potassium sulfate is approximately 860,000 metric tons, and SQM expects to increase total capacity for these two products to approximately 1.2 million metric tons by 2011.
- Increased capacity for iodine and nitrates. The Company will invest in capacity increases for iodine and nitrates at its Nueva Victoria and Pampa Blanca facilities over the next four years. These investments will generate increases of close to 25%

in installed capacity for iodine and nitrates, which should be operational towards the end of 2012.

- Additional projects. In order to improve productivity and infrastructure, the Company is implementing new projects such as improvements to its rail system, construction of a new camp at María Elena and various investments in its production facilities including maintenance capex for the three-year period.

The plans referred to above may be modified to reflect changes in market conditions affecting the Company's products. Furthermore, increases in costs of raw materials and spare parts could affect the investment amounts needed to carry out scheduled projects. The amounts announced in SQM's Investment Plan do not include any acquisitions or joint ventures that the Company could potentially undertake in the future.





CONSOLIDATED
FINANCIAL
STATEMENTS

ANNUAL REPORT SQM S.A. 2008

REPORT OF INDEPENDENT AUDITORS

(Translation of the report originally issued in Spanish)



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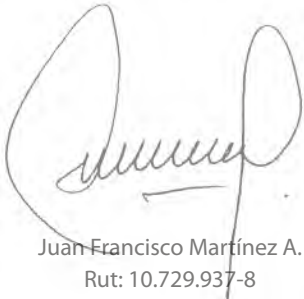
Tel: (56 2) 676 1000
Fax: (56 2) 676 1010
Casilla 2823

To the Shareholders and Directors of
Sociedad Química y Minera de Chile S.A.:

We have audited the accompanying consolidated balance sheets of Sociedad Química y Minera de Chile S.A. and subsidiaries ("the Company" or "SQM S.A.") as of December 31, 2008 and 2007, and the related consolidated statements of income and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sociedad Química y Minera de Chile S.A. and subsidiaries as of December 31, 2008 and 2007 and the results of its operations and cash flows for the years then ended, in accordance with generally accepted accounting principles in Chile and standards set forth by the Superintendency of Securities and Insurance.



Juan Francisco Martínez A.
Rut: 10.729.937-8



ERNST & YOUNG LTDA.
Rut: 77.802.430-6

Santiago, February 24, 2009

CONSOLIDATED BALANCE SHEETS

	Note	As of December 31,	
		2008 ThUS\$	2007 ThUS\$
ASSETS			
Current assets			
Cash		21,618	18,236
Time deposits	32	136,613	85,523
Marketable securities	4	165,689	60,453
Accounts receivable, net	5	328,041	249,718
Other accounts receivable, net	5	6,743	6,249
Accounts receivable from related companies	6	51,027	35,767
Inventories, net	7	540,727	387,768
Recoverable taxes		37,081	31,322
Prepaid expenses		5,490	4,197
Deferred taxes	8	34,802	–
Other current assets		11,583	24,721
Total current assets		1,339,414	903,954
Property, plant and equipment, net	9	1,119,920	983,449
Other assets			
Investments in related companies	10	36,951	23,935
Goodwill, net	11	31,901	34,236
Negative goodwill, net	11	(1,279)	(1,291)
Long-term accounts receivable, net	5	767	604
Long-term accounts receivable from related companies	6	2,000	2,000
Intangible assets, net		3,115	3,814
Other long-term assets	12	34,426	35,618
Total other assets		107,881	98,916
TOTAL ASSETS		2,567,215	1,986,319

CONSOLIDATED BALANCE SHEETS

	Note	As of December 31,	
		2008	2007
LIABILITIES AND SHAREHOLDERS' EQUITY		ThUS\$	ThUS\$
Current liabilities			
Short-term bank debt	13	133,355	1,807
Current portion of long-term debt	14	451	801
Current portion of bonds payable	15	7,929	8,868
Dividends payable		656	531
Accounts payable		109,763	103,922
Other accounts payable		357	1,820
Notes and accounts payable to related companies	6	178	1,987
Accrued liabilities	16	30,414	22,314
Withholdings		32,252	22,931
Income taxes		89,186	9,514
Deferred income	31	31,722	10,858
Deferred income taxes	08	-	6,214
Other current liabilities		9,643	855
Total current liabilities		445,906	192,422
Long-term liabilities			
Long-term bank debt	14	230,000	180,000
Long-term obligations with the public (bonds)	15	285,940	306,651
Other accounts payable		397	731
Deferred income taxes	8	57,485	55,409
Long-term accrued liabilities	16-17	37,310	22,671
Total long-term liabilities		611,132	565,462
Minority interest	18	47,069	45,999
Shareholders' equity			
Paid-in capital	19	477,386	477,386
Other reserves	19	159,721	163,442
Retained earnings	19	826,001	541,608
Total shareholders' equity		1,463,108	1,182,436
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,567,215	1,986,319

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

CONSOLIDATED STATEMENTS OF INCOME

	Note	For the years ended December 31,	
		2008	2007
		ThUS\$	ThUS\$
OPERATING RESULTS			
Sales		1,774,119	1,187,527
Cost of sales		(1,056,254)	(857,765)
Gross margin		717,865	329,762
Selling and administrative expenses		(85,709)	(70,273)
Operating income		632,156	259,489
Non-operating results			
Non-operating income	20	40,590	25,948
Non-operating expenses	20	(59,896)	(53,032)
Non-operating loss		(19,306)	(27,084)
Income before income taxes		612,850	232,405
Income tax expense	8	(107,951)	(48,592)
Income before minority interest		504,899	183,813
Minority interest	18	(3,492)	(3,792)
Net income before negative goodwill		501,407	180,021
NET INCOME FOR THE YEAR		501,407	180,021

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended December 31		
	Notes	2008 ThUS\$	2007 ThUS\$
Cash flows from operating activities			
Net income for the year		501,407	180,021
Proceeds from sale of assets		(4,180)	(1,229)
(Profit) loss on sales of assets		(2,793)	87
Loss from sale of investments		(1,387)	(1,316)
Charges (credits) to income not representing cash flows		360,744	235,405
Depreciation expense	9	110,575	97,826
Amortization of intangible assets		698	712
Write-offs and accruals		44,710	34,063
Gain on equity investments in related companies		(14,358)	(3,643)
Loss on equity investments in related companies		-	77
Amortization of goodwill	11	2,215	2,252
Other credits to income not representing cash flows		(4,979)	(1,745)
Other charges to income not representing cash flows		205,986	108,075
Foreign exchange difference, net	20	15,897	(2,212)
Net changes in operating assets and liabilities (increase) decrease:		(376,206)	(67,250)
Trade accounts receivable		(184,713)	(25,830)
Inventories		(193,469)	(34,983)
Other assets		1,976	(6,437)
Changes in liabilities which affect cash flows - increase (decrease)		(27,943)	(39,445)
Accounts payable		61,156	(4,000)
Interest payable		1,729	582
Net income taxes payable		(42,073)	(23,541)
Other accounts payable		(15,147)	(2,760)
Vat and taxes payable		(33,608)	(9,726)
Minority interest	18	3,492	3,792
Net cash provided from operating activities		457,314	311,294
Cash flows from financing activities			
Proceeds from short term bank financing		280,000	-
Payment of dividends		(212,831)	(94,910)
Repayment of bank financing		(100,000)	(57,089)
Payment of obligations with the public		(5,573)	(5,131)
Net cash used in financing activities		(38,404)	(157,130)
Cash flows from investing activities			
Sales of property, plant and equipment		25,969	2,498
Sales of permanent investments		1,688	1,478
Other investing income	23	721	399
Additions to property, plant and equipment		(275,893)	(165,640)
Capitalized interest		(10,723)	(12,388)
Investments in financial instruments		(20,121)	-
Other disbursements		(448)	(513)
Net cash used in investing activities		(278,807)	(174,166)
Effect of inflation on cash and cash equivalents		(516)	
Net change in cash and cash equivalents		139,587	(19,730)
Beginning balance of cash and cash equivalents		164,212	183,942
ENDING BALANCE OF CASH AND CASH EQUIVALENTS		303,799	164,212

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. COMPANY BACKGROUND

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

The following subsidiary is registered with the SVS:

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Period

These consolidated financial statements have been prepared as of December 31, 2008 and 2007 and for the years then ended.

b) Basis for the Preparation of the Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in U.S. dollars in accordance with generally accepted accounting principles 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 collectively 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.

c) Reporting Currency

The consolidated 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.

d) Reclassifications

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

e) Basis for the Consolidation

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:

Foreign subsidiaries	Direct or indirect ownership	
	2008	2007
	%	%
NITRATOS NATURAIS DO CHILE LTDA.	100,0000	100,0000
NITRATE CORPORATION OF CHILE LTD.	100,0000	100,0000
SQM NORTH AMERICA CORP.	100,0000	100,0000
SQM EUROPE N.V.	100,0000	100,0000
SOQUIMICH S.R.L. ARGENTINA	100,0000	100,0000
SOQUIMICH EUROPEAN HOLDING B.V.	100,0000	100,0000
SQM CORPORATION N.V.	100,0000	100,0000
SQI CORPORATION N.V.	100,0000	100,0000
SQM COMERCIAL DE MEXICO S.A. DE C.V.	100,0000	100,0000
NORTH AMERICAN TRADING COMPANY	100,0000	100,0000
ADMINISTRACION Y SERVICIOS SANTIAGO S.A. DE C.V.	100,0000	100,0000
SQM PERU S.A.	100,0000	100,0000
SQM ECUADOR S.A.	100,0000	100,0000
SQM NITRATOS MEXICO S.A. DE C.V.	51,0000	51,0000
SQMC HOLDING CORPORATION L.L.P.	100,0000	100,0000
SQM INVESTMENT CORPORATION N.V.	100,0000	100,0000
SQM BRASIL LIMITADA	100,0000	100,0000
SQM FRANCE S.A.	100,0000	100,0000
SQM JAPAN CO. LTD.	100,0000	100,0000
ROYAL SEED TRADING CORPORATION A.V.V.	100,0000	100,0000
SQM OCEANIA PTY LIMITED	100,0000	100,0000
RS AGRO-CHEMICAL TRADING A.V.V.	100,0000	100,0000
SQM INDONESIA	80,0000	80,0000
SQM VIRGINIA L.L.C.	100,0000	100,0000
AGRICOLIMA S.A. DE C.V.	0,0000	100,0000
SQM VENEZUELA S.A.	100,0000	100,0000
SQM ITALIA SRL	100,0000	100,0000
COMERCIAL CAIMAN INTERNACIONAL S.A.	100,0000	100,0000
SQM AFRICA PTY.	100,0000	100,0000
SQM LITHIUM SPECIALTIES LLP	100,0000	100,0000
SQM DUBAI – FZCO	100,0000	100,0000
FERTILIZANTES NATURALES S.A.	66,6700	66,6700
IODINE MINERA B.V.	100,0000	100,0000

Domestic subsidiaries	Direct or indirect ownership	
	2008	2007
	%	%
COMERCIAL HYDRO S.A.	60,6382	60,6382
SQM POTASIO S.A.	99,9974	99,9974
SQM NITRATOS S.A.	100,0000	100,0000
AJAY SQM CHILE S.A.	51,0000	51,0000
SQMC INTERNACIONAL LTDA.	60,6382	60,6382
SQM INDUSTRIAL S.A.	100,0000	100,0000
ISAPRE NORTE GRANDE LTDA.	100,0000	100,0000
ALMACENES Y DEPOSITOS LTDA.	100,0000	100,0000
SERV. INTEGRALES DE TRANSITO Y TRANSF. S.A.	100,0000	100,0000
SOQUIMICH COMERCIAL S.A.	60,6383	60,6383
SQM SALAR S.A.	100,0000	100,0000
MINERA NUEVA VICTORIA S.A.	100,0000	100,0000
PROINSA LTDA.	60,5800	60,5800
SOCIEDAD PRESTADORA DE SERVICIOS DE SALUD CRUZ DEL NORTE S.A	100,0000	100,0000
EXPLORACIONES MINERAS S.A.	100,0000	100,0000

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

f) Price - Level Restatement

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

The financial statements of domestic subsidiaries that maintain their accounting records in Chilean pesos have been restated to reflect the effects of variations in the purchasing power of Chilean pesos during the year. For this purpose, and in accordance with Chilean regulations, non-monetary assets and liabilities, equity and income statement accounts have been restated in terms of year-end constant pesos based on the change in the consumer price index during the year (8.9% and 7.4% 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 consolidated 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.

g) Foreign Currency

i) Foreign Currency Transactions

Monetary assets and liabilities denominated in Chilean pesos and other currencies have been translated to U.S. dollars at the observed exchange rates determined by the Central Bank of Chile in effect at each year-end of Ch\$ 636.45 per US\$ 1 at December 31, 2008 and Ch\$ 496.89 per US\$ 1 at December 31, 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 and 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.

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.

Foreign exchange differences for the years ended December 31, 2008 and 2007 generated net earnings (loss) of ThUS\$ (15,897) and ThUS\$ 2,212 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 December 31, as follows:

	2008	2007
	US\$	US\$
Brazilian Real	2.34	1.77
New Peruvian Sol	3.14	2.99
Argentine Peso	3.47	3.15
Japanese Yen	91.03	114.15
Euro	0.72	0.68
Mexican Peso	13.77	10.90
Australian Dollar	1.45	1.15
Pound Sterling	0.67	0.49
Ecuadorian Sucre	1.00	1.00
South African Rand	9.28	6.81

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.

h) Time Deposits

Time deposits are recorded at cost plus accrued interest.

i) Marketable Securities

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

j) 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, humidity, and others).

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

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

k) Allowance for Doubtful Accounts

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

l) Property, Plant and Equipment

Property, plant, equipment and property rights are recorded at acquisition cost, considering in general an average residual value of 5%, except for certain assets that were restated in accordance with a technical appraisal in 1989.

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

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

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

m) Fixed Asset Depreciation

Depreciation for the period is calculated according to the straight-line method based on the remaining technical useful lives of assets, estimated by Management.

n) Assets acquired through Financial Lease

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

o) Intangible Assets

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

p) Mining Development Cost

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

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

q) Investments in Related Companies

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

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

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

r) Goodwill and Negative Goodwill

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

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

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

s) Saleback Operations

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

t) Income Taxes and Deferred Income Taxes

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

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

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

Beginning January 1, 2000, the Company records deferred income taxes in accordance with Technical Bulletin Nos. 60, 69, 71 and 73 of the Chilean Association of Accountants, and with Circular No. 1,466 issued on January 27, 2000 by the SVS, recognizing the deferred tax effects of temporary differences between the financial and tax values of assets and liabilities, using the liability method. The effect of the temporary differences at March 31, 1999 were recorded in complementary asset and liability accounts, which are recognized in the statement of operations over the estimated period in which they reverse.

u) Accrued Employee Severance

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

v) Revenue Recognition

Operating revenues are recognized on the date of physical delivery of the products, in accordance with the conditions of the sale, in conformity with Technical Bulletin No. 70 of the Chilean Association of Accountants.

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

w) Derivative Contracts

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

x) Computer Software

Computational systems developed internally using the Company's personnel and materials are charged to income during the year in which the expenses are incurred. In accordance with Circular No. 1,819 dated November 14, 2006 of the SVS, computer systems acquired by the Company are recorded at cost.

y) Research and Development Expenses

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

z) Cash and Cash Equivalents

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

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

aa) Vacations

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

ab) Obligations with the Public (Bonds Payable)

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

ac) Provisions for Mine Closure Costs

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

ad) Deferred Income

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

ae) Employee Benefits

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

NOTE 3. CHANGES IN ACCOUNTING PRINCIPLES

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

During the period ended December 31, 2008, there were no other changes in the application of Chilean GAAP compared to the prior year, which could significantly affect the interpretation of these consolidated financial statements.

NOTE 4. MARKETABLE SECURITIES

As of December 31 marketable securities are detailed as follows:

	2008	2007
	ThUS\$	ThUS\$
Mutual funds	165,689	60,453
TOTAL	165,689	60,453

Mutual funds relate to investments made in 'Citifunds Institutional Liquid Reserve Limited' for ThUS\$ 56,384 (ThUS\$ 57,343 in 2007), in 'Merrill Lynch Institutional Liquidity Fund' for ThUS\$ 55,760, (ThUS\$ 3,110 in 2007) and in JPM USDollar Money Market Fund ThUS\$ 53.545.

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

NOTE 5. SHORT-TERM AND LONG-TERM ACCOUNTS RECEIVABLE

Short term and long-term accounts receivable and other accounts receivable as of December 31 are detailed as follows:

	Up to 90 days		Between 90 days and 1 year		Total short-term (net)	
	2008	2007	2008	2007	2008	2007
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Short-term						
Trade accounts receivable	190,398	143,503	88,698	52,444	279,096	195,947
Allowance for doubtful accounts					(8,935)	(6,203)
Notes receivable	43,060	43,784	17,773	19,459	60,833	63,243
Allowance for doubtful accounts					(2,953)	(3,269)
ACCOUNTS RECEIVABLE, NET					328,041	249,718
Other accounts receivable	7,822	7,355	312	71	8,134	7,426
Allowance for doubtful accounts					(1,391)	(1,177)
OTHER ACCOUNTS RECEIVABLE, NET					6,743	6,249
LONG-TERM RECEIVABLES					767	604

b) Consolidated Short-term and Long-Term Receivables – by Geographic Location

	Latin America and the Caribbean		Asia and Oceania		Chile		Europe		North America, Mexico and Canada		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Total short and long-term accounts receivable, net												
Balance	77,530	21,194	23,751	10,481	108,416	127,114	84,637	68,637	41,217	29,145	335,551	256,571
% Of total.	23.11%	8.26%	7.08%	4.09%	32.31%	49.54%	25.22%	26.75%	12.28%	11.39%	100.00%	100.00%
Short-term accounts receivable, net												
Sub total short-term	77,530	21,194	23,751	10,481	107,649	126,510	84,637	68,637	41,217	29,145	334,784	255,967
% Of total.	23.16%	8.28%	7.09%	4.09%	32.15%	49.42%	25.28%	26.82%	12.32%	11.39%	100.00%	100.00%
Net short-term trade accounts receivable												
Balance	75,653	15,596	23,602	9,832	48,848	69,421	84,375	66,599	37,683	28,296	270,161	189,744
% Of total.	28.00%	8.22%	8.74%	5.18%	18.08%	36.59%	31.23%	35.10%	13.95%	14.91%	100.00%	100.00%
Net short-term notes receivable												
Balance	1,706	4,950	0	490	56,174	53,713	0	429	0	392	57,880	59,974
% Of total.	2.95%	8.25%	0.00%	0.82%	97.05%	89.56%	0.00%	0.72%	0.00%	0.65%	100.00%	100.00%
Net short-term other account receivable												
Balance	171	648	149	159	2,627	3,376	262	1,609	3,534	457	6,743	6,249
% Of total.	2.53%	10.37%	2.21%	2.54%	38.96%	54.03%	3.89%	25.75%	52.41%	7.31%	100.00%	100.00%
Long-term accounts receivable, net												
Balance	0	0	0	0	767	604	0	0	0	0	767	604
% Of total.	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%

NOTE 6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

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

a) Amounts included in balances with related parties as of December 31, 2008 and 2007 are as follows:

	Short-term		Long-term	
	2008	2007	2008	2007
Accounts receivable	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sales de Magnesio Ltda.	143	103	-	-
Soc. Inv. Pampa Calichera S.A.	8	8	-	-
Inversiones PCS Chile S.A.	-	17	-	-
Doktor Tarsa Tarim Sanayi AS	13,641	4,349	-	-
Nutrisi Holding N.V.	1,702	1,800	-	-
Ajay Europe S.A.R.L.	4,061	6,838	-	-
Ajay North America LLC	2,520	2,706	-	-
Abu Dhabi Fertilizer Industries WWL	6,579	3,622	2,000	2,000
NU3 B.V.	772	720	-	-
SQM Agro India	595	363	-	-
SQM East Med Turkey	1,075	160	-	-
Misir Specialty Fertilizers (MSF)	632	616	-	-
Kowa Company Ltd.	18,170	14,465	-	-
NU3 N.V. (Belgium)	1,129	-	-	-
TOTAL	51,027	35,767	2,000	2,000

	Short-term		Long-term	
	2008	2007	2008	2007
Accounts payable	ThUS\$	ThUS\$	ThUS\$	ThUS\$
SQM Thailand Co. Ltd.	178	110	-	-
NU3 N.V. (Belgium)	-	1,877	-	-
TOTAL	178	1,987	-	-

There were no outstanding long-term accounts payable with related parties as of December 31, 2008 and 2007.

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

Company	Relationship	Type of transaction	Amount of transaction		Effect on income (charge) credit	
			2008	2007	2008	2007
			ThUS\$	ThUS\$	ThUS\$	ThUS\$
Abu Dhabi Fertilizer Ind WWL	Indirect	Sales of Products	9,302	5,434	2,849	1,123
	Indirect	Income Financial	127	117	127	117
Ajay Europe SARL	Indirect	Sales of Products	19,561	24,965	2,667	9,250
	Indirect	Income Financial	10	10	10	10
	Indirect	Dividends	118	-	-	-
Ajay North America LLC	Indirect	Sales of Products	28,676	17,281	9,970	8,060
	Indirect	Dividends	760	-	-	-
Kowa Company Ltd.	Shareholder	Sales of Products	100,633	84,701	41,066	50,770
NU3 B.V.	Indirect	Sales of Products	14,384	9,025	2,425	279
	Indirect	Sales of Services	109	-	109	-
NU3 N.V.	Indirect	Sales of Products	18,166	6,545	5,716	2,026
Doktor Tarsa Tarim Sanayi AS	Indirect	Sales of Products	15,590	7,577	6,492	2,159
SQM Agro India PVT LTD	Indirect	Sales of Products	598	-	210	-
MISR Speciality	Indirect	Sales of Products	733	-	320	-
	Indirect	Income Financial	8	-	8	-
Nutrisi Holding N.V.	Indirect	Income Financial	104	-	104	-
Sales de Magnesio Ltda.	Indirect	Sales of Products	920	-	334	-
	Indirect	Dividends	491	-	-	-
SQM Eastemed Turkey	Indirect	Sales of Products	397	-	240	-
SQM Thailand Co. Ltd.	Indirect	Sales of Products	83	-	69	-

NOTE 7. INVENTORIES

Net inventories are summarized as follows:

	2008	2007
	ThUS\$	ThUS\$
Finished products	320,489	218,073
Work in process	188,069	145,209
Supplies	32,169	24,486
TOTAL	540,727	387,768

NOTE 8. INCOME AND DEFERRED TAXES

a) At December 31, 2008 and 2007 the Company has the following consolidated balances for retained tax earnings, income not subject to taxes, tax loss carry-forwards and credit for shareholders:

	2008	2007
	ThUS\$	ThUS\$
Accumulated tax basis retained earnings with tax credit	813,716	381,272
Accumulated tax basis retained earnings without tax credit	132,773	56,332
Tax loss carry-forwards (1)	16,949	142,236
Credit for shareholders	166,554	77,904

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

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

The deferred taxes as of December 31, 2008 and 2007 represented a net liability of ThUS\$ 22,683 and ThUS\$ 61,623 respectively, and consisted of:

2008	Deferred tax asset		Deferred tax liability	
	Short-term	Long-term	Short-term	Long-term
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Temporary differences				
Allowance for doubtful accounts	1,029	897	-	-
Vacation accrual	1,734	-	-	-
Unrealized gain on sale of products	76,633	-	-	-
Provision for obsolescence	-	3,940	-	-
Production expenses	-	-	29,774	-
Accelerated depreciation	-	-	-	72,192
Exploration expenses	-	-	-	4,702
Capitalized interest	-	-	-	9,252
Staff severance indemnities	-	-	-	1,935
Fair value recognition	-	3,153	-	-
Capitalized expenses	-	-	-	826
Tax loss carry-forwards	-	4,362	-	-
Accrued gain from exchange insurance	629	-	-	-
Employee benefits	11	2,904	-	-
Deferred tax royalty	971	494	2,625	4,384
Accrued interest	504	-	-	-
Other	6,496	11,604	-	370
Total gross deferred taxes	88,007	27,354	32,399	93,661
Total complementary accounts	-	-	-	(13,515)
Valuation allowance	(20,806)	(4,693)	-	-
TOTAL DEFERRED TAXES	67,201	22,661	32,399	80,146

2007	Deferred tax asset		Deferred tax liability	
	Short-term	Long-term	Short-term	Long-term
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Temporary differences				
Allowance for doubtful accounts	1,335	605	-	-
Vacation accrual	1,872	-	-	-
Unrealized gain on sale of products	17,521	-	-	-
Provision for obsolescence	-	3,779	-	-
Production expenses	-	-	20,535	-
Accelerated depreciation	-	-	-	62,190
Exploration expenses	-	-	-	4,327
Capitalized interest	-	-	-	8,384
Staff severance indemnities	-	-	-	1,733
Fair value recognition	-	2,119	-	-
Leased assets	-	-	-	12
Capitalized expenses	-	-	-	929
Tax loss carry-forwards	-	25,883	-	-
Accrued gain from exchange insurance	-	-	2,545	-
Deferred revenue	188	-	-	-
Provision for energy tariff difference	2,175	-	-	-
Accrued interest	233	-	-	-
Other	1,215	5,427	140	596
Total gross deferred taxes	24,539	37,813	23,220	78,171
Total complementary accounts	-	-	-	(15,633)
Valuation allowance	(7,533)	(30,684)	-	-
TOTAL DEFERRED TAXES	17,006	7,129	23,220	62,538

c) Income tax expense is summarized as follows:

	2008	2007
	ThUS\$	ThUS\$
Tax expense adjustment (prior year)	576	132
Provision for current income tax	(147,694)	(38,218)
Effect of deferred tax assets and liabilities	45,786	3,380
Tax benefit for tax losses	(20,652)	(6,213)
Effect of amortization of complementary accounts	(2,111)	(5,508)
Effect on deferred tax assets and liabilities due to changes in valuation allowance	13,230	(2,182)
Other tax charges and credits	2,914	17
TOTAL INCOME TAX EXPENSE	(107,951)	(48,592)

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment are summarized as follows:

	2008	2007
	ThUS\$	ThUS\$
Land		
Land	80,529	82,727
Mining concessions	30,086	30,086
TOTAL	110,615	112,813
Buildings and infrastructure		
Buildings	176,327	163,603
Installations	389,353	305,925
Construction-in-progress	181,730	165,648
Other	230,135	206,651
TOTAL	977,545	841,827
Machinery and equipment		
Machinery	602,490	556,466
Equipment	149,907	131,898
Project-in-progress	30,682	23,060
Other	41,030	19,729
TOTAL	824,109	731,153
Other fixed assets		
Tools	10,808	9,390
Furniture and office equipment	16,009	15,100
Project-in-progress	22,345	11,275
Other	12,673	14,264
TOTAL	61,835	50,029

	2008	2007
	ThUS\$	ThUS\$
Amounts relating to technical revaluation of fixed assets		
Land	7,839	7,839
Buildings and infrastructure	41,439	41,439
Machinery and equipment	12,048	12,048
Other assets	53	53
TOTAL	61,379	61,379
TOTAL PROPERTY, PLANT AND EQUIPMENT	2,035,483	1,797,201
Less: accumulated depreciation		
Buildings and infrastructure	(391,487)	(339,623)
Machinery and equipment	(449,558)	(404,573)
Other property, plant and equipment	(35,264)	(31,441)
Technical appraisal	(39,254)	(38,115)
TOTAL ACCUMULATED DEPRECIATION	(915,563)	(813,752)
NET PROPERTY, PLANT AND EQUIPMENT	1,119,920	983,449

	2008	2007
	thus\$	thus\$
Depreciation for the year ended December 31:		
Buildings and infrastructure	(53,152)	(44,135)
Machinery and equipment	(53,104)	(46,210)
Other property, plant and equipment	(3,180)	(6,342)
Technical revaluation	(1,139)	(1,139)
TOTAL DEPRECIATION	(110,575)	(97,826)

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

	2008	2007
	ThUS\$	ThUS\$
Administrative office buildings	1,988	1,988
Accumulated depreciation	(552)	(521)
TOTAL ASSETS IN LEASING	1,436	1,467

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

NOTE 10. INVESTMENTS IN AND RECEIVABLES FROM RELATED PARTIES

I. Information on Foreign Investments

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

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

II. Other Information

a) Transactions Executed in 2008

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

b) Transactions Executed in 2007

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

* On March 2, 2007, the subsidiary SQM Industrial S.A. made a capital increase of ThUS\$ 130 in its subsidiary SQM Brasil Ltda. In accordance with Technical Bulletin No. 72 issued by the Chilean Association of Accountants and Circular No. 1,697 issued by the Chilean Superintendency of Securities and Insurance (SVS), the Company performed the valuation in consideration of the carrying value of equity of SQM Brasil Ltda. as of December 31, 2006, which does not significantly differ from its fair value determined at that date.

* On April 11, 2007, the subsidiary SQM S.A. and the subsidiary Soquimich European Holding B.V. made a capital increase of ThUS\$ 6,599 in their subsidiary SQM Europe N.V. In accordance with Technical Bulletin No. 72 issued by the Chilean Association of Accountants and Circular No. 1,697 issued by the Chilean Superintendency of Securities and Insurance, the valuation was conducted considering the book value of the equity of SQM Europe N.V. as of March 31 2007, which does not significantly differ from its fair value determined at that date.

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

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

* On November 13, 2007, Exploraciones Mineras S.A. increased its capital by ThUS\$ 30,000 through the issuance of 100,000 new shares which were subscribed and paid through the capitalization of accounts payable by 99.73089% by Minera Nueva Victoria S.A. and by 0.26911 by Sociedad Química y Minera de Chile S.A.

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

III. Investments with less than 20% Ownership

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

Detail of Investments in Related Companies

Tax registration number	Company	Country of origin	Controlling currency of the investments	Number of shares	Ownership interest		Equity of companies		Book value of investment		Net income (loss)		Equity participation in net income (loss)			
					2008	2007	2008	2007	2008	2007	2008	2007	2008	2007		
					%	%	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$		
0-E	Doktor Tarsa Tarim Sanayi AS	Turkey	Euros	-	50.00	50.00	22,424	8,472	11,212	4,236	12,669	2,027	11,212	4,236		
0-E	Nutrisi Holding N.V.	Belgium	Euros	-	50.00	50.00	14,494	10,429	6,823	5,092	4,634	1,163	6,823	5,092		
0-E	Abu Dhabi Fertilizer Industries WWL	UAE	US\$	1,961	50.00	50.00	10,555	4,713	5,277	2,356	5,842	794	5,277	2,356		
0-E	Ajay North America LLC	USA	US\$	-	49.00	49.00	12,482	11,996	4,892	4,657	2,067	1,284	6,116	5,863		
0-E	Ajay Europe S.A.R.L.	France	Euros	36,700	50.00	50.00	10,033	9,467	4,282	3,703	1,625	1,474	5,017	4,734		
0-E	Misr Speciality Fertilizers	Egypt	US\$	-	47.00	47.00	4,733	4,529	2,247	2,151	622	(140)	2,247	2,151		
0-E	SQM Thailand Co. Ltd.	Thailand	US\$	-	40.00	40.00	3,535	2,401	1,414	960	1,016	77	1,414	960		
77557430-5	Sales de Magnesio Ltda.	Chile	Pesos	-	50.00	50.00	946	1,290	473	645	697	509	473	645		
0-E	SQM Eastmed Turkey	Turkey	Euros	-	50.00	50.00	437	196	219	98	270	(7)	219	98		
0-E	Agro India Limitada	India	US\$	-	49.00	49.00	191	27	94	13	153	(13)	94	13		
81767200-0	Asoc. Garantizadora Pensiones	Chile	Pesos	-	3.00	3.00	536	728	18	24	(5)	-	18	24		
TOTAL									36,951		23,935					



NOTE 11. GOODWILL AND NEGATIVE GOODWILL

As established in Technical Bulletin No. 72, issued by the Chilean Association of Accountants, ThUS\$12 in 2008 (ThUS\$636 in 2007) has been adjusted to the negative goodwill account related to lawsuits with third parties paid, which as of the date of determination of negative goodwill did not meet the requirements to be treated as identifiable liabilities that could be recognized.

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

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

a) Goodwill

Tax registration number	Company	December 31, 2008		December 31, 2007	
		Amount amortized during the period	Goodwill balance	Amount amortized during the period	Goodwill balance
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
96864750-4	SQM Potassium S.A.	145	1,156	145	1,302
96801610-5	Comercial Hydro S.A.	208	735	245	1,065
79947100-0	SQM Industrial S.A.	1,113	17,804	1,113	18,916
0-E	SQM México S.A. de C.V.	56	724	56	779
0-E	Comercial Caiman Internacional S.A.	23	86	23	108
0-E	SQM Dubai- Fzco	101	1,681	101	1,783
0-E	Iodine Minera B.V.	569	9,715	569	10,283
TOTAL		2,215	31,901	2,252	34,236

b) Negative Goodwill

Tax registration number	Company	December 31, 2008		December 31, 2007	
		Amount amortized during the period	Negative goodwill balance	Amount amortized during the period	Negative goodwill balance
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
78602530-3	Minera Nueva Victoria S.A.	-	(1,279)	-	(1,291)
TOTAL		-	(1,279)	-	(1,291)

NOTE 12. OTHER LONG - TERM ASSETS

Other long-term assets are summarized as follows:

	2008	2007
	ThUS\$	ThUS\$
Engine and equipment spare-parts, net (1)	2,306	2,987
Mine development costs	24,892	23,944
Construction of salar-Baquedano road	1,050	1,170
Deferred loan issuance costs (2)	320	342
Cost of issuance and placement of bonds (3)	4,278	4,864
Other	1,580	2,311
TOTAL	34,426	35,618

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

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

(3) Refer to the explanation of these expenses in Note 22.

NOTE 13. SHORT-TERM BANK DEBT

Short-term bank debt is detailed as follows:

Bank or financial institution	2008	2007
	ThUS\$	ThUS\$
Banco de Crédito e Inversiones	35,518	–
Banco Santander Santiago	20,075	–
HSBC Bank Chile	15,266	–
JP Morgan Chase Bank	20,317	–
BBVA Banco Bilbao Vizcaya Argentaria	40,524	–
Other	1,655	1,807
TOTAL	133,355	1,807
Annual average interest rate	7,16%	4,31%

NOTE 14. LONG-TERM BANK DEBT

a) Long-term Bank Debt is detailed as follows:

Bank or financial institution	2008	2007
	ThUS\$	ThUS\$
BBVA Banco Bilbao Vizcaya Argentaria (1)	100,204	100,433
Export Development Canada (2)	50,032	–
ING Capital LLC (3)	80,215	80,368
TOTAL	230,451	180,801
Less: Current portion	(451)	(801)
LONG-TERM PORTION	230,000	180,000

(1) U.S. dollar-denominated loan without guarantee, interest rate of Libor + 0.375% per annum, quarterly payment. The principal is due on March 3, 2010.

(2) U.S. dollar denominated loan without guarantee, interest rate of Libor + 1.5% per-annum, semi-annually payment. The principal is due on November 30, 2010.

(3) U.S. dollar-denominated loan without guarantee, interest rate of Libor + 0.3% per annum, semi-annually payment. The principal is due on November 28, 2011.

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

Years to maturity	2008	2007
	ThUS\$	ThUS\$
Current portion	451	801
1 To 2 years	150,000	–
2 To 3 years	80,000	100,000
3 To 5 years	–	80,000
TOTAL	230,451	180,801

NOTE 15. SHORT AND LONG –TERM OBLIGATIONS WITH THE PUBLIC (PROMISSORY NOTES AND BONDS PAYABLE)

No. of registration of the Instrument	Series	Nominal amount	Adjustment in unit	Interest rate	Final period	Payment of interest	Payment of amortization	12/31/08 ThUS\$	12/31/07 ThUS\$	Placement Chile or abroad
Current portion of long-term bonds payable										
446	C	150,000	UF	4.00%	12/01/2009	Semi-annual	Semi-annual	5,352	6,291	In Chile
184	Single	–	US\$	6.125%	10/15/2009	Semi-annual	–	2,577	2,577	Abroad
TOTAL CURRENT PORTION								7,929	8,868	
Long-term bonds payable										
446	C	2,550,000	UF	4.00%	12/01/2026	Semi-annual	Semi-annual	85,940	106,651	In Chile
184	Single	200,000,000	US\$	6.125%	04/15/2016	Semi-annual	Bullet at maturity	200,000	200,000	Abroad
TOTAL LONG-TERM								285,940	306,651	

Additional Information

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

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

The following payments have been made as of December 31, 2008 and 2007:

	2008 UF	2007 UF
Capital Payments	150,000.00	150,000.00
Interest Payments	111,397.51	117,338.71

As of December 31, 2008 and 2007, the short-term portion includes ThUS\$ 7,929 and ThUS\$ 8,868, respectively, related to short-term principal plus accrued interest at those dates. The long-term portion includes ThUS\$ 285,940 as of December 31, 2008 and ThUS\$ 306,651 as of December 31, 2007, related to principal installments for Series C bonds and Single Series bonds.

NOTE 16. ACCRUED LIABILITIES

As of December 31, 2008 and 2007, accrued liabilities are summarized as follows:

	2008 ThUS\$	2007 ThUS\$
Provision for royalties corfo	5,256	3,643
Provision for employee compensation and legal costs	715	925
Taxes and monthly income tax installment payments	11,659	3,496
Vacation accrual	10,518	11,919
Marketing expenses	107	107
External auditor fees	477	400
Other accruals	1,682	1,824
TOTAL CURRENT LIABILITIES	30,414	22,314

Long-term accrued liabilities are summarized as follows:

	2008	2007
	ThUS\$	ThUS\$
Staff severance indemnities	22,129	20,679
Incentive bonus provision (1)	12,000	–
Site closing provision	3,181	1,992
BALANCE AS OF DECEMBER 31	37,310	22,671

(1) These provisions correspond to stay bonuses for the Company's executives. The value of these bonuses is linked to the price of the Company's stock and is to be paid in cash between 2010 and 2011.

In accordance with note 2 ae), these benefits have been recognized on an accrual basis.

NOTE 17. STAFF SEVERANCE INDEMNITIES

Staff severance indemnities are summarized as follows:

	2008	2007
	ThUS\$	ThUS\$
Opening balance	20,679	17,472
Increases in obligation	8,332	4,190
Payments	(2,227)	(2,245)
Exchange difference	(4,796)	1,336
Other difference	141	(74)
BALANCE AS OF DECEMBER 31	22,129	20,679

NOTE 18. MINORITY INTEREST

Minority interest is summarized as follows:

	Equity		Net Income/(loss)	
	2008	2007	2008	2007
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Soquimich Comercial S.A.	42,498	42,347	(2,669)	(3,886)
Ajay SQM Chile S.A.	4,159	3,541	(532)	166
Cape Fear Bulk L.L.C.	–	–	–	(99)
SQM Nitratos México S.A. de C.V.	10	13	3	31
Fertilizantes Naturales S.A.	423	123	(300)	–
SQM Indonesia S.A.	(30)	(30)	13	(1)
SQM Potasio S.A.	9	5	(7)	(3)
TOTAL	47,069	45,999	(3,492)	(3,792)

NOTE 19. SHAREHOLDER'S EQUITY

a) In consideration of the current distribution of shares, the Company has a Controlling Interest Group composed of Pampa Calichera S.A. and the Kowa Group by virtue of the Joint Action Agreement subscribed on December 21, 2006 and by virtue of stock purchases made in 2008.

b) Other Information

The detail of Other Reserves is as follows:

Detail		For the year ended December 31, 2008	As of December 31, 2008
		Thus\$	Mus\$
Technical Appraisal		-	151,345
Changes to other comprehensive income from Equity Method Investments:			
Soquimich Comercial S.A.	(1)	-	13,287
Comercial Hydro S.A.	(1)	(725)	(725)
SQMC Internacional Ltda.	(1)	(35)	(35)
Proinsa Ltda.	(1)	(26)	(26)
Isapre Norte Grande Ltda.	(1)	(1)	(45)
Inversiones Augusta S.A.	(1)	-	(761)
SQM Ecuador S.A.	(2)	-	(270)
Almacenes y Depósitos Ltda.	(1)	-	88
Asociación Garantizadora de Pensiones	(1)	(6)	(23)
Sales de Magnesio Ltda.	(1)	(101)	10
Sociedad de Servicios de Salud S.A.	(1)	-	14
SQM North America Corp.	(3)	(2,827)	(4,186)
SQM Dubai Fzco.	(1)	-	(12)
Ajay Europe SARL	(1)	-	343
Other Companies	(1)	-	717
TOTAL OTHER COMPREHENSIVE INCOME		(3,721)	159,721

(1) Corresponds to translation adjustments and monetary correction.

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

(3) Corresponds to a change in the valuation of the Companys under-funded pension plan.

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c) Interim Dividends

At Board of Directors Meeting held on October 28, 2008 the directors agreed to distribute an interim dividend of US\$0.37994 per share as of November 21, 2008 for a total amount of ThUS\$ 100,000 and lower than 30% of distributable net income for commercial year 2008, accrued as of September 30, 2008. The above was charged to net income for that commercial year, payable to the shareholders of Sociedad Química y Minera de Chile S.A. registered in the respective registry on the 5th business day prior to November 21, 2008, in its equivalent in Chilean pesos based on the value of the observed dollar or US dollar published in the Official Gazette on Friday, November 14, 2008.



Number of shares

Series	N° Shares subscribed	N° Shares paid	N° Share with preferential voting rights
A	142,819,552	142,819,552	142,819,552
B	120,376,972	120,376,972	120,376,972

Capital

Series	Capital subscribed	Capital paid
	Thus\$	Thus\$
A	134,750	134,750
B	342,636	342,636

The preferential voting rights of each series are as follows:

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

a) Changes to Shareholder's Equity consisted of:

	Number of shares	Paid-in capital	Other reserves	Retained earnings	Interim dividends	Net income	Total
		ThUS\$	ThUS\$	ThUS\$		ThUS\$	ThUS\$
BALANCE JANUARY 1, 2007	263,196,524	477,386	155,190	312,096	-	141,277	1,085,949
Transfer December 31, 2006 net income to retained earnings	-	-	-	141,277	-	(141,277)	-
Declared dividends 2007	-	-	-	(91,786)	-	-	(91,786)
Other comprehensive income	-	-	8,252	-	-	-	8,252
Net income	-	-	-	-	-	180,021	180,021
BALANCE AS OF DECEMBER 31, 2007	263,196,524	477,386	163,442	361,587	-	180,021	1,182,436
Transfer December 31, 2007 net income to retained earnings	-	-	-	180,021	-	(180,021)	-
Declared dividends 2008	-	-	-	(117,014)	-	-	(117,014)
Other comprehensive income	-	-	(3,721)	-	-	-	(3,721)
Interim dividends	-	-	-	-	(100,000)	-	(100,000)
Net income	-	-	-	-	-	501,407	501,407
BALANCE AS OF DECEMBER 31, 2008	263,196,524	477,386	159,721	424,594	(100,000)	501,407	1,463,108

NOTE 20. NON-OPERATING INCOME AND EXPENSES

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

a) Non-operating Income

	2008	2007
	ThUS\$	ThUS\$
Interest income	13,858	9,347
Equity participation in net income of unconsolidated subsidiaries	14,358	3,643
Cross currency swap	-	4,000
Insurance recoveries	581	275
Discounts obtained	815	458
Reversal of allowance for doubtful accounts	2,623	229
Rental of property, plant and equipment	1,092	958
Recovery of doubtful accounts	424	861
Sale of mining concessions	721	399
Sale of fixed assets, materials and spare parts	1,064	-
Fines collected from third parties	77	192
Gain on sale of investments in related companies	1,387	1,317
Sales of service	156	369
Indemnifications obtained	146	523
Gain from sale of assets of sqm lithium	2,342	-
Other income	946	1,165
Net foreign exchange	-	2,212
TOTAL	40,590	25,948

b) Non-operating Expenses

	2008	2007
	ThUS\$	ThUS\$
Amortization of goodwill	(2,215)	(2,252)
Interest expense	(19,957)	(19,949)
Equity participation in net income of unconsolidated	–	(77)
Work disruption expenses	(1,256)	(844)
Training and donation expenses	(2,152)	(520)
Investment plan expenses and adjustment of property, plant and equipment realization value.	(8,961)	(16,528)
Energy tariff difference	–	(2,066)
Amortization of information	(403)	(413)
Provision and sale of materials, spare parts, supplies and property, plant and equipment.	(4,500)	(4,925)
Provision for legal expenses and third party compensations	(975)	(523)
Suppliers' compensations	(237)	(1,575)
Site closing provision	(1,189)	–
Non-recoverable taxes	(424)	(669)
Other expenses	(1,730)	(2,691)
Net foreign exchange	(15,897)	–
TOTAL	(59,896)	(53,032)

NOTE 21. PRICE-LEVEL RESTATEMENT

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

	(Charge) Credit to income from operations	
	2007	2006
	ThUS\$	ThUS\$
Property, plant and equipment	44	517
Other assets and liabilities	707	1,643
Shareholders' equity	(602)	(7,016)
NET PRICE-LEVEL RESTATEMENT	149	(4,856)

NOTE 22. EXPENSES INCURRED IN THE ISSUANCE SHARES AND DEBT TITLES

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

As of December 31, 2008, issuance expenses net of amortization amount to ThUS\$ 6,665. Issuance expenses include disbursements related to reports issued by risk classifiers, legal and financial advisories, taxes, printing and placement fees. Amortization in 2008 amounted to ThUS\$ 603 (ThUS\$ 774 in 2007).

NOTE 23. CASH FLOW STATEMENT

Amounts included in other investing income are summarized as follows:

	2008	2007
	ThUS\$	ThUS\$
Sale of Mining Concessions	721	399
TOTAL	721	399

NOTE 24. DERIVATIVE INSTRUMENTS

Derivative instruments are recorded at their fair value at year-end. Changes in fair value are recognized in income with the liability recorded in other current liabilities. Losses from options relate to fees paid by the Company to enter into such contracts. As of December 31, 2008 the Company's derivative instruments are as follows:

Type of derivative	Notional or covered amount	Expiration	Description of the contract type	Position purchase / sale	(Liability) asset amount	Income (loss) recorded	(Not) recorded
	ThUS\$				ThUS\$	ThUS\$	ThUS\$
US dollar forward	42,000	1st Quarter of 2009	Exchange rate	P	40,727	(1,273)	-
Swap	113,025	4th Quarter of 2026	Interest rate	P	101,994	(1,524)	(9,507)
EUR/USD Options	8,478	1st Quarter of 2009	Exchange rate	S	7,635	(843)	-
EUR/USD Options	11,316	2nd Quarter of 2009	Exchange rate	S	10,191	(1,125)	-
EUR/USD Options	1,617	3rd Quarter of 2009	Exchange rate	S	1,456	(161)	-
US dollar forward	1,489	1st Quarter of 2009	Exchange rate	P	1,403	(86)	-
US dollar forward	24,154	1st Quarter of 2009	Exchange rate	P	21,764	(2,390)	-
EUR/USD Options	40,378	1st Quarter of 2009	Exchange rate	P	41,603	1,225	-
US dollar forward	298	1st Quarter of 2009	Exchange rate	S	388	(90)	-
US dollar forward	1,289	1st Quarter of 2009	Exchange rate	P	1,646	357	-
US dollar forward	4,311	2nd Quarter of 2009	Exchange rate	S	5,480	(1,169)	-
US dollar forward	77	2nd Quarter of 2009	Exchange rate	P	94	17	-
US dollar forward	112	3rd Quarter of 2009	Exchange rate	S	133	(21)	-
EUR/USD Options	27,818	1st Quarter of 2009	Exchange rate	P	27,694	124	(124)
US dollar forward	30,000	1st Quarter of 2009	Exchange rate	S	30,000	-	-

NOTE 25. COMMITMENTS AND CONTINGENCIES

1. Contingencies:

a) I. Material lawsuits or other legal actions of which the Company is party to:

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: SQM S.A.
Date of lawsuit: November 1999
Court: Civil Court of Pozo Almonte
Cause: Partial annulment of mining property, Paz II 1 to 25
Instance: Evidence provided
Nominal amount: ThUS\$ 162
3. Plaintiff: Compañía Productora de Yodo y Sales S.A.
Defendant: SQM S.A.
Date of lawsuit: November 1999
Court: Civil Court of Pozo Almonte
Cause: Partial annulment of mining property, Paz III 1 to 25
Instance: Evidence provided
Nominal amount: ThUS\$ 204
4. Plaintiff: Marina Arnéz Valencia
Defendant: SQM S.A. and its insurance companies
Date of lawsuit: May 2006
Court: 2nd Civil Court of Santiago
Cause: Work accident
Instance: Conciliation audience
Nominal amount: ThUS\$ 500
5. 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
6. Plaintiff: Nancy Erika Urra 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

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

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

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

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

b) Restrictions:

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

c) Commitments:

Subsidiary SQM Salar S.A. has signed a rental contract with CORFO which establishes that such subsidiary, will pay to CORFO, for the exploitation of certain mining properties owned by CORFO and for the products resulting from such exploitation, the annual rent stated in the aforementioned contract, the amount of which is calculated on the basis of the sales of each type of product. The contract is in force until 2030 and rent began being paid in 1996 reflecting in income a value of ThUS\$ 17,712 in 2008 (ThUS\$ 13,865 in 2007).

2. Indirect Guarantees

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

As of December 31, 2008 and 2007 the Company has the following indirect guarantees outstanding:

Beneficiary	Debtor	Relationship	Balances outstanding	
			2008	2007
	Name		ThUS\$	ThUS\$
BBVA Banco Bilbao Vizcaya Argentaria	Royal Seed Trading Corp. A.V.V.	Subsidiary	100,204	100,433
ING Capital LLC	Royal Seed Trading Corp. A.V.V.	Subsidiary	80,215	80,368
Export Development Canada	SQM Investment Corporation N.V.	Subsidiary	50,032	-

NOTE 26. SURETIES OBTAINED FORM THIRD PARTIES

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

Company Name	ThUS\$
Llanos y Wammes Soc. Com. Ltda.	1,571
Fertglobal Chile Ltda. y Bramelli	786
Tattersall S.A.	904

NOTE 27. ASSETS AND LIABILITIES DENOMINATED IN LOCAL AND FOREIGN CURRENCY

	2008	2007
	ThUS\$	ThUS\$
Assets		
Chilean pesos	105,280	198,254
US Dollars	2,307,684	1,637,379
Euros	76,679	44,809
Japanese Yen	1,404	971
Brazilian Real	195	400
Mexican pesos	3,525	1,705
UF	27,586	73,354
South African Rand	12,298	9,366
Dirhams	15,744	10,942
Other Currencies	16,820	9,139
Current Liabilities		
Chilean pesos	121,664	98,456
US Dollars	295,843	63,460
Euros	12,052	13,034
Japanese Yen	77	92
Brazilian Real	1,562	1,681
Mexican pesos	934	4,605
UF	10,830	8,599
South African Rand	714	1,020
Dirhams	391	930
Other Currencies	1,839	545
Long-term Liabilities		
Chilean pesos	18,640	20,196
US Dollars	505,448	437,687
Japanese Yen	294	187
UF	86,337	107,382
Other Currencies	10	10
Mexican Pesos	403	-

NOTE 28. SANCTIONS

During 2008 and 2007, the SVS did not apply sanctions to the Company, its directors or managers.

NOTE 29. SUBSEQUENT EVENTS

On January 13, 2009 the Superintendency of Securities and Insurance was informed that Sociedad Química y Minera de Chile S.A. has successfully placed two series of bonds in the domestic market. The first for ThUF 4,000 was placed with a term of 21 years, with amortization of principal starting in 2019 and at an annual interest rate of UF plus 5.05%. The second, for MMCh\$21,000, was placed with a term of 5 years, with a single amortization upon expiry of that term and an annual interest rate of 7.5% in nominal pesos.

The resources obtained of close to ThUS\$ 173,000, will be used by SQM to finance its investment plan and refinance certain liabilities.

Management is not aware of any significant subsequent events that have occurred after December 31, 2008 and that may affect the Company's financial position or the interpretation of these financial statements, (February 24, 2009).

NOTE 30. ENVIRONMENTAL PROJECTS

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

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

Disbursements made by the Company and its subsidiaries as of December 31, 2008 related to investments in production processes, verification and control of compliance with ordinances and laws relative to industrial processes and facilities amount to ThUS\$ 10,035 and are detailed as follows:

Projects	2008	Future disbursements
	ThUS\$	ThUS\$
Improvements to locker and changing rooms	168	540
Environmental Evaluation	1,251	1,056
Handling of Household and Industrial Waste	736	242
Handling of Dangerous Sustances	579	1,150
Infrastructure, Equipment, New Environmental Offices at ME	14	–
Salar (Salt deposit) Environmental follow-up Plan	3,045	255
Environmental Studies	42	330
Improvements in M. Elena – Streets Camp	435	740
Regulations	–	198
PV Environmental Improvements	555	954
Waste Pools R&R Lithium C. Plant	2,150	–
Miscellaneous Environmental Projects Related to Nitrates	38	7
Environmental Management *	1,022 *	1,196 **
TOTAL	10,035	6,668

(*) Corresponds to the 2008 Budget

(**)Corresponds to the 2009 Budget

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

On August 10, 1993, the Ministry of Health published a resolution under the Sanitary Code that established that the levels of breathable particles present at Maria Elena Plant exceeded the level allowed for air quality and, consequently, affected the nearby city of Maria Elena. These particles mainly come from dust that results from caliche processing, particularly during the crushing processes prior to leaching. Within the framework of a decontamination plan for this city and in accordance with its Sustainable Development Policy, the Company has implemented a series of measures that have shown notable improvement in air quality at Maria Elena. In October 2005, the company obtained approval from environmental authorities for a project entitled "Technological Change at Maria Elena". The operation of this project will facilitate the reduction of particle emissions, as required by the new environmental standard. The operation of this project will allow reducing particle emission, as required by the new environmental standard, which is estimate to occur during the second half of 2008. The new Maria Elena crushing plant was finally put out of service as of July 5, 2008, with the consequent improvement in air quality, which will be able to be evaluated after three years of operation as required by the regulation for MP10.

In addition, for all its operations, 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 for contractors' employees. Within this context, SQM entered into a contract with the National Forestry Corporation (CONAF) aimed at researching the activities of flamingo groups that live in the Salar de Atacama lagoons. Such research includes a population count of the birds, 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 and the School of Agricultural Science of Universidad de Chile.



Furthermore, the Company is performing significant activities for the recording of Pre-Columbian and historical 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 María Elena and the Nueva Victoria plant. This effort is being accompanied by cultural initiatives within the community and the organization of exhibits in local and regional museums.

As emphasized in its Sustainable Development Policy, the Company strives for maintaining positive relationships with the surrounding community, as well as to participate in community 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, and development, and in order to do so, its acts both individually and in conjunction with both private and public entities.

NOTE 31. DEFERRED INCOME

During the periods ended December 31, 2008 and 2007, the Company maintains unearned income related to the recognition of sales invoices the delivery of which will occur subsequent to the close of the financial statements. The detail is as follows:

	2008	2007
	ThUS\$	ThUS\$
Deferred Income	31,722	10,858
TOTAL	31,722	10,858

NOTE 32. TIME DEPOSITS

Bank of the Investment	Kind of deposit	Currency of origin	Interest rate	Investment date	Expiration date	Capital in ThUS\$	Accrued interest in	Balance present year in	Balance previous year in
							ThUS\$	ThUS\$	ThUS\$
BBVA Banco Bilbao Vizcaya									
Argentaria	Fixed Term	USD	2.35%	12-10-2008	01-14-2009	16,000	22	16,022	86
Banco de Crédito e Inversiones	Fixed Term	USD	2.83%	12-12-2008	02-17-2009	5,000	7	5,007	10,051
Banco Santander - Santiago	Fixed Term	USD	2.90%	12-11-2008	02-24-2009	10,000	16	10,016	-
Banco de Crédito e Inversiones	Fixed Term	USD	3.15%	12-16-2008	03-16-2009	6,000	8	6,008	-
Banco Santander - Santiago	Fixed Term	USD	3.00%	12-16-2008	03-16-2009	14,194	18	14,212	28,215
Banco Santander - Santiago	Fixed Term	USD	3.00%	12-15-2008	03-25-2009	20,196	27	20,223	-
Citibank N.A.	Overnight	USD	0.10%	12-31-2008	01-01-2009	205	-	205	7,183
Banco Itau	Fixed Term	USD	2.55%	12-03-2008	01-12-2009	9,000	18	9,018	-
Corpbanca	Fixed Term	USD	2.90%	12-03-2008	01-19-2009	10,000	23	10,023	-
Corpbanca	Fixed Term	USD	2.90%	12-03-2008	02-03-2009	10,000	23	10,023	-
Banco de Chile	Fixed Term	USD	2.85%	12-03-2008	02-06-2009	10,000	22	10,022	39,276
HSBC Bank Chile	Fixed Term	USD	3.24%	12-03-2008	02-06-2009	5,000	13	5,013	-
Banco de Crédito e Inversiones	Fixed Term	USD	4.20%	11-10-2008	04-09-2009	10,000	60	10,060	-
Banco de Crédito e Inversiones	Fixed Term	USD	4.33%	11-10-2008	05-11-2009	10,000	61	10,061	-
Citibank N.A.	Overnight	USD	3.44%	12-31-2008	01-02-2009	619	-	619	-
BBVA Banco Bilbao Vizcaya	Renewalable								
Argentaria	Term	Euro	3.03%	03-31-2004	12-31-2008	81	-	81	-
Nedbank	-	-	-	-	-	-	-	-	153
Fortis Bank	-	-	-	-	-	-	-	-	559
TOTALES						136,295	318	136,613	85,523





UNCONSOLIDATED FINANCIAL STATEMENTS

ANNUAL REPORT SQM S.A. 2008

REPORT OF INDEPENDENT AUDITORS

(Translation of the report originally issued in Spanish)

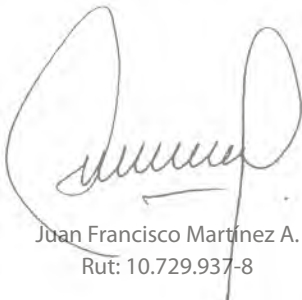


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To the Shareholders and Directors of
Sociedad Química y Minera de Chile S.A.:

1. We have audited the accompanying balance sheets of Sociedad Química y Minera de Chile S.A. ("the Company") as of December 31, 2008 and 2007 and the related statements of income and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audits.
2. We conducted our audits in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.
3. These financial statements have been prepared to reflect the individual financial position of Sociedad Química y Minera de Chile S.A., on the basis of the criteria described in Note 2, before the line-by-line consolidation of the financial statements of the subsidiaries detailed in Note 6. Therefore, for their adequate interpretation, these individual financial statements must be read and analyzed in conjunction with the consolidated financial statements of Sociedad Química y Minera de Chile S.A. and its subsidiaries, which are required by generally accepted accounting principles in Chile. This report is presented solely for the information of and use by the board of directors and management of Sociedad Química y Minera de Chile S.A. and the Superintendency of Securities and Insurance.
4. In our opinion, these individual financial statements present fairly, in all material respects, the financial position of Sociedad Química y Minera de Chile S.A. as of December 31, 2008 and 2007, and the results of its operations and cash flows for the years then ended, in accordance with the principles described in Note 2.



Juan Francisco Martínez A.
Rut: 10.729.937-8



ERNST & YOUNG LTDA.
Rut: 77.802.430-6

Santiago, February 24, 2009

UNCONSOLIDATED BALANCE SHEETS

	Note	As of December 31,	
		2008	2007
ASSETS		ThUS\$	ThUS\$
Current assets			
Cash		58	134
Time deposits		71,694	77,542
Marketable securities		19,553	14,742
Accounts receivable, net		256	434
Other accounts receivable, net		165	416
Accounts receivable from related companies	4	610,578	215,787
Inventories		10,164	42,525
Recoverable taxes		7,780	6,273
Prepaid expenses		2,237	1,410
Deferred income taxes	5	56,522	9,953
Other current assets		675	15,631
Total current assets		779,682	384,847
Property, plant, and equipment, net			
		146,601	143,916
Other assets			
Investments in related companies	6	1,053,148	852,791
Goodwill	7	17,804	18,917
Negative goodwill, net	7	(1,260)	(1,272)
Intangible assets, net		1,968	2,371
Long-term accounts receivable from related companies	4	186,350	174,177
Long-term accounts receivable		52	36
Other long-term assets		19,489	19,574
Total other assets		1,277,551	1,066,594
TOTAL ASSETS		2,203,834	1,595,357

UNCONSOLIDATED BALANCE SHEETS

	Note	As of December 31,	
		2008	2007
LIABILITIES AND SHAREHOLDERS' EQUITY		ThUS\$	ThUS\$
Current liabilities			
Short-term bank debt	8	81,013	-
Current portion of bonds payable	9	7,929	8,868
Dividends payable		601	455
Accounts payable		8,950	7,889
Other accounts payable		226	244
Notes and accounts payable to related companies	4	302,688	60,997
Accrued liabilities	10	3,323	3,365
Withholdings		12,562	7,146
Income taxes		5,407	-
Deferred income		2,536	1,861
Other current liabilities		3,316	522
Total current liabilities		428,551	91,347
Long-term liabilities			
Long-term obligations with the public (bonds)	9	285,940	306,651
Other accounts payable		397	730
Long-term accrued liabilities	10 - 11	15,359	2,994
Deferred income taxes	5	10,479	11,199
Total long-term liabilities		312,175	321,574
Shareholders' equity			
Paid-in capital	12	477,386	477,386
Other reserves	12	159,721	163,442
Retained earnings	12	826,001	541,608
Total shareholders' equity		1,463,108	1,182,436
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,203,834	1,595,357

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

UNCONSOLIDATED STATEMENTS OF INCOME

	For the years ended December 31,		
	Note	2008	2007
		ThUS\$	ThUS\$
Operating income			
Sales		319,348	211,751
Cost of sales		(294,651)	(176,953)
Gross margin		24,697	34,798
Selling and administrative expenses		(25,042)	(19,447)
Operating income		(345)	15,351
Non-operating income			
Non-operating income		483,571	198,036
Non-operating expenses		(19,187)	(28,222)
Non-operating income, net		464,384	169,814
Income before income taxes		464,039	185,165
Income tax expense	5	37,368	(5,144)
Net income		501,407	180,021

UNCONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	For the years ended December 31	
		2008	2007
		ThUS\$	ThUS\$
Cash flows from operating activities:			
Net income		501,407	180,021
Charges (credits) to income not representing cash flows			
Depreciation expense		13,208	12,301
Amortization of intangible assets		403	413
Write-offs and accruals		775	2,143
Gain on equity investments in related companies		(446,221)	(147,759)
Loss on equity investments in related companies		477	304
Amortization of goodwill	7	1,113	1,113
Loss on sales of property, plant and equipment		(698)	-
Other credits to income not representing cash flows		(69,132)	(43,401)
Other charges to income not representing cash flows		43,526	27,365
Foreign currency translation, net		(18,400)	(1,908)
Net changes in operating assets and liabilities:			
Trade accounts receivable		(114,025)	(24,834)
(Increase) decrease in trade accounts receivable		32,360	(11,158)
Increase in inventories		(13,929)	435,153
Increase (decrease) accounts payable in related companies		230,204	(229,471)
Decrease in interest payable		1,608	(87)
(Decrease) increase in net income taxes payable		(4,618)	(5,902)
(Decrease) in other accounts payable		(7,425)	(2,519)
Increase (decrease) in vat and taxes payable		(1,721)	6,301
Net cash provided from operating activities		148,912	198,075
Cash flows from financing activities			
Proceeds from bank financing		100,000	-
Payment of dividends		(210,748)	(92,972)
Payment of bank financing		(20,222)	(25,000)
Payment of obligations with the public		(5,573)	(5,132)
Net cash provided from (used in) financial activities		(136,543)	(123,104)
Cash flows provided from investing activities			
Sales of property, plant and equipment		1,165	-
Other income	14	721	468
Additions to property, plant and equipment		(15,645)	(8,766)
Capitalized interest		(576)	(423)
Purchase of investments in related companies		-	(58)
Other disbursements investment		(36)	(106)
Net cash used in investing activities		(14,371)	(8,885)
Net cash flows for the year		(2,002)	66,086
Effect of inflation on cash and cash equivalents		889	(590)
Net change in cash and cash equivalents		(1,113)	65,496
Beginning balance of cash and cash equivalents		92,418	26,922
ENDING BALANCE OF CASH AND CASH EQUIVALENTS		91,305	92,418

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. COMPANY BACKGROUND

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Period and Basis of Preparation

These financial statements have been prepared as of December 31, 2008 and 2007 and for the years then ended.

The financial statements have been prepared in accordance with generally accepted accounting principles in Chile ("Chilean GAAP") and specific criteria required by 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 financial statements and their accompanying notes have been translated from Spanish into English.

These financial statements were prepared in order to analyze the Company as a stand-alone entity, therefore, all of the asset, liability and income accounts of its subsidiaries have been recorded in one line as investments in related companies. This accounting treatment does not affect net income. Consequentially, these financial statements should be read in conjunction with the consolidated financial statements.

b) Reporting Currency

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.

c) Reclassifications

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

d) Translation of non-U.S. dollar Assets, Liabilities and Financial Statements

i) Domestic Subsidiaries and Affiliates

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 as of each year-end, which were Ch\$ 636.45 in 2008 and Ch\$ 496.89 in 2007.

The value of the UF as of December 31, 2008 and 2007 was Ch\$ 21,452.57 (US\$ 33.71) and Ch\$ 19,622.66 (US\$ 39.49), respectively.

ii) Foreign Subsidiaries and Affiliates

In accordance with Chilean GAAP, the financial statements of foreign 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 72 of the Chilean Association of Accountants ("BT 64 and BT 72").

The monetary assets and liabilities of foreign subsidiaries were translated into U.S. dollars at the exchange rates per US\$ prevailing as of December 31, as follows:

	2008	2007
	US\$	US\$
Brazilian Real	2.34	1.77
Euro	0.72	0.68
South African Rand	9.28	6.81
Pound Sterling	0.67	0.49

e) Time Deposits

Time deposits are recorded at cost plus accrued interest.

f) Marketable Securities

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

g) Inventories and Materials

Inventories of finished products and works in process are valued at average production cost

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.

h) Allowance for Doubtful Accounts

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

i) Property, Plant, Equipment.

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

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

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

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

The Company obtains property rights and mining concessions from the Chilean state. Other than minor filing fees, the property rights are usually obtained without initial cost, and once obtained, are retained by the Company as long as the annual fees are paid. Such fees, which are paid annually in March, are recorded as prepaid assets to be amortized over the following twelve months. Values attributable to these original mining concessions received are being amortized on a straight-line basis over 50 years and are recorded in property, plant and equipment.

j) Intangible Assets

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

k) Mining Development Cost

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

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

l) Investments in Related Companies

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

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

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

m) Goodwill and Negative Goodwill

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

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

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

n) Saleback Operations

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

o) Income Taxes and Deferred Income Taxes

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

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

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

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

p) Accrued Employee Severance

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

q) Vacations

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

r) Revenue Recognition

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

s) Derivative Contracts

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

t) Computer Software

Computational systems developed internally using the Company's personnel and materials are charged to income during the year in which the expenses are incurred. In accordance with Circular No. 1,819 dated November 14, 2006 of the SVS, computer systems acquired by the Company are recorded at cost.

u) Research and Development Expenses

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

v) Cash and Cash Equivalents

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

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

w) Obligations with the Public (Bonds payable)

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

x) Deferred Income

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

y) Employee Benefits

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

NOTE 3. CHANGES IN ACCOUNTING PRINCIPLES

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

During the period ended December 31, 2008, the Company there were no other changes in the application of generally accepted accounting principles in Chile compared to the prior year which could significantly affect the interpretation of these consolidated financial statements.

NOTE 4. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Transactions with related companies in which SQM S.A. maintains direct or indirect participation have no effect on income given that unrealized gains and losses from related companies are recognized directly or indirectly in full through the Proportional equity value method.

Transactions with subsidiaries are conducted under terms and conditions similar to those offered to third parties.

Conditions are those normally in force for this type of operations in respect to term and market price. Expiration conditions for each case vary depending on the transaction which generated them

Operations with the following subsidiaries are accrued at an annual interest rate of 7.0% by age of balances: SQM Nitratos S.A., SQM Industrial S.A., SIT S.A., SQM Salar S.A., Exploraciones Mineras S.A, Minera Nueva Victoria S.A. and SQM Potasio S.A. The remaining subsidiaries accrue no interest.

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

a) Amounts included in balances with related parties as of December 31, 2008 and 2007 are as follows:

Accounts receivable	Short-term		Long-term	
	2008	2007	2008	2007
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Ajay SQM Chile S.A.	5,268	7,377	-	-
Servicios Integrales de Tránsito y Transferencias S.A.	88,487	49,878	-	-
SQM Potasio S.A.	-	-	186,350	174,177
SQM Salar S.A.	185,221	53,504	-	-
SQM Nitratos S.A.	229,594	55,709	-	-
SQM Industrial S.A.	-	2,504	-	-
Soquimich Comercial S.A.	27,932	483	-	-
Exploraciones Mineras S.A.	-	1	-	-
SQM Comercial de México S.A. de C.V.	2,474	2,494	-	-
SQM North America Corporation	31,494	12,774	-	-
SQM Europe N.V.	26,633	22,331	-	-
Nitratos Naturais do Chile Ltd.	1,043	1,376	-	-
SQM Lithium Specialties LLP	1,264	1,265	-	-
SQMC Holding Corporation	321	237	-	-
SQM Oceanía Pty Limited	1,217	632	-	-
Royal Seed Trading corporation A.V.V.	8	8	-	-
SQM Investment Corp.	2,516	-	-	-
SQM Ecuador S.A.	43	-	-	-
Kowa Company Ltd.	7,063	5,214	-	-
TOTAL	610,578	215,787	186,350	174,177

Accounts Payable	Short-term	
	2008	2007
	ThUS\$	ThUS\$
Almacenes y Depósitos Ltda.	306	395
SQM Industrial S.A.	240,443	-
Minera Nueva Victoria S.A.	56,016	53,371
Isapre Norte Grande Ltda.	264	335
Soc. Prestadora de Servicios Salud Cruz del Norte S.A.	293	353
Nítrate Corporation of Chile Ltd.	5,076	5,076
SQM Brasil Ltda.	87	87
Exploraciones Mineras S.A.	47	-
SQM Investment Corporation N.V.	-	1,347
SQM Corporation N.V.	118	-
SQM Japan Co. Ltd.	38	33
TOTAL	302,688	60,997

There were no outstanding long-term accounts payable with related parties as of December 31, 2008 and 2007.

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

Company	Type of transaction	Amount of transaction		Impact on income (charges) credits	
		2008	2007	2008	2007
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
SQM Potasio S.A.	Interest in current account	12,192	22,872	-	-
	Dividends received	122,727	101,862	-	-
SQM Comercial S.A.	Services rendered	32	-	-	-
SQM Nitratos S.A.	Services rendered	15,609	12,080	-	-
	Interest in current account	9,267	3,363	-	-
Ajay SQM Chile S.A.	Sale of PP&E	-	70	-	-
	Sales of products	34,200	29,416	1,360	2,175
	Dividends received	90,000	11	-	-
Servicios Integrales de Tránsito y Transferencias S.A.	Purchase of products	20,743	12,744	-	-
	Interest in current account	4,825	3,643	-	-
	Sale of PP&E	1	-	-	-
SQM Salar S.A.	Interest in current account	4,359	1,463	-	-
	Sale of PP&E	362	468	-	-
	Dividends received	27,270	22,725	-	-
	Services rendered	289	225	-	-
SQM Europe N.V.	Sale of products	96,589	70,622	-	-
SQM North America Corporation	Sale of products	100,510	76,679	-	-
	Purchase of products	-	1,667	-	-
	Interest in current account	865	1,333	-	-
SQM Industrial S.A.	Services rendered	8,077	6,668	-	-
	Services received	-	330	-	-
	Purchase of products	-	122,090	-	-
	Purchase of property, plant and equipment	3,529	1,885	-	-
	Sale of PP&E	348	1,022	-	-
	Interest in current account	7,534	7,883	-	-
	Services rendered	47	37	-	-
Exploraciones Mineras S.A.	Interest in current account	1	165	-	-
	Interest in current account	3,734	3,603	-	-
Minera Nueva Victoria S.A.	Purchase of products	-	29	-	-
	Interest in current account	3,734	3,603	-	-
Kowa Company Ltd.	Sale of products	25,395	16,476	2,046	1,769
SQMC Holding Corporation	Services rendered	84	84	-	-

NOTE 5. CURRENT AND DEFERRED INCOME TAXES

a) As of December 31, 2008 and 2007, the Company has the following balances for retained tax earnings and credit for shareholders:

	2008	2007
	ThUS\$	ThUS\$
Accumulated tax basis retained earnings with tax credit	404,488	323,350
Credit for shareholders	79,486	54,704

b) The deferred taxes as of December 31, 2008 and 2007 represented a net liability of ThUS\$ 1,246 and asset ThUS\$ 980 respectively, and consisted of:

2008	Deferred tax asset		Deferred tax liability	
	Short-term	Long-term	Short-term	Long-term
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Temporary differences				
Allowance for doubtful accounts	-	68	-	-
Deferred income	99	-	-	-
Vacation accrual	248	-	-	-
Accelerated depreciation	-	-	-	9,144
Staff severance indemnities	-	-	-	530
Other	190	2,720	-	89
Production expenses	-	-	318	-
Unrealized gain of sale of products	55,827	-	-	-
Gains and losses from derivative transactions	476	-	-	60
Exploration expenses	-	-	-	2,638
Long-term financing costs	-	-	-	827
Capitalized interest	-	-	-	1,185
Total gross deferred taxes	56,840	2,788	318	14,473
Complementary accounts	-	-	-	(1,206)
TOTAL DEFERRED TAXES	56,840	2,788	318	13,267

2007	Deferred tax asset		Deferred tax liability	
	Short-term	Long-term	Short-term	Long-term
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Temporary differences				
Vacation accrual	275	-	-	-
Allowance for doubtful accounts	-	56	-	-
Production expenses	-	-	1,366	-
Accelerated depreciation	-	-	-	7,062
Staff severance indemnities	-	-	-	582
Other	113	-	140	31
Unrealized gain of sale of products	13,615	-	-	-
Gains and losses from derivative transactions	-	-	2,544	66
Exploration expenses	-	-	-	2,770
Long-term financing costs	-	-	-	930
Capitalized interest	-	-	-	1,225
Total gross deferred taxes	14,003	56	4,050	12,666
Complementary accounts	-	-	-	(1,411)
TOTAL DEFERRED TAXES	14,003	56	4,050	11,255

Income tax credit (expense) is summarized as follows:

	2008	2007
	ThUS\$	ThUS\$
Provision for current income tax	(10,153)	(3,146)
Effect of assets and liabilities of deferred taxes, net	47,493	(1,824)
Adjustment for tax expense (previous year)	233	228
Effect of amortization of complementary accounts	(205)	(402)
TOTAL INCOME TAX CREDIT (EXPENSE)	37,368	(5,144)

NOTE 6. INVESTMENTS IN AND RECEIVABLES FROM RELATED PARTIES

a) Information on Foreign Investments

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

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

b) Transactions Executed in 2008

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

c) Transactions Executed in 2007

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

* On March 2, 2007, the subsidiary SQM Industrial S.A. made a capital increase of ThUS\$ 130 in its subsidiary SQM Brasil Ltda. In accordance with Technical Bulletin No. 72 issued by the Chilean Association of Accountants and Circular No. 1,697 issued by the Chilean Superintendency of Securities and Insurance (SVS), the Company performed the valuation in consideration of the carrying value of equity of SQM Brasil Ltda. as of December 31, 2006, which does not significantly differ from its fair value determined at that date.

* On April 11, 2007, the subsidiary SQM S.A. and the subsidiary Soquimich European Holding B.V. made a capital increase of ThUS\$ 6,599 in their subsidiary SQM Europe N.V. In accordance with Technical Bulletin No. 72 issued by the Chilean Association of Accountants and Circular No. 1,697 issued by the Chilean Superintendency of Securities and Insurance, the valuation was conducted considering the book value of the equity of SQM Europe N.V. as of March 31, 2007, which does not significantly differ from its fair value determined at that date.

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

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

* On November 13, 2007, Exploraciones Mineras S.A. increased its capital by ThUS\$ 30,000 through the issuance of 100,000 new shares which were subscribed and paid through the Capitalization of accounts payable by 99.73089% by Minera Nueva Victoria S.A. and by 0.26911% by Sociedad Química y Minera de Chile S.A.

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

d) Investments with less than 20% Ownership

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

e) Detail of investments in related companies

Tax registration number	Company	Country of origin	Controlling currency of the investments	Number of shares	Ownership interest		Equity of companies		Book value of investment		Net income (loss) for the period	
					2008	2007	2008	2007	2008	2007	2008	2007
					%	%	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
79.947.100-0	SQM Industrial S.A.	Chile	US\$	510,695,965	99.99	99.99	736,302	528,230	700,854	490,020	208,866	1,030
96.651.060-9	SQM Potasio S.A.	Chile	-	153,015,608	99.99	99.99	342,378	203,777	213,234	153,241	261,427	119,669
78.602.530-3	Minera Nueva Victoria S.A.	Chile	-	7,021,169	99.00	99.00	116,055	113,605	113,632	111,237	2,462	2,143
96.592.190-7	SQM Nitratos S.A.	Chile	-	45,827,672	99.99	99.99	126,974	48,809	(27,051)	36,277	168,165	8,028
0-E	SQM North America Corp.	U.S.A.	US\$	430	40.00	40.00	25,586	26,774	1,998	10,710	(1,188)	(317)
79.626.800-k	SQM Salar S.A.	Chile	-	69,084,000	18.18	18.18	375,986	239,132	42,179	43,474	286,884	142,506
0-E	RS Agro Chemical Trading A.V.V.	Aruba	US\$	59	98.33	98.33	5,236	5,237	5,149	5,150	(1)	-
96.592.180-k	Ajay SQM Chile S.A.	Chile	-	486,310,041	51.00	51.00	8,487	7,226	2,275	2,175	1,087	(338)
0-E	SQM Investment Corporation N.V.	Dutch Antilles	US\$	5	1.00	1.00	42,674	19,301	427	193	23,374	3,483
0-E	SQM Dubai - FZCO	UAE	DIRHAMS	1	1.00	1.00	18,117	8,186	181	82	9,963	671
0-E	SQM Europe N.V.	Europa	-	-	0.00	0.00	3,090	-	26	-	3,824	-
0-E	SQMC de México S.A. de C.V.	México	US\$	-	1.00	1.00	10,708	5,176	107	52	5,397	(20)
76.425.380-9	Exploraciones Mineras S.A.	Chile	-	1	0.00	0.00	28,366	29,070	76	78	(345)	(1,851)
81.767.200-0	Asociación Garantizadora de Pensiones	Chile	-	-	3.31	3.31	536	728	18	24	(5)	-
0-E	SQM Perú S.A.	Perú	US\$	340	0.00	0.00	1,962	-	19	-	2,766	-
0-E	SQM Japan Co. Ltd.	Japan	US\$	2	1.00	1.00	1,145	828	11	8	318	273
0-E	SQMC Holding Corporation L.L.P.	U.S.A.	US\$	3	0.00	0.00	7,136	6,302	7	6	834	341
79.876.080-7	Almacenes y Depósitos Ltda..	Chile	-	-	1.00	1.00	344	437	3	4	(29)	(37)
79.906.120-1	Isapre Cruz del Norte Ltda.	Chile	-	-	1.00	1.00	301	341	3	4	22	42
79.770.780-5	Servicios Integrales de Tránsito y Transferencias S.A.	Chile	-	1	0.003	0.0003	12,255	13,481	-	-	(1,226)	3,130
0-E	SQI Corporation N.V.	Estados Unidos	US\$	1	0.00	0.00	(22)	-	-	-	-	-
0-E	SQM Corporation N.V.	Antillaa Holand	US\$	1	0.00	0.00	33,325	-	-	-	19,278	-
0-E	SQM Brasil Ltda.	Brasil	US\$	-	0.00	0.00	(696)	-	-	-	217	(328)
0-E	Royal Seed Trading Corp	Aruba	US\$	-	1.67	1.67	(779)	3,333	-	56	(4,112)	4,178
TOTAL							1,053,148 852,791					

NOTE 7. GOODWILL AND NEGATIVE GOODWILL

As established in Technical Bulletin No. 72, issued by the Chilean Association of Accountants, ThUS\$ 12 in 2008 (ThUS\$ 636 in 2007) has been adjusted to the negative goodwill account related to lawsuits with third parties paid, which as of the date of determination of negative goodwill did not meet the requirements to be treated as identifiable liabilities that could be recognized.

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

Goodwill, negative goodwill and the related amortization is summarized as follows:

a) Goodwill

Tax registration number	Company	December 31, 2008		December 31, 2007	
		Amount amortized during the period	Goodwill balance	Amount amortized during the period	Goodwill balance
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
79947100-0	SQM Industrial S.A.	1,113	17,804	1,113	18,917
TOTAL		1,113	17,804	1,113	18,917

b) Negative Goodwill

Tax registration number	Company	December 31, 2008		December 31, 2007	
		Amount amortized during the period	Negative goodwill balance	Amount amortized during the period	Negative goodwill balance
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
78602530-3	Minera Nueva Victoria S.A.	-	1,260	-	1,272
TOTAL		-	1,260	-	1,272

NOTE 8. BANK DEBT

a) Short-term Bank Debt:

Bank or financial institution	2008	2007
	ThUS\$	ThUS\$
Banco Crédito e Inversiones	20,172	-
BBVA Banco Bilbao Vizcaya Argentaria	40,524	-
JP Morgan Chase Bank	20,317	-
TOTAL	81,013	-
Annual average interest rate	6.7342%	-

NOTE 9. SHORT AND LONG-TERM OBLIGATIONS WITH THE PUBLIC (PROMISSORY NOTES AND BONDS PAYABLE)

Additional Information

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

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

The following payments have been made as of December 31, 2008 and 2007:

	2008	2007
	UF	UF
Principal Payments	150,000.00	150,000.00
Interest Payments	111,397.51	117,338.71

As of December 31, 2008 and 2007, the short-term portion includes ThUS\$ 7,929 and ThUS\$ 8,868, respectively, related to short-term principal plus accrued interest at those dates. The long-term portion includes ThUS\$ 285,940 as of December 31, 2008 and ThUS\$ 306,651 as of December 31, 2007, related to principal installments for Series C bonds and Single Series bonds.

No. of registration of the instrument	Series	Nominal amount	Adjustment in unit	Interest rate	Final period	Payment of interest	Payment of amortization	12/31/08 ThUS\$	12/31/07 ThUS\$	Placement Chile or abroad
Current portion of long-term bonds payable										
446	C	150,000	UF	4.00%	12/01/2009	Semi-annual	Semi-annual	5,352	6,291	In Chile
184	Single	–	US\$	6.125%	10/15/2009	Semi-annual	–	2,577	2,577	Abroad
TOTAL CURRENT PORTION								7,929	8,868	
Long-term bonds payable										
446	C	2,550,000	UF	4.00%	12/01/2026	Semi-annual	Semi-annual	85,940	106,651	In Chile
184	Single	200,000,000	US\$	6.125%	04/15/2016	Semi-annual	Bullet at maturity	200,000	200,000	Abroad
TOTAL LONG-TERM								285,940	306,651	

NOTE 10. ACCRUED LIABILITIES

As of December 31, 2008 and 2007 short-term accrued liabilities are detailed as follows:

	2008 ThUS\$	2007 ThUS\$
Taxes and monthly tax provisional payments	922	549
Vacation accrual	1,458	1,617
Provision for employee compensation and legal costs	577	827
Other accruals	366	372
TOTAL ACCRUED LIABILITIES	3,323	3,365

As of December 31, 2008 and 2007 long-term accrued liabilities are detailed as follows:

	2008 ThUS\$	2007 ThUS\$
Staff severance indemnities (i)	3,327	2,954
Provision for investment in subsidiary	32	40
Incentive bonus provision (1)	12,000	–
TOTAL ACCRUED LIABILITIES	15,359	2,994

(1) These provisions correspond to a withholding bonus for company executives. The value of this bonus is connected to the price of the Company's shares and is payable between 2010 and 2011. According to what is stated in Note 2 w), this benefit has been recognized in the accounting on an accrual basis.

NOTE 11. STAFF SEVERANCE INDEMNITIES.

(i) Staff severance indemnities are summarized as follows:

	2008 ThUS\$	2007 ThUS\$
Opening balance	2,954	2,739
Increases (decreases) in obligation	1,342	433
Payments	(133)	(398)
Exchange difference	(836)	180
BALANCE AS OF DECEMBER 31	3,327	2,954

NOTE 12. SHAREHOLDERS' EQUITY

a) Changes to Shareholders' Equity are detailed as follows:

	Number of shares	Paid-in capital	Other reserves	Accumulated deficit from subsidiary in development stage	Retained earnings	Interim dividends	Net income	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$		ThUS\$	ThUS\$
BALANCE JANUARY 1, 2007	263,196,524	477,386	155,190	-	312,096	-	141,277	1,085,949
Transfer December 31, 2006								
net income to retained earnings	-	-	-	-	141,277	-	(141,277)	-
Declared dividends 2007	-	-	-	-	(91,786)	-	-	(91,786)
Other comprehensive income	-	-	8,252	-	-	-	-	8,252
Net income	-	-	-	-	-	-	180,021	180,021
BALANCE AS OF DECEMBER 31, 2007	263,196,524	477,386	163,442	-	361,587	-	180,021	1,182,436
Transfer December 31, 2007 net								
income to retained earnings	-	-	-	-	180,021	-	(180,021)	-
Declared dividends 2008	-	-	-	-	(117,014)	-	-	(117,014)
Other comprehensive income	-	-	(3,721)	-	-	-	-	(3,721)
Interim dividends	-	-	-	-	-	(100,000)	-	(100,000)
Net income	-	-	-	-	-	-	501,407	501,407
BALANCE AS OF DECEMBER 31, 2008	263,196,524	477,386	159,721	-	424,594	(100,000)	501,407	1,463,108

b) In consideration of the current distribution of shares, the Company has a controlling interest Group composed of Pampa Calichera S.A. and the Kowa Group by virtue of the Joint Action Agreement subscribed on December 21, 2006.

c) Other information

The detail of other reserves is as follows:

Detail	For the year ended December		As of December
	31, 2008		31, 2008
	Thus\$	Mus\$	
Technical appraisal		-	151,345
Changes to other comprehensive income from equity method investments:		-	-
Soquimich Comercial S.A.	(1)	-	13,287
Comercial Hydro S.A.	(1)	(725)	(725)
SQMC Internacional Ltda.	(1)	(35)	(35)
Proinsa Ltda..	(1)	(26)	(26)
Isapre Norte Grande Ltda.	(1)	(1)	(45)
Inversiones Augusta S.A.	(1)	-	(761)
SQM Ecuador S.A.	(2)	-	(270)
Almacenes y Depósitos Ltda.	(1)	-	88
Asociación Garantizadora de Pensiones	(1)	(6)	(23)
Sales de Magnesio Ltda.	(1)	(101)	10
Sociedad de Servicios de Salud S.A.	(1)	-	14
SQM North America Corp.	(3)	(2,827)	(4,186)
SQM Dubai Fzco.	(1)	-	(12)
Ajay Europe SARL	(1)	-	343
Other Companies	(1)	-	717
TOTAL OTHER COMPREHENSIVE INCOME		(3,721)	159,721

(1) Corresponds to translation adjustments and price-level restatement.

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

(3) Corresponds to a change in the valuation of the Company's under-funded pension plan.



d) Interim Dividends

At Board of Directors Meeting held on October 28, 2008 the directors agreed to distribute an interim dividend of US\$0.37994 per share as of November 21, 2008 for a total amount of ThUS\$ 100,000 and lower than 30% of distributable net income for commercial year 2008, accrued as of September 30, 2008. The above was charged to net income for that commercial year, payable to the shareholders of Sociedad Química y Minera de Chile S.A. registered in the respective registry on the 5th business day prior to November 21, 2008, in its equivalent in Chilean pesos based on the value of the observed dollar or US dollar published in the Official Gazette on Friday, November 14, 2008.

NOTE 13. EXPENSES INCURRED IN THE ISSUANCE SHARES AND DEBT TITLES

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

As of December 31, 2008, issuance expenses net of amortization amount to ThUS\$ 6,665. Issuance expenses include disbursements related to reports issued by risk classifiers, legal and financial advisories, taxes, printing and placement fees. Amortization in 2008 amounted to ThUS\$ 603, (ThUS\$ 774 in 2007)

NOTE 14. CASH FLOW STATEMENT

Amounts included in other investing income that are greater than 10% of investing income are detailed as follows:

	2008	2007
	ThUS\$	ThUS\$
Sale of mining concessions	721	352
Repayment of employee loans	-	116
TOTAL	721	468

NOTE 15. DERIVATIVES INSTRUMENTS

Derivative instruments are recorded at their fair value at year-end. Changes in fair value are recognized in income with the liability recorded in other current liabilities. Losses from options relate to fees paid by the Company to enter into such contracts. As of December 31, 2008 the Company's derivative instruments are as follows:

Type of derivative	Notional or covered amount	Expiration	Description of the contract type	Position purchase / sale	(Liability)	Income	
	ThUS\$				Asset amount	(Loss) recorded	(Not) recorded
	ThUS\$				ThUS\$	ThUS\$	ThUS\$
US dollar Forward	42,000	1st Quarter of 2009	Exchange Rate	P	40,727	(1,273)	-
Swap	113,025	4th Quarter of 2026	Interest Rate	P	101,994	(1,524)	(9,507)

NOTE 16. COMMITMENTS AND CONTINGENCIES

1). Contingencies:

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

1. Plaintiff: Compañía Salitre y Yodo Soledad S.A.
Defendant: Sociedad Química y Minera de Chile S.A.
Date of lawsuit: December 1994
Court: Civil Court of Pozo Almonte
Cause: Partial annulment of mining property, Cesard 1 to 29
Instance: Evidence provided
Nominal amount: ThUS\$ 211
2. Plaintiff: Compañía Productora de Yodo y Sales S.A.
Defendant: SQM S.A.
Date of lawsuit: November 1999
Court: Civil Court of Pozo Almonte
Cause: Partial annulment of mining property, Paz II 1 to 25
Instance: Evidence provided
Nominal amount: ThUS\$ 162
3. Plaintiff: Compañía Productora de Yodo y Sales S.A.
Defendant: SQM S.A.
Date of lawsuit: November 1999
Court: Civil Court of Pozo Almonte
Cause: Partial annulment of mining property, Paz III 1 to 25
Instance: Evidence provided
Nominal amount: ThUS\$ 204
4. Plaintiff: Marina Arnéz Valencia
Defendant: SQM S.A. and its insurance companies
Date of lawsuit: May 2006
Court: 2 nd Civil Court of Santiago
Cause: Work accident
Instance: Conciliation audience
Nominal amount: ThUS\$ 500
5. Plaintiff: Angélica Allende and their sons Iván Molina and Cristóba 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: Work court of Antofagasta.
Cause: Work accident.
Instance: Response
Nominal amount: ThUS\$ 670.
6. Plaintiff: Nancy Erika Urra Muñoz.
Defendant: Fresia Flores Zamorano, Duratec-Vinilit S.A. y 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.

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

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

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

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

b) Restrictions:

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

c) Commitments:

Subsidiary SQM Salar S.A. has signed a rental contract with CORFO which establishes that such subsidiary, will pay to CORFO, for the exploitation of certain mining properties owned by CORFO and for the products resulting from such exploitation, the annual rent stated in the aforementioned contract, the amount of which is calculated on the basis of the sales of each type of product. The contract is in force until 2030 and rent began being paid in 1996 reflecting in income a value of ThUS\$ 17,712 in 2008 (ThUS\$ 13,865 in 2007)

2. Indirect Guarantees

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

Third Party Guarantees

As of December 31, 2008 and 2007 the Company has the following indirect guarantees outstanding:

Beneficiary	Debtor		Balances outstanding	
	Name	Relationship	2008 ThUS\$	2007 ThUS\$
BBVA Banco Bilbao Vizcaya Argentaria	Royal Seed Trading Corp. A.V.V.	Subsidiary	100,204	100,433
ING Capital LLC	Royal Seed Trading Corp. A.V.V.	Subsidiary	80,215	80,368
Export Development Canada	SQM Investment Corporation N.V.	Subsidiary	50,032	-

NOTE 17. SURETIES OBTAINED FROM THIRD PARTIES

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

Company name	ThUS\$
Llanos y Wammes Soc. Com. Ltda.	1,571
Fertglobal Chile Ltda. y Bramell	786
Tattersall S.A	904

NOTE 18. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

	2008	2007
	ThUS\$	ThUS\$
Assets		
Chilean pesos	26,891	(376)
US dollars	2,146,678	1,565,642
UF	2,400	6,300
Euros	26,641	22,334
Brazilian Real	1,043	1,375
Dirham	181	82
Current Liabilities		
Chilean pesos	19,105	17,930
US dollars	398,218	61,787
UF	6,119	6,535
Euros	2	2
Other currencies	5,107	5,093
Long-term Liabilities		
US dollars	222,511	211,199
Chilean pesos	3,327	2,994
UF	86,337	107,381

NOTE 19. SANCTIONS

During 2008 and 2007, the SVS did not apply sanctions to the Company, its directors or managers.

NOTE 20. SUBSEQUENT EVENTS

On January 13, 2009 the Superintendency of Securities and Insurance was informed that Sociedad Química y Minera de Chile S.A. has successfully placed two series of bonds in the domestic market. The first for ThUF 4,000 was placed with a term of 21 years, with amortization of principal starting in 2019 and at an annual interest rate of UF plus 5.05%. The second, for ThCh\$ 21,000, was placed with a term of 5 years, with a single amortization upon expiry of that term and an annual interest rate of 7.5% in nominal pesos.

The resources obtained of close to ThUS\$ 173,000, will be used by SQM to finance their investment plan and refinance certain liabilities.

Management is not aware of any significant subsequent events that have occurred after December 31, 2008 and that may affect the Company's financial position or the interpretation of these financial statements, (February 24, 2009).

NOTE 21. ENVIRONMENTAL PROJECTS

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

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

Disbursements made by the Company as of December 31, 2008 related to investments in production processes, verification and control of compliance with ordinances and laws relative to industrial processes and facilities amount to ThUS\$ 10,035 and are detailed as follows:

	2008	Future disbursements
	ThUS\$	ThUS\$
Projects		
Enablement of money exchange and bathrooms	168	540
Environmental evaluation	1,251	1,056
Handling of household and industrial waste	736	242
Handling of Dangerous Sustances	579	1,150
Infrastructure, equipment, new environmental offices at ME	14	-
Salar (Salt deposit) environmental follow-up plan	3,045	255
Environmental studies	42	330
Improvements in M. Elena - Streets camp	435	740
Regulations	-	198
PV Environmental improvements	555	954
Waste pools R&R Lithium C. Plant	2,150	-
Miscellaneous environmental projects related to nitrates	38	7
Environmental management	1,022*	1,196**
TOTAL	10,035	6,668

(*) Corresponds to the 2008 Budget

(**) Corresponds to the 2009 Budget

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

On August 10, 1993, the Ministry of Health published a resolution under the Sanitary Code that established that the levels of breathable particles present at Maria Elena Plant exceeded the level allowed for air quality and, consequently, affected the nearby city of Maria Elena. Particles mainly come from dust that results from processing caliche particularly at the crushing process prior to leaching. The Company has implemented a series of measures that have shown notable improvement in air quality at María Elena. Within the framework of a Decontamination plan for this city and also to meet its Sustainable Development Policy. In October 2005, the Company obtained environmental approval for the project "Technological Change at Maria Elena". The operation of this project will allow reducing particle emission, as required by the new environmental standard, which is estimate to occur during the second half of 2008. The new María Elena crushing plant was finally put out of service as of July 5, 2008, with the consequent improvement in air quality, which will be able to be evaluated after three years of operation as required by the regulation for MP10.

In addition, for all its operations, the Company develops environmental follow-up and monitoring plans based on specialized scientific studies and develops an annual training program in environmental matters to both for its direct employees and for 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 Atacama Salt Mine lagoons. Such research includes a population count of the birds and breeding research. Environmental follow-up maintained by the Company at the Salt Mine in Atacama and other systems in which it operates are supported by a number of studies which have integrated diverse scientific efforts from prestigious research centers, including Dictuc from Pontificia Universidad Católica and the School of Agricultural Science of Universidad de Chile.

In addition, within the framework of the environmental studies it performs for its new project, the Company is performing significant activities for the recording of Prehispanic and historical cultural heritage, as well as the protection of heritage sites, in accordance with current Chilean laws. These actions have been especially performed in the areas surrounding Maria Elena and the Nueva Victoria plant. This effort is being accompanied by actions for showing culture to the community and exhibition in local and regional museums

As emphasized in its Sustainable Development Policy, the Company strives for maintaining positive relationships with the surrounding community, as well as participating in the development of communities near its operations, by supporting joint projects and activities which lead to improve life quality in these. For this purpose, the Company has focused its efforts in rescuing historical heritage, sociocultural training and development, for which it performs different activities either individually or together with government's agencies and/or private entities.





CONDENSED FINANCIAL STATEMENTS

ANNUAL REPORT SQM S.A. 2008

CONDENSED BALANCE SHEETS

	SQM Industrial S.A.		SQM Potasio S.A.		Minera Nueva Victoria S.A.	
	2008	2007	2008	2007	2008	2007
	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
Assets						
Cash	106,514	25,820	125,018	45,243	–	–
Receivables	261,078	226,769	69,475	24,054	42	7
Related companies	128,438	33,225	388,940	229,537	62,349	59,752
Inventory	714,377	351,971	183,496	89,180	347	445
Others current assets	38,905	30,092	2,856	2,490	481	400
Total current assets	1,249,312	667,877	769,785	390,504	63,219	60,604
Property	4,538	5,019	7,438	8,177	14,300	14,873
Construction and infrastructure	389,647	353,004	419,613	333,000	4,362	2,632
Machinery and equipment	386,459	348,332	250,883	216,766	1,595	1,266
Other property, plant and equipment	82,705	75,951	17,131	8,691	27	14
Depreciation (less)	(440,069)	(398,577)	(251,768)	(213,662)	(3,770)	(3,063)
Total fixed assets	423,280	383,729	443,297	352,972	16,514	15,722
Other assets	52,025	42,036	17,693	15,907	7,202	9,044
TOTAL ASSETS	1,724,617	1,093,642	1,230,775	759,383	86,935	85,370
Liabilities						
Related companies	722,859	378,982	241,525	82,649	601	204
Others current liabilities	188,091	107,224	129,813	47,973	2,354	2,121
Total current liabilities	910,950	486,206	371,338	130,622	2,955	2,325
Related companies	1,781	1,781	186,350	174,177	–	–
Provisions	18,033	15,427	950	1,153	9	–
Others long-term liabilities	7,729	9,492	260,878	205,861	1,413	2,934
Total long term liabilities	27,543	26,700	448,178	381,191	1,422	2,934
Minority interest	52,224	53,213	68,897	43,794	76	79
Shareholders equity	733,900	527,523	342,362	203,776	82,482	80,032
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1,724,617	1,093,642	1,230,775	759,383	86,935	85,370

CONDENSED STATEMENTS OF INCOME

	SQM Industrial S.A.		SQM Potasio S.A.		Minera Nueva Victoria S.A.	
	2008	2007	2008	2007	2008	2007
	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$	THUS\$
Revenues	1,611,285	1,124,411	746,942	432,984	163	5,097
Cost of sales	(1,306,357)	(1,015,179)	(311,817)	(246,868)	(2,436)	(8,387)
Operating margin	304,928	109,232	435,125	186,116	(2,273)	(3,290)
Selling and administrative expenses	(54,318)	(45,135)	(6,577)	(6,893)	(7)	-
Operating income	250,610	64,097	428,548	179,223	(2,280)	(3,290)
Non-operating income	30,324	12,166	20,594	37,668	5,710	5,831
Non-operating expenses	(43,283)	(63,710)	(55,669)	(37,961)	(283)	(582)
Net income before taxes	237,651	12,553	393,473	178,930	3,147	1,959
Income taxes	(26,137)	(7,823)	(79,668)	(33,246)	(698)	(464)
Minority interest	(2,648)	(3,700)	(52,378)	(26,015)	1	5
Amortization of negative goodwill	-	-	-	-	-	-
NET INCOME	208,866	1,030	261,427	119,669	2,450	1,500

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

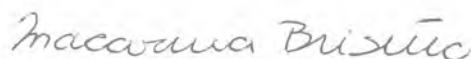
1. The financial statements of these companies are prepared in accordance with generally accepted accounting principles as issued by the Chilean Accounting Association and the standards and instructions issued by the Superintendency of Securities and Insurance ("SVS"). In the event of any discrepancies between the two, the standards and instructions of the SVS shall prevail.
2. The financial statements are prepared in U.S. dollars, and the currencies of origin are converted to dollars at the exchange rate as of the closing date of each year.
3. Property, plant and equipment are valued at cost, and depreciation for the period is calculated using the straight-line method over the remaining useful lives of the goods, as estimated by Management.
4. Inventories of finished products and products in process are valued at average production cost, net of provisions. Provisions are recorded on the basis of a technical study that takes into account the different variables that affect inventories in storage, such as density and moisture.

Materials and inputs received are valued at average acquisition cost, and items in transit are valued at the cost incurred as of period-end.

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

5. Investments in related companies have been valued using the equity method, and unrealized results between subsidiaries have been eliminated and recognized in income on an accrual basis.

The undersigned declare themselves responsible for the information contained in these financial statements and the related explanatory notes, and they assume the corresponding legal responsibility.



Macarena Briseño Correa
Controller



Patricio Contesse González
Chief Executive Officer



ADDITIONAL INFORMATION

ANNUAL REPORT SQM S.A. 2008

FINANCIAL INFORMATION

a) Financial indicators

Liquidity	31/12/2008	31/12/2007
Current ratio	3.00	4.70
Acid test ratio	1.59	2.37

Indebtedness	31/12/2008	31/12/2007
	%	%
Indebtedness ratio	72.25	64.10
Short-term liabilities/Total liabilities	42.18	25.39
Long-term liabilities/Total liabilities	57.82	74.61
Interest coverage ratio (times)	31.01	12.18

Assets and Turnover	31/12/2008	31/12/2007
Total assets (US\$ thous.)	2.567.215	1.986.319
Inventory turnover	2.28	2.28
Inventory permanency	158	158

b) Operating Results by Region*

2008

	Chile	Latam. and Caribbean	Europe	USA	Asia and others	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sales	364,497	297,770	443,794	358,584	309,474	1,774,119
Cost of sales	260,879	210,975	250,473	194,273	139,654	1,056,254

2007

	Chile	Latam. and Caribbean	Europe	USA	Asia and others	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sales	232,886	147,347	360,840	275,979	170,475	1,187,527
Cost of sales	138,049	109,147	241,351	183,574	85,644	857,765

(*) The distribution of sales presented above reflects the regions in which the Company's subsidiaries are located and does not necessarily reflect the final destination of the products sold.

c) Operating Results

	31/12/2008	31/12/2007
	ThUS\$	ThUS\$
Operating income	632,156	259,489
Financial expenses	(19,957)	(19,949)
Non-operating loss	(19,306)	(27,084)
E.B.I.T.D.A.E.I.	732,437	343,797
Net income after taxes	501,407	180,021

d) Returns

	31/12/2008	31/12/2007
	%	%
Return on equity	37.91	15.87
Return on assets	22.02	9.33
Return on operating assets (1)	29.44	14.20
Earnings per share (US\$)	1.91	0.68
Dividend yield - series A (2)	2.80	1.52
Dividend yield - series B (2)	2.92	2.05

(1) Calculation of Operating Assets:

	31/12/2008	31/12/2007
	ThUS\$	ThUS\$
Total assets	2,567,215	1,986,319
Less		
Other short-term receivables	(6,743)	(6,249)
Other long-term receivables	(767)	(604)
Recoverable taxes	(37,081)	(31,322)
Deferred income taxes	(34,802)	-
Other current non-operating assets	(2,102)	(1,887)
Investments in related companies	(36,951)	(23,935)
Goodwill	(31,901)	(34,236)
Negative goodwill	1,279	1,291
Other long-term non-operating assets	(5,524)	(6,969)
TOTAL OPERATING ASSETS	2,412,623	1,882,408

(2) The dividend yield (per share) is calculated by dividing the dividend per share by the closing share price for the year. Dividends paid for series A and series B shares are the same; there are no economic differences between the two series of shares.

CASH FLOW ANALYSIS

During the period the Company generated positive net cash flows from operating activities in the amount of ThUS\$457,314 (ThUS\$311,294 en 2007), negative net cash flows from Financing activities of ThUS\$38,404 (negative net cash flows of ThUS\$157,130 in 2007) and negative net cash flows from investing activities of ThUS\$278,807 (ThUS\$174,166 in 2007) detailed as follows:

Cash flows from operating activities:

	31/12/2008	31/12/2007
	ThUS\$	ThUS\$
Net income	501,407	180,021
Proceeds from sales of assets	(4,180)	(1,229)
Depreciation	110,575	97,826
Other credits to income (less)	(19,486)	(12,456)
Other charges to income	269,655	150,035
Changes in assets that affect cash flow	(376,206)	(67,250)
Changes in liabilities that affect cash flow	(27,943)	(39,445)
Gain (loss) on minority interest	3,492	3,792
NET CASH PROVIDED BY OPERATING ACTIVITIES	457,314	311,294

Cash flows from financing activities:

	31/12/2008	31/12/2007
	ThUS\$	ThUS\$
Proceeds from bank financing	280,000	-
Repayment of obligations with the public	(5,573)	(5,131)
Repayment of bank financing	(100,000)	(57,089)
Payment of dividends	(212,831)	(94,910)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(38,404)	(157,130)

Cash flows from investing activities:

	31/12/2008	31/12/2007
	ThUS\$	ThUS\$
Proceeds from sales of assets	25,969	2,498
Sales of investments in related companies	1,688	1,478
Other investment income	721	399
Purchase of property, plant and equipment	(275,893)	(165,640)
Payment of capitalized interest	(10,723)	(12,388)
Investments in related companies	(20,121)	-
Other disbursements related to investing activities	(448)	(513)
NET CASH USED IN INVESTING ACTIVITIES	(278,807)	(174,166)

MANAGEMENT AND DIRECTORS' COMPENSATION

a) Summary of Director's Compensation January-December 2008:

Director	SQM S.A.		SQMC	Total Ch\$
	Board meetings	Committee meetings	Board meetings	
Julio Ponce Lerou	480,651,826	–	73,796,766	554,448,592
Wayne R. Brownlee	71,341,013	–	–	71,341,013
Hernán Büchi Buc	72,560,290	12,531,831	–	85,092,121
José María Eyzaguirre Baeza	70,268,384	–	–	70,268,384
Eduardo Novoa Castellón *	6,222,623	6,222,623	–	12,445,246
José Antonio Silva Bafalluy *	63,005,717	3,964,169	–	66,969,886
Wolf Von Appen	66,048,466	–	–	66,048,466
Kendrick T. Wallace	71,341,013	–	–	71,341,013
Daniel Yarur Elsaca	70,268,382	11,226,834	–	81,495,216
TOTAL	971,707,714	33,945,457	73,796,766	1,079,449,397

* Mr. Eduardo Novoa joined the Board of Directors in May 2008, replacing Mr. José Antonio Silva.

b) During 2008, the Board of Directors incurred the following expenses:

Expense	US\$
Travel, rental, services and consulting	38,293
General expenses	3,754
TOTAL	42,047

c) Management Compensation

For the years 2007 and 2008, the aggregate remuneration received by Management was the following:

Year	Number of executives	Total Ch\$
2007	95	6,993,545,703
2008	92	10,091,115,695

During 2008, the Company made severance payments in the amount of Ch\$94,134,099 to members of the management team that left the Company.

d) Human Resources

As of December 31, 2008, SQM and its subsidiaries had 4,561 employees, distributed as follows:

Employee type	Holding	Other subsidiaries	Total
Executives	20	81	101
Professionals	114	900	1,014
Technicians and operators	309	2,908	3,217
Foreigners	–	229	229
TOTAL	443	4,118	4,561

DIRECTORS COMMITTEE, ACTIVITIES AND CONSULTING EXPENSES

As of December 31, 2008, the Company's Directors Committee was formed by the SQM Directors: Mr. Hernán Büchi B., Mr. Eduardo Novoa C. and Mr. Daniel Yarur E. This Committee acts in accordance with section 50 bis of law N°18.046 and some of the activities carried out during the year 2008 were related to:

- a) Analysis of un-audited financial reports.
- b) Analysis of audited financial reports.
- c) Analysis of reports submitted by external auditors, account inspectors and rating agencies, and formulation of proposals to the Board of Directors recommending external auditors, account inspectors and rating agencies that could be designated by the respective Annual General Shareholders Meeting.
- d) Analysis of functions, objectives and working programs of the Internal Audit Department.
- e) Analysis of the Company's Senior Executives' remuneration and compensation plans.
- f) Analysis of the records relating to the transactions referred to in articles 44 and 89 of Law of Corporation.
- g) Analysis of matters related to the "Sarbanes-Oxley Act" of the U.S.A., especially regarding Section 404.
- h) Analysis of matters related to the norms "IFRS" and "PCAOB" of the U.S.A.
- i) Analysis of Internal Control Report.

The Directors Committee examined the following records in connection with operations related to section 44 of law N° 18.046:

- During its session held on December 16, 2008, the Directors Committee analyzed certain sea freight contracts between the "SQM Group" and the "Ultramar Group" (linked to Mr. Wolf von Appen, Director of SQM S.A.) and recommended the implementation of the contracts.

On April 30, 2008, the Annual General Shareholders Meeting of SQM agreed to pay a monthly remuneration of 50UF to each member of the Directors Committee, regardless of the number of sessions held by the Committee during the period between May 2008 and April 2009, both months included. This remuneration is also independent from what the Committee members obtain as members of the Company's Board of Directors. In this same meeting, an operational budget for the Directors Committee of 1.800UF was approved.

During 2008, the Directors Committee did not incur any consulting expenses.

Considering the effective shareholder structure as of December 31, 2008, the majority of the members of the Directors Committee are independent.

DIVIDEND

a) Dividend Policy

SQM S.A.'s dividend policy for the year 2008, as approved by shareholders at the General Shareholders Meeting held on April 30, 2008, considers the distribution to the Company's shareholders of 65% of the distributable net income for the 2008 business year.

b) Distributable Income

The distributable income of the Company reported for the period ended December 31, 2008, is detailed as follows:

	MUS\$
Net income (loss)	501,410
Amortization of negative goodwill	0
Distributable income	501,410

c) Dividends

Each Series A Share and Series B Share is entitled to participate equally in any dividends declared on the outstanding capital stock of SQM.

During the last three years, the Company has distributed the following dividends:

Year of distribution	US\$/Share
2006	0,280
2007	0,349
2008	0,445
2008 (interim)	0,380

SHARE TRANSACTIONS

a) Related-Party Transactions

Purchases and sales of Company stock by members of SQM's Board of Directors, Management and main shareholders during 2008 were as follows (price in Chilean pesos).

Name	Purchase	Sale	Series	Price (Ch\$)	Date	Amount traded \$
Sociedad de Inversiones Pampa Calichera S.A.		45,053	B	10,532	3/28/2008	474,498,196
Sociedad de Inversiones Pampa Calichera S.A.		134,809	B	10,163	3/31/2008	1,370,063,867
Sociedad de Inversiones Pampa Calichera S.A.		50,138	B	10,373	4/1/2008	520,081,474
Sociedad de Inversiones Pampa Calichera S.A.		115,000	B	10,860	4/2/2008	1,248,900,000
Sociedad de Inversiones Pampa Calichera S.A.		500,000	B	10,390	4/3/2008	5,195,000,000
Sociedad de Inversiones Pampa Calichera S.A.		120,000	B	11,144	4/3/2008	1,337,280,000
Inversiones El Boldo Ltda.		147,097	B	11,141	4/3/2008	1,638,807,677
Inversiones El Boldo Ltda.	147,097		A	13,240	4/3/2008	1,947,564,280
Sociedad de Inversiones Pampa Calichera S.A.		35,000	B	11,492	4/4/2008	402,220,000
Sociedad de Inversiones Pampa Calichera S.A.		200,000	B	12,154	4/7/2008	2,430,800,000
Sociedad de Inversiones Pampa Calichera S.A.		145,385	B	12,531	4/8/2008	1,821,819,435
Inversiones El Boldo Ltda.		147,097	B	11,141	4/9/2008	1,638,807,677
Sociedad de Inversiones Pampa Calichera S.A.		4,615	B	12,549	4/9/2008	57,913,635
Sociedad de Inversiones Pampa Calichera S.A.		200,000	B	12,550	4/14/2008	2,510,000,000
Sociedad de Inversiones Pampa Calichera S.A.		145,385	B	12,549	4/14/2008	1,824,436,365
Sociedad de Inversiones Pampa Calichera S.A.		4,615	B	13,200	4/18/2008	60,918,000
Inversiones El Boldo Ltda.		8,241	B	13,281	4/22/2008	109,448,721
Inversiones El Boldo Ltda.	147,097		A	13,240	5/2/2008	1,947,564,280
Inversiones El Boldo Ltda.	8,241		A	14,000	5/2/2008	115,374,000
Inversiones El Boldo Ltda.	135,260		A	17,000	5/26/2008	2,299,420,000
Inversiones El Boldo Ltda.		135,260	B	15,784	5/27/2008	2,134,943,840
Sociedad de Inversiones Pampa Calichera S.A.	850,000		B	15,940	5/27/2008	13,549,000,000
Descazeaux Aribit, Bernard		6,500	B	20,500	7/15/2008	133,250,000
Jiménez Schuster, Daniel	556		B	10,650	10/7/2008	5,921,400
Contesse González, Patricio	10,531		B	15,752	11/5/2008	165,884,312
Contesse González, Patricio	30,000		B	16,007	11/5/2008	480,203,991
Inversiones El Boldo Ltda.	22,308		A	15,910	11/7/2008	354,920,280
Inversiones Cordillera Ltda.	100,000		B	14,375	11/7/2008	1,437,500,000
Inversiones El Boldo Ltda.		22,308	B	15,120	11/10/2008	337,296,960
Inversiones Cordillera Ltda.	30,354		B	14,277	11/11/2008	433,364,058
Inversiones Cordillera Ltda.	49,843		B	14,253	11/12/2008	710,412,279
Inversiones Cordillera Ltda.	35,318		B	14,121	11/13/2008	498,725,478
Inversiones Cordillera Ltda.	103,302		B	13,739	11/18/2008	1,419,266,178
Sociedad de Inversiones y Comercial Casas Viejas S.A.	1,150		B	13,550	11/19/2008	15,582,500
Inversiones Cordillera Ltda.	47,945		B	13,672	11/19/2008	655,504,040
Sociedad de Inversiones y Comercial Casas Viejas S.A.	760		B	13,000	11/20/2008	9,880,000
Inversiones Cordillera Ltda.	30,726		B	12,807	11/20/2008	393,507,882
Sociedad de Inversiones y Comercial Casas Viejas S.A.		760	B	14,008	11/25/2008	10,646,080
Sociedad de Inversiones y Comercial Casas Viejas S.A.		1,150	B	14,484	11/26/2008	16,656,600
Cabello Cadiz, Mauricio		1,153	B	14,300	12/1/2008	16,487,900
Contesse Fica, Patricio	1,000		B	14,940	12/9/2008	14,940,000
Sociedad de Inversiones y Comercial Casas Viejas S.A.		341	B	14,300	12/12/2008	4,876,300
Sociedad de Inversiones y Comercial Casas Viejas S.A.	300		B	15,450	12/16/2008	4,635,000
Sociedad de Inversiones y Comercial Casas Viejas S.A.	4,965		B	15,335	12/23/2008	76,138,275

b) SQM's share price and sales volumes

		Santiago stock exchange:					
		Average price (Ch\$)		Number of shares traded		Amount traded (millions of Ch\$)	
		SQM A	SQM B	SQM A	SQM B	SQM A	SQM B
2006	Q1	5,906.0	6,125.7	44,772	20,575,069	265	126,094
	Q2	5,642.3	5,617.6	848,464	28,878,481	4,453	165,058
	Q3	5,624.0	5,768.9	1,130,440	16,253,180	6,082	95,754
	Q4	6,648.2	6,790.5	1,793,483	54,266,386	12,072	376,168
2007	Q1	7,292.2	7,283.8	6,240,280	22,774,884	46,631	165,898
	Q2	8,712.2	8,496.3	1,055,931	14,599,754	9,302	123,423
	Q3	10,175.7	8,353.9	6,265,551	17,855,231	63,903	148,318
	Q4	12,100.0	8,984.1	109,751	18,810,032	1,328	171,456
2008	Q1	12,186.4	8,498.6	18,631	17,111,510	227	145,423
	Q2	18,505.6	16,782.9	489,031	34,826,646	9,050	584,492
	Q3	20,456.9	18,338.7	35,971	31,488,969	736	577,467
	Q4	16,112.1	13,555.1	87,812	63,515,696	1,415	860,964
		New York stock exchange:					
		Average price (US\$)		Number of shares traded		Amount traded (millions of US\$)	
		SQM A	SQM B	SQM A	SQM B	SQM A	SQM B
2006	Q1	10.95	11.63	39,000	19,293,000	0.43	224
	Q2	9.98	10.64	74,000	23,825,000	0.74	253
	Q3	10.23	10.70	14,000	17,469,000	0.14	187
	Q4	12.30	12.84	147,000	31,009,000	1.81	398
2007	Q1	14.00	13.48	32,000	27,689,230	0.45	373
	Q2	16.44	16.14	159,000	22,698,000	2.61	366
	Q3	20.66	16.04	202,000	28,931,000	4.17	464
	Q4	22.84	17.99	55,000	35,429,510	1.26	638
2008*	Q1	25.41	18.52	16,200	40,761,670	0.41	755
	Q2	-	35.20	-	89,265,245	-	3,142
	Q3	-	35.46	-	96,494,844	-	3,422
	Q4	-	21.34	-	88,658,325	-	1,892

* On March 2008, series B ADR began trading under the new 1:1 ratio of ordinary shares to ADRs. The Company also announced the delisting of series A ADRs from the Bank of New York Stock Exchange.

OTHER GENERAL INFORMATION

Investment Policy

The General Shareholders Meeting held on April 30, 2008 authorized SQM S.A. to invest: (i) in everything that relates to its business purpose; (ii) in the activities described in the Company's by-laws, and with the objectives described therein; and (iii) at the time, in the amount and to the extent necessary to maintain or increase its operations and interests. Accordingly, SQM S.A. may particularly invest in: (i) projects that allow the Company to maintain, improve or increase its production capacity, commercialization, opening and diversification of products or markets; and (ii) in fixed assets or other assets such as stock or rights in partnerships that relate to its business purpose and that allow it to increase its net income, operations or profitability.

The maximum investment limit will be determined by the Company's ability to finance such investments. Financing resources may come from internal sources (in accordance with the Company's Dividend Policy) or external sources (in accordance with the Company's Financing Policy). The Company is not subject to any special control regulations in the areas of investment, regardless of Management's responsibility to strive for the highest possible return on such investments.

Financing Policy

The General Shareholders Meeting held on April 30, 2008 established that SQM S.A.'s consolidated debt shall not exceed a debt-to-equity ratio of 1.0. This limit may be exceeded if, and only if, Management has the prior authorization granted by an Extraordinary Shareholders Meeting.

Infrastructure

The Company currently owns or has an exclusive concession, directly or through its subsidiaries, for the assets essential or necessary for the management, extraction, production, processing, mineral transportation and other products that it produces.

Customers and Suppliers

No single customer accounted for more than 2.2% of SQM S.A.'s consolidated sales. Likewise, SQM S.A. has not entered into contracts with suppliers that, individually considered, account for more than 12% of its consolidated purchases.

Insurance

The insured assets are the totality of the productive plants, machinery, offices, supplies, products-in-progress, finished products, products in-transit and business interruptions. This insurance provides all-risk coverage.

Contracts

Although SQM's heat generation facilities and fusion processes are connected to international gas pipelines, for which the Company has signed long-term supply contracts, restrictions on imports of gas from Argentina have reduced SQM's gas supply to a minimum. Consequently, the Company has had to replace this gas with liquid fuels.

The following table describes the main agreements:

Agreement description	Expiration date	Company
50 and 60 HZ Electrical Energy Supply	March 16, 2010 (SQM retains the right to renew 2 consecutive times for periods of 3 years)	Electroandina S.A.
Electricity Supply	March 20, 2017	Norgener S.A.
50 HZ Electrical Energy Supply	January 31, 2013	Norgener S.A.
Natural Gas Supply	May 21, 2011	Distrinor S.A.
50 HZ Nueva Victoria Energy Supply	December 31, 2013	Electroandina S.A.
Distribution and Supply of Fuel	April 30, 2012	Copec S.A.

SQM maintains contracts with clients in its different business areas. These agreements can be of varied nature depending on the industry conditions, clients, the amounts involved and the prevailing conditions in the markets at the time of the agreement signature. SQM has a joint venture agreement with Yara International ASA, where the Company utilizes Yara's distribution network to sell specialty plant nutrients, and at the same time, Yara utilizes SQM's distribution network to sell its productions. Additionally, each company independently controls the sale of its products and through this agreement SQM is able to reduce distribution costs.

No single customer represented more than 2.2% of the Company's consolidated sales, and the 10 largest clients represented 16% of consolidated sales in 2008.

In addition, during the normal course of business, SQM has entered into different contracts –some of which have been described herein– basically related to its productive and commercial operations. All of these contracts are standard for this type of industry and none of them is expected to have a material effect on the Company's results of operations.

Brands and Patents

The Company owns the brands it utilizes for its products. It has also registered its own exclusive productive processes used in the productive areas. The Company does not hold any contracts for the utilization of brands, processes or other related items.

Financial Assets

The financial assets of the Company are mainly comprised of readjustable time deposits in first category banks and by international money markets funds also held in first category institutions.

Risk Factors

Considering the different businesses in which SQM participates, the Company is subject to certain risks. The Company's policy is to minimize these risks while maintaining the operating flexibility that its business requires. The main risks are:

- a) A significant part of our sales are made to emerging markets. Therefore, we are exposed to risks related to the economic conditions and trends in those countries. Future developments in the political systems or economies of these countries or the implementation of future governmental policies in those countries, including the imposition of taxes or restrictions on the payment of dividends or repatriation of capital or the imposition of new environmental regulations or price controls, could have a material adverse effect on our sales or operations in those countries.
- b) Increased exposure to accounts receivable: The increase in prices of potassium-based fertilizers and iodine increased SQM's accounts receivable. If this trend continues, our exposure to bad debt may increase significantly. While SQM is taking measures, such as using credit insurance, letters of credit and prepayment for a portion of sales, to minimize this risk, the global economic situation may produce a substantial increase in the amount of bad debt.
- c) Volatility of world fertilizer and chemical prices and changes in production capacities could affect our business, financial condition and results of operations.
- d) SQM has an ambitious capital expenditure program that is subject to risks and uncertainties related to the amounts, terms and effectiveness of the investments.
- e) Currency fluctuations may have a negative effect on our financial results. Although the U.S. dollar is the primary currency in which SQM transacts its businesses, a significant part of its operating costs are related to the Chilean peso. Fluctuations in the exchange rate of this currency may affect SQM's financial condition and results of operations.
- f) Sustained high raw material and energy prices increase our production costs and cost of goods sold. SQM relies on certain raw materials and various sources of energy (diesel, electricity, natural gas and others) to manufacture its products. If the increase is prolonged and SQM is unable to pass on increases in raw material and energy prices to its customers, its financial results could be adversely affected.

- g)** Reserves estimates could significantly vary. The mining reserves estimates are prepared by our geologists. Estimation methods involve numerous uncertainties as to the quantity and quality of the reserves, and these could be revised positively or negatively.
- h)** Quality standards in markets where SQM sells its products could become stricter over time. Governments and customers in several of the markets where we do business may impose quality standards for products that we sell.
- i)** SQM's businesses are subject to many operating and other risks for which we may not be fully covered in our insurance policies. Our facilities located in Chile and abroad are insured by insurance policies that are standard for the industry. Nonetheless, we may be subject to certain catastrophic events, including fires, major equipment failures, natural disasters, accidents, terrorist acts, war, and others, that may not be covered under our insurance policies.
- j)** The continuity of our natural gas supply is dependent on the policy determined by the Argentinean authorities. As part of a cost-reduction effort, we interconnected our facilities to a natural gas network. The natural gas comes from Argentina and is subject to a 10-year agreement. Due to energy shortages in Argentina, Argentinean authorities decided to restrict exports of natural gas to Chile in order to increase the supply to their domestic markets.
- k)** The abovementioned decline in the supply of natural gas could negatively affect the supply of electricity in the Northern Power Grid (SING). The natural gas shortage has placed the SING under significant stress, and if the situation continues, it could lead to a system failure, affecting the supply of electricity.
- l)** Declines in the supply of natural gas and increasing global oil prices could negatively affect our electricity contracts. As natural gas supply continues to be uncertain and world oil prices continue to increase, we are faced with potential revisions to our long-term electricity supply agreements.
- m)** Water supply could be affected by regulatory changes and/or natural problems. Even though we have not experienced significant difficulties obtaining the necessary water to conduct our operations, there can be no assurance that we will not face problems in the water supply due to new environmental regulations or natural depletion of water resources.
- n)** Potential new production of lithium carbonate in China could adversely affect prices. There is limited information on the status of lithium carbonate capacity expansion projects being developed by Chinese competitors, and so we cannot make accurate projections regarding production capacity or when new production volumes will enter the market. However, if these projects are completed in the short term, there could be negative impacts on prices and volumes that could affect the Company's financial condition or results of operations.
- o)** Changes in mining and water rights laws or in regulations affecting port concessions could affect our operating costs. We conduct our mining operations under exploitation and exploration concessions granted pursuant to judicial proceedings in accordance with provisions of the Chilean Constitution and the Constitutional Mining Law and related statutes. Exploitation concessions essentially grant a perpetual right to conduct mining operations in the areas covered by the concessions, provided that we pay annual concession fees. Exploration concessions permit us to explore for mineral resources on the land covered thereby for a specified period of time, and to subsequently request a corresponding exploitation concession. We also hold water rights, which we believe is sufficient to meet current and anticipated operational requirements. We operate port facilities at Tocopilla, Chile, for the shipment of our products and the delivery of certain raw materials.
- p)** Environmental laws and regulations could expose us to higher costs, liabilities, claims and failure to meet current and future production targets. Our operations in Chile are subject to a variety of national and local regulations relating to environmental protection. Under the Chilean Environmental Law, we are required to conduct environmental impact studies of any future projects or activities (or their significant modifications) that may affect the environment. CONAMA and COREMA evaluate environmental impact studies submitted for their approval and also oversee the implementation of projects.
- q)** SQM, due to the nature of its business, is or will be in the future part of legal proceedings.

Legal Constitution

The Company was constituted by public deed dated June 17, 1968, before the Santiago Notary Public Mr. Sergio Rodríguez Garcés. The extract of the deed was registered in leaf 4533 No. 1991, dated June 29, 1968, in the official Commercial Register of Santiago. Its existence was approved through Supreme Decree No. 1164 of the State Department of Chile, dated June 22, 1968, which was likewise registered on June 29 of the same year in the official Commercial Register of Santiago in leaf 4537 No. 1992 and was noted at the margin of the Company's registration.

The extract of the public deed, approved by the Superintendency of Insurance Companies, Corporations and Stock Exchanges, and the Supreme Decree that authorized the existence of the Company were published in the Official Gazette No. 27080 of June 29, 1968.

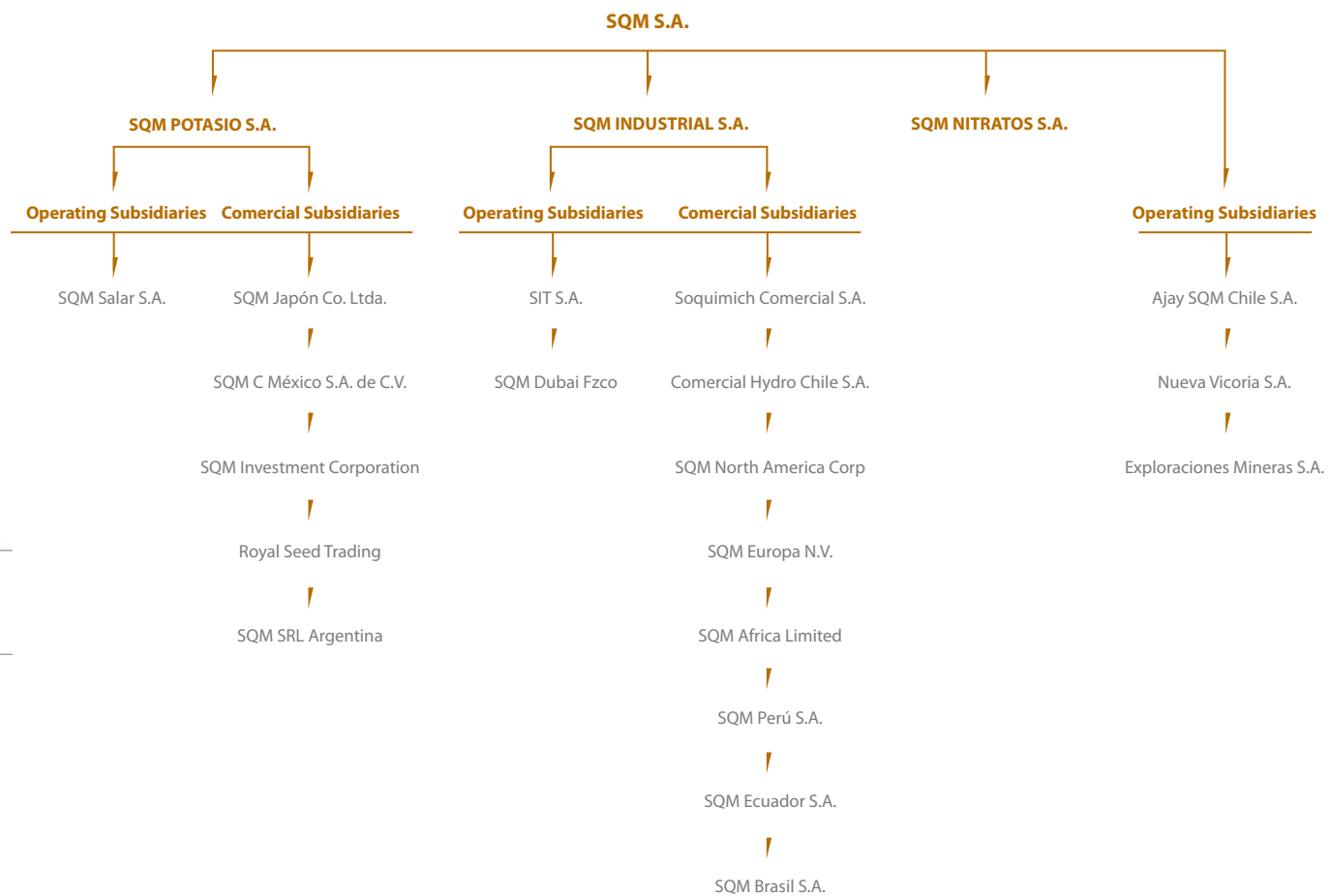
Participation of Major Shareholders

SQM has been informed that the Canadian company Potash Corporation of Saskatchewan Inc. ("PCS") indirectly controls 100% of the shares of Inversiones el Boldo Limitada and 100% of the shares of Inversiones RAC Limitada. During 2008, PCS made various share purchases on stock exchanges until its stake reached 32% of the total shares of SQM S.A.

SQM has also been informed that Mr. Julio Ponce L. and related persons control 100% of the total shares of Inversiones SQYA S.A., which currently and indirectly controls 32% of the total shares of SQM S.A. The above, considering that Inversiones SQYA S.A. controls 90.18% of the total shares of Norte Grande S.A., that Norte Grande S.A. controls 86.84% of the total shares of Sociedad de Inversiones Oro Blanco S.A., that Sociedad de Inversiones Oro Blanco S.A. controls 83.23% of the total shares of Sociedad de Inversiones Pampa Calichera S.A. and that Sociedad de Inversiones Pampa Calichera S.A. and its subsidiary Inversiones Global Mining (Chile) Ltda. ultimately control 32% of the total shares of SQM.

Sociedad de Inversiones Pampa Calichera S.A. and Kowa Company Ltd. –the latter being owner, directly and indirectly, of 2.05% of the total shares of SQM– subscribed on December 21, 2006 a Joint Performance Agreement that allows them to control 34.05% of the total shares of SQM. As a result of this Agreement, the "Group" led by Mr. Julio Ponce L. indirectly controls 34.05% of the total shares of SQM S.A. and is, therefore, the Controller of SQM S.A.

CORPORATE STRUCTURE



SIGNIFICANT EVENTS

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

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

2. On April 21, 2008, Inversiones SQ S.A. and SQH S.A. have acquired from Yara Netherland B.V. 49% of the shares of the privately-held shareholders' company, Inversiones SQYA S.A. Beginning on the date referred to above, SQYA S.A. Yara is no longer a related company of Sociedad Química y Minera de Chile S.A.
3. On October 28, 2008, the Superintendency of Securities and Insurance was informed that at the Board Meeting of SQM held on October 28, 2008 the directors unanimously agreed to partially modify the current "SQM's Dividends Policy for Commercial Year 2008" which was informed at the Annual Ordinary General Shareholders' Meeting of SQM held on April 30, 2008. This is in order to be able to pay and distribute an interim dividend of US\$0.37994 per share as of November 21, 2008, (which is lower than the 30% of distributable net income for commercial year 2008 accrued as of September 30 of that year). The above is with a charge to net income for that commercial year payable to the shareholders of SQM registered in the respective registry on the fifth business day prior to November 21, 2008, in its equivalent in Chilean pesos based on the value of the "observed dollar or US dollar published in the Official Gazette on Friday, November 14, 2008.

In addition it was unanimously agreed to inform that the Board of Directors of SQM will also include or contemplate payment of a single interim dividend in the SQM's Dividends Policy Commercial Year 2009 and so successively, which will be informed to the Annual Ordinary General Shareholders' Meeting to be held in April 2009. That interim dividend will be paid in November 2009 and will not exceed 30% of distributable net income for commercial year 2009 accrued as of September 30, of the same year.

4. On October 30, 2008 the Superintendency of Securities and Insurance was informed that at the ordinary Meeting of the Board of Directors of SQM held on October 28, 2008, the directors unanimously agreed to authorize SQM to issue and register with the Superintendency of Securities and Insurance two lines of bonds. Both lines will be for an amount of up to UF 5,000,000, and will be for a maximum 10-year term for the first and 30 years for the second.

The amounts obtained from those lines of bonds will be destined to pay and/or prepay the short-term liabilities of SQM and/or their subsidiary companies and regardless of whether they are expressed in Chilean pesos or foreign currency and/or to financing the investments of SQM and/or its subsidiary companies which are individualized in each issuance with a charge to the respective line and this in the proportions indicated in each of the relevant issuances.

5. On November 27, 2008 the Superintendency of Securities and Insurance was informed that SQM Industrial S.A. "SQI" subsidiary of SQM and Yara International ASA "YARA" have recently and in advance modified and renewed the term of the determined commercialization agreements agreed upon in 2001, and whose signing was informed as an essential event during May 16 and May 23 of 2001.

The respective contracts should expire in 2011. However, that renewal has extended the term of those contracts until 2016. It was also unanimously approved by the Directors of SQM present at the corresponding Board Meeting and will allow SQI and YARA to continue forward with the commercialization processes of their fertilizers in various global markets. This will imply among other aspects that SQI will use YARA's distribution chain in the territories in which the presence and commercialization infrastructure of YARA is greater than that of SQI and that YARA will use SQI's distribution chain in territories where the presence and commercialization infrastructure of SQI is greater than that of YARA. However, the respective companies will continue to maintain active control in the commercialization process of their own products.





SUBSIDIARIES AND AFFILIATES

LOCAL SUBSIDIARIES AND AFFILIATES



SQM NITRATOS S.A.:

Capital:	US\$ 30,349,981
Ownership:	99.99999782% SQM S.A. 0.00000218% SQM Potasio S.A.
Corporate Purpose:	Production and sale of fertilizers.
Directors:	Jaime San Martín L. Patricio Contesse G.* Patricio de Solminihac T. Ricardo Ramos R.
CEO:	Patricio Contesse G.*
Relationship to Headquarters:	Wholly owned. Maintains market current account and rental of industrial facilities through headquarters.
Address:	El Trovador 4285
Phone:	(2) 425 2000
Fax:	(2) 425 2268

SERVICIOS INTEGRALES DE TRANSITO Y TRANSFERENCIAS S.A.:

Capital:	US\$ 9,873,573
Ownership:	99.99966% SQM Industrial S.A. 0.00034% SQM S.A.
Corporate Purpose:	Transportation and storage of merchandise.
Directors:	Eugenio Ponce L. Ricardo Ramos R. Patricio de Solminihac T. Jaime San Martín L.
CEO:	Patricio Contesse G.*
Relationship to Headquarters:	Basically wholly owned.
Address:	Arturo Prat N° 1060, Tocopilla.
Phone:	(55) 414452
Fax:	(55) 414488

SOQUIMICH COMERCIAL S.A.:

Capital:	US\$ 62,802,246
Ownership:	60.6383212% SQM Industrial S.A. 0.0000004% SQM S.A. 39.3616784% Other, non-related parties
Corporate Purpose:	Sale and distribution of fertilizers.
Directors:	Julio Ponce L* Eugenio Ponce L. Andrés Rojas S. Patricio de Solminihac Patricio Contesse * Enrique Olivares Ricardo Ramos R.
CEO:	Claudio Morales
Relationship to Headquarters:	Basically wholly owned.
Address:	El Trovador 4285
Phone:	(2) 425 2525
Fax:	(2) 425 2268

AJAY-SQM CHILE S.A.:

Capital:	US\$ 5,313,794
Ownership:	51% SQM S.A. 49% Other, non-related parties
Corporate Purpose:	Iodine processing.
Directors:	Eugenio Ponce L. Daniel Jiménez Alan Shipp Charles Pittard
CEO:	Patricio Covarrubias G.
Relationship to Headquarters:	Basically wholly owned.
Address:	Avda Pdte. Eduardo Frei N° 4900, Santiago.
Phone:	(2) 443 7110
Fax:	(2) 443 7114

SQM SALAR S.A.

Capital:	US\$ 38,000,000
Ownership:	81.82% SQM Potasio S.A. 18.18% SQM S.A.
Corporate Purpose:	Exploitation and commercialization of potassium, lithium and other products.
Directors:	Patricio De Solminihac T. Eugenio Ponce L. Ricardo Ramos R. Jaime San Martín L.
CEO:	Patricio Contesse G.*
Relationship to Headquarters:	Basically wholly owned.
Address:	El Trovador 4285
Phone:	(2) 425 2000
Fax:	(2) 425 2268

INSTITUCION DE SALUD PREVISIONAL NORTE GRANDE LTDA.:

Capital:	US\$ 319,172
Ownership:	99% SQM Industrial S.A. 1% SQM S.A.
Corporate Purpose:	Management of health matters for SQM S.A. and its subsidiaries.
CEO:	Militza Saguas G.
Relationship to Headquarters:	Basically wholly owned.
Address:	Aníbal Pinto No. 3228, Antofagasta.
Phone:	(55) 412621
Fax:	(55) 412632

ALMACENES Y DEPOSITOS LTDA.:

Capital:	US\$ 1,220,439
Ownership:	99% SQM Potasio S.A. 1% SQM S.A.
Corporate Purpose:	General depot.
CEO:	Patricio Contesse G.*
Relationship to Headquarters:	Basically wholly owned.
Address:	El Trovador 4285
Phone:	(2) 425 2000
Fax:	(2) 425 2268

(*) Director or CEO of SQM S.A.

SQM POTASIO S.A.:

Capital:	US\$ 39,020,000
Ownership:	99.997386% SQM S.A. 0.002614% Other, non-related parties
Corporate Purpose:	Extraction of minerals for the manufacture of fertilizers and chemical products.
Directors:	Patricio de Solminihac T. Eugenio Ponce L. Ricardo Ramos R. Jaime San Martín L.
CEO:	Patricio Contesse G.*
Relationship to Headquarters:	Basically wholly owned.
Address:	El Trovador 4285
Phone:	(2) 425 2000
Fax:	(2) 425 2268

PROINSA LTDA.:

Capital:	US\$ 60,623
Ownership:	99.9% SQMC S.A. 0.1% Other, non-related parties
Corporate Purpose:	Production and sale of fertilizers.
CEO:	Claudio Morales
Relationship to Headquarters:	Basically wholly owned.
Address:	El Trovador 4285
Phone:	(2) 425 2525
Fax:	(2) 425 2268

SQMC INTERNACIONAL LTDA.:

Capital:	US\$ 836,221
Ownership:	99.7423% SQMC S.A. 0.2577% Proinsa Ltda.
Corporate Purpose:	Sale, import and export of fertilizers.
CEO:	Claudio Morales
Relationship to Headquarters:	Basically wholly owned.
Address:	El Trovador 4285
Phone:	(2) 425 2525
Fax:	(2) 425 2268

COMERCIAL HYDRO S.A.:

Capital:	US\$ 3,329,603
Ownership:	99.9999% SQMC S.A. 0.0001% SQMC Internacional Ltda.
Corporate Purpose:	Import and sale of fertilizers.
CEO:	Claudio Morales
Relationship to Headquarters:	Basically wholly owned.
Address:	El Trovador 4285
Phone:	(2) 425 2525
Fax:	(2) 425 2268

SQM INDUSTRIAL S.A.:

Capital:	US\$ 715,066,287
Ownership:	99.047043% SQM S.A. 0.952957% SQM Potasio S.A.
Corporate Purpose:	Operation of extraction plants and transfer of mineral substances and raw materials.
CEO:	Patricio Contesse *
Directors:	Patricio de Solminihac. Ricardo Ramos Jaime San Martín
Relationship to Headquarters:	Basically wholly owned.
Address:	El Trovador 4285
Phone:	(2) 425 2525
Fax:	(2) 425 2268

SALES DE MAGNESIO LTDA.

Capital:	US\$ 188,259
Ownership:	50% SQM Salar S.A. 50% Other, non-related parties.
Corporate Purpose:	Commercialization of magnesium salts.
Manager in Charge:	José Tomás Ovalle
Relationship to Headquarters:	Basically wholly owned.
Address:	Sector La Negra Lotes 1 y 2 Antofagasta
Address Comercial:	El Trovador 4285
Phone:	(2) 425 2428
Fax:	(2) 425 2434

MINERA NUEVA VICTORIA S.A.

Capital:	US\$ 93,679,169
Ownership:	99% SQM S.A. 1% SQM Potasio S.A.
Corporate Purpose:	Production and commercialization of non-metallic minerals.
CEO:	Patricio Contesse G.*
Relationship to Headquarters:	Basically wholly owned.
Address:	Ex oficina Salitrera Iris s/n, Pozo al Monte, Iquique
Phone:	56 2 425 2000

EXPLORACIONES MINERAS S.A.:

Capital:	US\$ 30,100,000
Ownership:	0.2691% SQM S.A. 99.7309% Minera Nueva Victoria S.A.
Corporate Purpose:	Exploitation of other mines and quarries
CEO:	Patricio Contesse G.*
Relationship to Headquarters:	Basically wholly owned.
Address:	Los Militares 4290 Las Condes, Santiago
Phone:	56 2 425 2000

SOCIEDAD PRESTADORA DE SERVICIOS DE SALUD CRUZ DEL NORTE S.A.:

Capital:	US\$ 85,375
Ownership:	99% SQM Industrial S.A. 1% SQM Potasio S.A.
Relationship to Headquarters:	Basically wholly owned.
Dirección:	El Trovador 4285
Phone:	56 2 425 2000
Fax:	56 2 425 2068

(*) Director or CEO of SQM S.A.

FOREIGN SUBSIDIARIES AND AFFILIATES



SQM COMERCIAL DE MEXICO S.A DE C.V.:

Capital:	US\$ 27,806
Ownership:	99% SQM Potasio S.A. 1% SQM S.A.
Corporate Purpose:	Import, export and commercialization of fertilizers.
CEO:	Bernard Descazeaux Aribit.
Relationship to Headquarters:	Basically wholly owned
Address:	Calle Industria Eléctrica s/n, Lote 30, Manzana A Parque Industrial Bugambilias CP 45645 Tlajomulco de Zúñiga, Jalisco, México
Phone:	(52-33) 35401100
Fax:	(52-33) 35401101
Postal Code:	45645

SOQUIMICH S.R.L. ARGENTINA:

Capital:	US\$ 1,656,500
Ownership:	99.96% SQM Investment Corporation. 0.04% SQM Industrial S.A.
CEO:	Carlos Balter
Corporate Purpose:	Import, export and commercialization of fertilizers, sodium nitrate, iodine, iodated salts, sodium sulfate, potassium nitrate, and all types of inputs for agriculture and industry.
Relationship to Headquarters:	Basically wholly owned
Address:	Espejo 65 - Oficina 6 - 5500 Mendoza Argentina
Phone:	54 261 434 0301
Fax:	54 261 434 0301

SQM PERU S.A.:

Capital:	US\$ 17,427
Ownership:	0.98% SQM S.A. 99.02% SQM Industrial S.A.
CEO:	Enrique Olivares Carlini.
Board of Directors:	Jaime Contesse G. Claudio Morales G. José Labarca M.
Corporate Purpose:	Commercialization of agricultural and industrial inputs.
Relationship to Headquarters:	Basically wholly owned.
Address:	Avenida Camino Real N° 348 of 701, San Isidro, Lima Perú.
Phone:	(511) 6112121
Fax:	(511) 6112122

SQM EUROPE N.V.:

Capital:	US\$ 9,945,066
Ownership:	0.86% SQM S.A. 99.14 % Soquimich European Holdings B.V.
Corporate Purpose:	Distribution and commercialization of specialty plant nutrients and industrial products in Europe, North Africa, and the Middle and Far East.
Board of Directors:	Julio Ponce L.* Eugenio Ponce L Patricio de Solminihac T. Daniel Jiménez S.
CEO:	Frank Biot
Relationship to Headquarters:	Basically wholly owned
Address:	Sint Pietersvliet 7 bus 8, 2000 Antwerp, Bélgica
Phone:	(32 3) 2039700
Fax:	(32 3) 2312782

SQM NORTH AMERICA CORPORATION:

Capital:	US\$ 30,140,100
Ownership:	51% SQM Industrial S.A. 40% SQM S.A. 9% Soquimich European Holdings B.V.
Corporate Purpose:	Commercialization of nitrates, boron, iodine and lithium in North America.
Manager in Charge:	Gerardo Illanes.
Board of Directors:	Patricio Contesse G.* Patricio de Solminihac T. Eugenio Ponce L Ricardo Ramos R Daniel Jiménez S.
Relationship to Headquarters:	Basically wholly owned.
Address:	3101 Towercreek pkwy, Suite 450 Atlanta, GA 30339
Phone:	1 770 916 9417
Fax:	1 770 916 9401

SQM BRASIL LTDA.:

Capital:	US\$ 1,790,000
Ownership:	97.21% SQM Industrial S.A. 2.79% SQM S.A.
Corporate Purpose:	Commercialization of chemical products and fertilizers, provision of advisory services, representation of other domestic or foreign companies, agency services for the distribution of chemical products and fertilizers.
Representante Legal:	Sampaio Advogados S/C Ltda. law firm.
Relationship to Headquarters:	Basically wholly owned.
Address:	Al. Tocantins 75, 6° Andar, Edif. West Gate, Alphaville, Barueri, CEP 06455-020, Sao Paulo, Brasil
Phone:	(55-11) 4133.7208
Fax:	(55-11) 4133.7205

(*) Director or CEO of SQM S.A.

NITRATOS NATURAIS DO CHILE LTDA:

Capital:	US\$ 202,567
Ownership:	99.9999% SQM Industrial S.A. 0.0001% SQM Brasil Ltda.
Corporate Purpose:	Commercialization of agricultural and industrial inputs, provision of advisory services, representation of other domestic or foreign companies.
Representante Legal:	Sampaio Advogados S/C Ltda. Law firm.
Relationship to Headquarters:	Basically wholly owned.
Address:	Al. Tocantins 75, 6° Andar, Edif. West Gate, Alphaville, Barueri, CEP 06455-020, Sao Paulo, Brasil
Phone:	(55-11) 4133.7208
Fax:	(55-11) 4133.7205

SQM ECUADOR S.A.:

Capital:	US\$ 416,900
Ownership:	99.996% SQM Industrial S.A. 0.004% SQM S.A.
Corporate Purpose:	Wholesale fertilizer sales.
CEO:	Enrique Olivares Carlini.
Relationship to Headquarters:	Basically wholly owned.
Address:	Ave. José Orrantía y Ave. Juan Tanca Marengo Edificio Executive Center Piso 3 Oficina 307
Phone:	(593-4) 2690639
Fax:	(593-4) 269 0639

SQM INVESTMENT CORPORATION N.V.:

Capital:	US\$ 50,000
Ownership:	99.00% SQM Potasio S.A. 1.00% SQM S.A.
Corporate Purpose:	Investment and commercialization of real estate and property.
CEO:	N.V. Interpark
Relationship to Headquarters:	Basically wholly owned
Address:	Pietermaai 123, P.O. Box 897, Willemstad, Curacao, Antillas Holandesas.
Phone:	(59) (99) 4612544
Fax:	(59) (99) 4612647

SQM CORPORATION N.V.:

Capital:	US\$ 12,939,718
Ownership:	99.97940% SQM Industrial S.A. 0.02040% SQI Corporation N.V. 0.00020% SQM S.A.
Corporate Purpose:	Investment in real estate and other property.
CEO:	N.V. Interpark
Relationship to Headquarters:	Basically wholly owned.
Address:	Pietermaai 123, P.O. Box 897, Willemstad, Curacao, Antilla Holandesas.
Phone:	(59) (99) 4612544
Fax:	(59) (99) 4612647

SQI CORPORATION N.V.:

Capital:	US\$ 6,300
Ownership:	99.98413% SQM Potasio S.A. 0.01587% SQM S.A.
Corporate Purpose:	Investment in real estate and other property.
CEO:	N.V. Interpark
Relationship to Headquarters:	Basically wholly owned.
Address:	Pietermaai 123, P.O. Box 897, Willemstad, Curacao, Antillas Holandesas.
Phone:	(59) (99) 4612544
Fax:	(59) (99) 4612647

RS AGRO CHEMICAL TRADING A.V.V.:

Capital:	US\$ 6,000
Ownership:	98.3333% SQM S.A. 1.6667% SQM Potasio S.A.
Corporate Purpose:	Investment and commercialization of real estate and other property.
CEO:	CMS Corporate Magnament Services N.V.
Relationship to Headquarters:	Basically wholly owned.
Address:	Caya Ernesto O.Petronia 17, Orangestad, Aruba.
Fax:	297-8-26548

ROYAL SEED TRADING A.V.V.:

Capital:	US\$ 6,000
Ownership:	1.67% SQM S.A. 98.33% SQM Potasio S.A.
Corporate Purpose:	Investment and commercialization of real estate and other property.
CEO:	CMS Corporate Magnament Services N.V.
Relationship to Headquarters:	Basically wholly owned.
Address:	Caya Ernesto O.Petronia 17, Orangestad, Aruba.
Fax:	297-8-26548

ADMINISTRACION Y SERVICIOS SANTIAGO S.A. DE C.V.:

Capital:	US\$ 6,612
Ownership:	99.998% SQM Industrial S.A. 0.002% SQM North America Corporation.
Corporate Purpose:	Provision of services
CEO:	Bernard Descazeaux Aribit
Relationship to Headquarters:	Basically wholly owned.
Address:	Calle Industria Eléctrica s/n, Lote 30, Manzana A Parque Industrial Bugambilias CP 45645, Tlajomulco de Zúñiga, Jalisco, México
Phone:	(52-33) 35401100
Fax:	(52-33) 35401101

(*) Director or CEO of SQM S.A.



SQM AFRICA (PTY) LTD.:

Capital:	US\$ 102,351
Ownership:	100% Soquimich European Holdings B.V.
Corporate Purpose:	Commercialization of specialty plant nutrients and industrial products in the Sub-Sahara region
Directors:	Frank Biot, Peter van Collie, Patricio Lagos
Relationship to Headquarters:	Basically wholly owned.
Address:	Tramore House, 3 Waterford Office Park, Waterford Drive, 2191 Fourways, Johannesburg, South Africa
Phone:	(27 11) 6588640
Fax:	(27 11) 6581101

NORTH AMERICAN TRADING CO.:

Capital:	US\$ 338,124
Ownership:	100% SQM North America Corporation
Corporate Purpose:	Investment company
CEO:	Gerardo Illanes
Directors:	Ricardo Ramos Daniel Jiménez
Relationship to Headquarters:	Basically wholly owned.
Address:	3101 Towercreek Pkwy Suite 450 Atlanta, GA 30339
Phone:	(770) 916 9400
Fax:	(770) 916 9401

SOQUIMICH EUROPEAN HOLDING B.V.:

Capital:	US\$ 11,422,647
Ownership:	100% SQM Corporation N.V.
Corporate Purpose:	Holding company
Directors:	Frank Biot, Patrick Vanbeneden, Patricio Lagos, Collin Longhurst
Relationship to Headquarters:	Basically wholly owned.
Address:	Localellikade 1 Parnassustoren 1076 AZ Amsterdam, The Netherlands
Phone:	(31 20) 5408955
Fax:	(31 20) 5408909

SQM JAPAN CO. LTDA.:

Capital:	US\$ 87,413
Ownership:	99% SQM Potasio S.A. 1% SQM S.A.
Corporate Purpose:	Commercialization of products in Asia/ Oceania and marketing asistanse. Commercialization of specialty plant nutrients in Japan.
CEO:	Mayo Shibazaki
Directors:	Patricio Contesse*, Eugenio Ponce, Daniel Jimenez, Mayo Shibazaki, Alvaro Araya
Relationship to Headquarters:	Basically wholly owned.
Address:	From 1st Bldg 207, 5-3-10 Minami-Aoyama, Minatoku, Tokyo Japan 107-0062
Phone:	81 3 5778 3311
Fax:	81 3 5778 3312

(*) Director or CEO of SQM S.A.

SQM NITRATOS MEXICO S.A.:

Capital:	US\$ 5,636
Ownership:	51% SQM Nitratos S.A. 49% Other, non-related parties
Corporate Purpose:	Provision of services
CEO:	Bernard Decazeaux Arabit.
Relationship to Headquarters:	Basically wholly owned.
Address:	Calle Industria Eléctrica s/n, Lote 30, Manzana A Parque Industrial Bugambillas CP 45645, Tlajomulco de Zúñiga, Jalisco, México
Phone:	(52-33) 35401100
Fax:	(52-33) 35401101

SQM OCEANIA PTY:

Capital:	US\$ 1
Ownership:	100% Soquimich European Holdings B.V.
Corporate Purpose:	Import, export and distribution of fertilizers and industrial products
CEO:	Alvaro Araya.
Relationship to Headquarters:	Basically wholly owned.
Address:	Level 15, 321 Kent ST. Sydney NSW CP. 2000
Phone:	61 412 558911
Fax:	61 293 479221

SQM VENEZUELA S.A.:

Capital:	US\$ 55,396
Ownership:	50% SQM Industrial S.A. 50% SQM North America Corporation.
Corporate Purpose:	Commericalization of agricultural and industrial inputs.
Legal representative:	José Manuel Ortega
Relationship to Headquarters:	Basically wholly owned.
Address:	Calle Guaicaipuro, torre Forum piso 6 , UBR. El Rosal Apar tado 1423 Caracas 1010- A-Venezuela
Phone:	58-212 951 3333
Fax:	58-212 951 2851

SQM VIRGINIA LLC:

Capital:	US\$ 33,375,305
Ownership:	100% SQM North America Corporation.
Corporate Purpose:	Investment company
CEO:	Daniel Pizarro
Directors:	Eugenio Ponce L., Gerardo Illanes
Relationship to Headquarters:	Basically wholly owned.
Address:	3101 Towercreek Pkwy Suite 450 Atlanta, GA 30339
Phone:	(770) 916 9400
Fax:	(770) 916 9401

SQMC HOLDING CORPORATION LLP:

Capital:	US\$ 3,000,000
Ownership:	99.9% SQM Potasio S.A. 0.1% SQM S.A.
Corporate Purpose:	Investment Company
CEO:	Daniel Pizarro
Directors:	Eugenio Ponce L. Felipe Smith
Relationship to Headquarters:	Basically wholly owned.
Address:	3101 Towercreek Pkwy Suite 450 Atlanta, GA 30339
Phone:	(770) 916 9400
Fax:	(770) 916 9401

SQM LITHIUM SPECIALTIES LIMITED PARTNERSHIP, LLP

Capital:	US\$ 33,712,430
Ownership:	99% SQM Virginia LLC 1% North American Trading Co.
Corporate Purpose:	Production and commercialization of lithium derivatives.
CEO:	Daniel Pizarro
Relationship to Headquarters:	Basically wholly owned.
Address:	3101 Towercreek Pkwy Suite 450 Atlanta, GA 30339
Phone:	(770) 916 9400
Fax:	(770) 916 9401

SQM DUBAI FZCO

Capital:	US\$ 2,717,391
Ownership:	99% SQM Industrial S.A. 1% SQM S.A.
Corporate Purpose:	Production, commercialization and distribution of specialty plant nutrients.
Directors:	Peter Van Coillie, Patrick Vanbeneden, Patricio Lagos
Relationship to Headquarters:	Basically wholly owned.
Address:	Jebel Ali Free Zone, PO Box 18222 Dubai – United Arab Emirates
Phone:	(971 4) 8838506
Fax:	(971 4) 8838507

ABU DHABI FERTILIZER INDUSTRIES CO. W.L.L.:

Capital:	US\$ 1,440,217
Ownership:	50% SQM Corporation N.V. 50% Other, non-related parties
Corporate Purpose:	Distribution and commercialization of specialty plant nutrients in the Middle East.
Directors:	Yousef Al Tawil, Frank Biot, Patrick Vanbeneden
Relationship to Headquarters:	Basically wholly owned.
Address:	PO Box 71871 Abu Dhabi United Arab Emirates
Phone:	(971) 25511700
Fax:	(971) 25511702

AJAY EUROPE SARL:

Capital:	US\$ 4,836,970
Ownership:	50% Soquimich European Holdings B.V. 50% Other, non-related parties
Corporate Purpose:	Production and distribution of iodine and iodine derivatives
CEO:	Alan Shipp
Directors:	Eugenio Ponce L., Alan Shipp, Felipe Smith, Alec Poitevint
Relationship to Headquarters:	Basically wholly owned.
Address:	Z.I. du Grand Verger BP 227 53602, Evron Cedex, France
Phone:	(33 24) 3013535
Fax:	(33 24) 3017618

AJAY NORTH AMERICA L.L.C.:

Capital:	US\$ 10,383,786
Ownership:	49% SQMC Holding Corporation LLP 51% Other, non-related parties
Corporate Purpose:	Production and commercialization of iodine derivatives
CEO:	Alan Shipp
Relationship to Headquarters:	Basically wholly owned.
Address:	1.400 Industry RD Power Springs GA 30129
Phone:	1 (770) 943 6202
Fax:	1 (770) 439 0369 142

DOKTOR TARSA TARIM SANAYI A.S.:

Capital:	US\$ 7,242,000
Ownership:	50% Soquimich European Holdings B.V. 50% Other, non-related parties
Corporate Purpose:	Distribution and commercialization of specialty plant nutrients in Turkey
CEO:	Ali B. Ozman
Directors:	Frank Biot, Ali B. Ozman, Fahri Harmansah
Relationship to Headquarters:	Basically wholly owned.
Address:	Organize Sanayi Bolgesi, Ikinci Kisim, 22 cadde TR07100 Antalya -Turkey
Phone:	(90 2) 422494646
Fax:	(90 2) 422494600

NUTRISI HOLDING N.V.:

Capital:	EUR\$ 570,155
Ownership:	50% Soquimich European Holdings B.V. 50% Other, non-related parties
Corporate Purpose:	Holding company
CEO:	Patrick Vanbeneden
Directors:	Frank Biot, Patrick Vanbeneden, Joseph Zidon, Kees Langeveld
Relationship to Headquarters:	Basically wholly owned.
Address:	St Pietersvliet 7 bus 8 2000 Antwerp Belgium
Phone:	(32 3) 2039700
Fax:	(32 3) 2312782

NU3 N.V.:

Capital:	EUR\$ 10,995,963
Ownership:	50% Nutrisi Holding N.V. 50% Yara Nederland B.V.
Corporate Purpose:	Production of solid and liquid specialty fertilizers
CEO:	Patrick Vanbeneden
Directors:	Frank Biot, Joseph Zidon, Heinrich Schaper, Kenneth Frederiksen
Relationship to Headquarters:	Basically wholly owned.
Address:	Industrieweg 20, 2280 Grobbendonk, Belgium
Phone:	(32 3) 2039700
Fax:	(32 3) 2039769

(*) Director or CEO of SQM S.A.

**NU3 B.V.:**

Capital:	EUR\$ 18,000
Ownership:	100% NU3 N.V
Corporate Purpose:	Production of liquid and solid specialty fertilizers
Relationship to Headquarters:	Basically of property
Directors:	Frank Biot, Joseph Zidon, Heinrich Schaper, Kenneth Frederiksen
Address:	Maassluisdijk 103, 3130 AB Vlaardingen, Netherlands
Phone:	(31 10) 4452092
Fax:	(31 10) 4452009

MISR SPECIALITY FERTILIZERS S.A.E.:

Capital:	£ 35,000,000
Ownership:	47.4857% Soquimich European Holdings B.V. 47.4943% Yara Nederland B.V. 5.02% Otros no relacionados
Corporate Purpose:	Production and commercialization of liquid specialty fertilizers for Egypt.
CEO:	Assem Doss
Directors:	Patrick Vanbeneden, Peter Van Coillie, Alejandro Vollert, Luc Creemers
Relationship to Headquarters:	Basically wholly owned.
Address:	Edificio Tiba, B3 Zahraa el Maadi, Cairo, Egypt
Phone:	(20 2) 5199447
Fax:	(20 2) 5193775

FERTILIZANTES NATURALES S.A.:

Capital:	US\$ 166,409
Ownership:	33.35% Soquimich European Holdings B.V. 66.65% Nutrisi Holding N.V.
Corporate Purpose:	Distribution and commercialization of specialty plant nutrients and technical products in Spain
Directors:	Frank Biot, Joseph Zidon, Patrick Vanbeneden, Jorge Lütken
CEO:	Jorge Lütken
Relationship to Headquarters:	Basically wholly owned.
Address:	Provenza 251 Principal 1a CP 08008 Barcelona, Spain
Phone:	(34 93) 4877806
Fax:	(34 93) 4872344

SQM MED Tarim Sanayi Ve Ticaret A.S.:

Capital:	US\$ 485,238
Ownership:	50% Soquimich European Holdings B.V. 50% Other, non-related parties
Corporate Purpose:	Production and commercialization of specialty products
CEO:	Ali Özman
Directors:	Patrick Vanbeneden, Peter Van Coillie, Ali B. Ozman
Relationship to Headquarters:	Basically wholly owned.
Address:	Organize Sanayi Bolgesi, İkinci Kisim, 22 cadde TR07100 Antalya -Turkey
Phone:	(90 2) 422494646
Fax:	(90 2) 422494600

IODINE MINERA B.V.

Capital:	US\$ 10,922,696
Ownership:	100% Soquimich European Holding B.V.
Directors:	Patricio Lagos, Patrick Vanbeneden, Collin Longhurst, Dennis Beets
Corporate Purpose:	Commercialization of iodine and iodine derivatives in Europe and North America.
Relationship to Headquarters:	Basically wholly owned.
Address:	Locatellikade 1, Parnassustoren, 1076 AZ, Amsterdam, Netherlands
Phone:	(31 20) 5408989
Fax:	(31 20) 5408909

CHARLEE SQM THAILAND:

Capital:	Baht\$ 80,000,000
Ownership:	40% Soquimich European Holding 60% other, non-related parties
Corporate Purpose:	Distribution and commercialization of specialty plant nutrients.
Relationship to Headquarters:	Basically wholly owned
CEO:	Vashirasak Arjananont
Directors:	Patrick Vanbeneden, Olaf Rietveld, Chali Arjananont, Vashirasak Arjananont, Vashirachai Arjananont
Address:	31 Soi 138 (Meesuk) Lapdrawrd, Bangkok, 10240, Bangkok, Thailand
Phone:	(662) 3778668
Fax:	(662) 3773578

SQM AGRO INDIA PVT LTD:

Capital:	IRS\$ 5,100,000
Ownership:	49% Soquimich European Holding 51% other, non-related parties
Corporate Purpose:	Agent and distributor of specialty plant nutrients in India
Relationship to Headquarters:	Basically wholly owned
General Manager:	Alok Sinha
Directors:	Patrick Vanbeneden, Alfredo Doberti, Alok Sinhá, Aparna Sinha, Olaf Rietveld
Address:	64 Khan market, 1st floor annex, 110003 New Delhi, India
Phone:	(91 11) 23747526
Fax:	(91 11) 23343421

(*) Director or CEO of SQM S.A.

LIABILITY STATEMENT

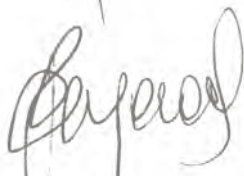
SQM S.A.'s Directors and Chief Executive Officer hereby declare that we have performed our respective duties of Administrators and of Main Executive Officer of the Company in compliance with the practices generally applied for these duties in Chile and, pursuant to that, we hereby declare, liable under oath, that the information provided in this 2008 annual report is true and we assume the responsibilities that may arise from this statement.



CHAIRMAN
Julio Ponce L.
RUT: 4.250.719-9



VICE CHAIRMAN
Wayne R. Brownlee
Passport: BD 108168



DIRECTOR
Eduardo Novoa C.
RUT: 7.836.212-K



DIRECTOR
Daniel Yarur E.
RUT: 6.022.573-7



DIRECTOR
Hernán Büchi B.
RUT: 5.718.666-6



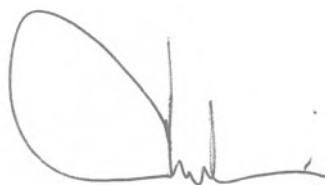
DIRECTOR
Wolf von Appen B.
RUT: 2.884.455-7



DIRECTOR
José María Eyzaguirre B.
RUT: 7.011.679-0



DIRECTOR
Kendrick T. Wallace
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CHIEF EXECUTIVE OFFICER
Patricio Contesse González
RUT: 6.356.264-5

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External Auditors

Ernst & Young (Chile) Limitada

Ratings Agencies

Fitch Chile Clasificadora de Riesgo Ltda.

Feller & Rate Clasificadora de Riesgo Ltda.

Chilean Stock Exchange Ticker Symbol

“SQM-A” for series A shares

“SQM-B” for series B shares

NYSE Ticker Symbol

“SQM” for series B ADRs

Depository Bank

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