



Annual Report

2007



2007

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Chairman's Letter

Dear Shareholders:

Once again, for the seventh consecutive year, SQM has reported financial results that outperformed those of the previous year. For the year 2007, we recorded net income of US\$180 million, which is 27% higher than the US\$141 million we reported for 2006.

In recent years, SQM has delivered on its commitment to create value for our shareholders through the hard, focused work of our people and the strategic management of the challenges we have faced. These effects are reflected in the improved quality of the Company's financial results. We have just completed a year that was not easy and the coming year brings significant new challenges, but we believe that by continuing to take on these challenges proactively and creatively, we can keep up the positive trend that has prevailed during the past seven years.

A large part of the earnings growth in 2007 was the result of price increases with respect to the previous year, in addition to greater sales volumes in the specialty plant nutrition market. The price increases were partly explained by the sustained pressure on margins that international producers have experienced, due to higher energy and raw materials costs. This effect has been complemented by steady growth in the worldwide demand across all of our business lines.

The price increases were partly offset by increases in our production costs, primarily as a result of the lack of natural gas and the higher energy prices – oil prices in particular. Furthermore, the negative impact of the appreciation of the Chilean peso and the increase in prices of raw materials and inputs for our production processes also affected our production costs. These adverse factors should continue into 2008 and possibly the following years, which is why we must continue working hard to improve productivity by coming up with new ways of making our operations more efficient.

It is precisely with these challenges in mind that, for the past several years, we have been developing and implementing a number of concrete

initiatives that aim to reduce our costs, improve our production yields, and mitigate the operating risks we face.

Part of SQM's strategy of strengthening our leadership position in our core businesses is our commitment to the creation of value not only for our shareholders, but also for our customers. A particularly important element of this strategy — and one that is fundamental for the Company's long-term growth — is the development of new products. In this regard, during 2007 we finalized a significant investment in a new prilling and granulating facility for the production of specialty plant nutrients. This facility not only increases this prilling capacity; it also delivers a final product with a larger-sized granule, and consequently we now offer our clients an even broader range of value-added specialty plant nutrients. These types of projects represent a clear example of the initiatives oriented at strengthening the relationship between SQM and our customers, which in turn help generate long-term commercial commitments.

During 2007 we also began work on our capacity expansion project for lithium carbonate production, which should be operational by the third quarter of 2008. In addition, we will soon start the construction of our new potassium nitrate facility, which should be ready to begin producing in early 2010. This plant will increase nitrates production capacity by approximately 250,000 metric tons per year, enabling SQM to capture a significant portion of the future growth in the demand for nitrates.

These investments, as well as many others that are currently in progress or are scheduled for the coming months, are being made within a framework of long-term sustainable development. Through this framework, we strive to grow in harmony with our surroundings, in such a way that enables us to generate value for our shareholders as well as for the communities neighboring our production centers.

SQM bases its business strategy on the development and leveraging of



Julio Ponce – Chairman

We are optimistic about the future growth in the demand for our products: the use of iodine and lithium in new technologies and the accelerated increase in the demand for high-value nutrients in agriculture markets are the foundations on which we base our positive expectations for the Company in the next few years



its long-term sustainable competitive advantages, which include access to vast, unique natural resources; a worldwide distribution network; operating assets and know-how in our production processes; the specialization and experience of our workers; and a healthy financial situation that affords us the flexibility to take advantage of the new business opportunities that may arise in the future.

We are optimistic about the future growth in the demand for our products: the use of iodine and lithium in new technologies and the accelerated increase in the demand for high-value nutrients in agriculture markets are the foundations on which we base our positive expectations for the Company in the next few years.

Summing up, the work in recent years has translated directly into the creation of real value for our shareholders. In the last five years, our series B ADR has had a compound annual growth rate of 68%, which

is similar to the behavior exhibited by the shares traded on the Santiago Stock Exchange. Another important matter for our shareholders is the fact that during 2007, SQM certified the compliance of its internal control standards with the requirements of the Sarbanes-Oxley Act.

Finally, I would like to thank you for the continued support you have given us over the years, and I would also like to thank the people who work at SQM for their commitment to making these results a reality.

Thank you,

Julio Ponce
Chairman



Board of Directors



As of December 31, 2007, the members of the Board of Directors were:

Director
Kendrick T. Wallace

Lawyer
Harvard Law School

Director
Daniel Yarur E.

Information Engineer
Universidad de Chile

Director
Wolf von Appen B.

Entrepreneur

Chairman
Julio Ponce L.

Forestry Engineer
Universidad de Chile

The members of the Directors' Committee and the Audit Committee are Mr. Hernán Büchi, Mr. José Antonio Silva and Mr. Daniel Yarur.



Director
Hernán Büchi B.

Civil Engineer
Universidad de Chile

Vice Chairman
Wayne R. Brownlee

Economist
University of
Saskatchewan

Director
José María Eyzaguirre B.

Lawyer
Universidad de Chile

Director
José Antonio Silva B.

Lawyer
Universidad Católica de
Chile

The Board of Directors was elected at the General Shareholders Meeting held on April 29, 2005.



Senior Management

As of December 31, 2007, 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

General Counsel

Matías Astaburuaga S.

Lawyer
Universidad Católica de Chile
RUT: 7.080.469-7

Lithium Operations and Mining Affairs

Senior Vice President

Jaime San Martín L.

Transportation Engineer
Universidad Católica de Chile
RUT: 8.931.725-8

Executive Vice President and
Chief Operating Officer

Patricio de Solminihac T.

Industrial Engineer
Universidad Católica de Chile
RUT: 6.263.302-6

Human Resources and Corporate
Affairs Senior Vice President

Daniel Jiménez S.

Industrial Engineer
Universidad Católica de Chile
RUT: 6.362.533-7

Nitrates and Iodine Operations

Senior Vice President

Mauricio Cabello C.

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

Senior Commercial Vice President

Eugenio Ponce L.

Mechanical Engineer
Universidad Católica de Valparaíso
RUT: 5.370.715-7

Safety, Health and Environment
Senior Vice President

Pauline De Vidts S.

Industrial Engineer
Universidad Católica de Chile
RUT: 9.668.138-0

Salar Operations

Senior Vice President

Juan Carlos Barrera P.

Industrial Engineer
Universidad Católica de Chile
RUT: 10.528.182-K

Chief Financial Officer and Business
Development Senior Vice President

Ricardo Ramos R.

Industrial Engineer
Universidad Católica de Chile
RUT: 8.037.690-1

Patricio Contesse – Chief Executive Officer

The year 2007 was the seventh consecutive year of earnings growth for SQM, thanks to both the favorable commercial conditions in our three core business lines and the constant efforts put forth by the entire organization to strengthen our competitive advantages. Our work during these past few years has been guided by a framework of sustainable development, in which our concern for the environment, the safety of our workers, and cooperation with the communities surrounding our operations play a fundamental role.



Main Shareholders

The Company's main shareholders as of December 31, 2007 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.	44,291,855	31.01%	16.83%
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.	3,589,387	2.51%	1.36%
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.	162,880	0.11%	0.06%
Agrícola El Rincón Ltda.	153,000	0.11%	0.06%
BCI Corredores de Bolsa S.A.	142,159	0.10%	0.05%
Bolsa de Comercio de Santiago Bolsa de Valores	119,880	0.08%	0.05%
Subtotal Main Series A Shareholders	141,095,261	98.79%	53.61%
Total Series A Shares	142,819,552	100%	54.26%
Total Series A Shareholders	586		

Series B Shareholders	Number of Shares	% Ownership of Series B Shares	% Ownership of Total Shares
The Bank of New York	39,658,090	32.94%	15.07%
Inversiones El Boldo Ltda.	18,031,017	14.98%	6.85%
Sociedad de Inversiones Pampa Calichera S.A.	12,490,092	10.38%	4.75%
AFP Habitat S.A.	8,334,759	6.92%	3.17%
AFP Provida S.A.	7,688,157	6.39%	2.92%
Citibank Chile por Cta. de Terceros	4,159,376	3.46%	1.58%
AFP Santa María S.A.	3,627,256	3.01%	1.38%
AFP Cuprum S.A.	3,327,896	2.76%	1.26%
AFP Bansander S.A.	3,210,071	2.67%	1.22%
Inversiones RAC Chile Ltda.	2,699,773	2.24%	1.03%
Larraín Vial S.A.	1,389,959	1.15%	0.53%
AFP Planvital S.A.	1,265,436	1.05%	0.48%
Subtotal Main Series B Shareholders	95,278,806	79.15%	36.20%
Total Series B Shares	120,376,972	100%	45.74%
Total Series B Shareholders	1,348		
Total Series A and B Shareholders	1,483		

During the year 2007, Sociedad de Inversiones Pampa Calichera S.A. and Global Mining Investments (Chile) S.A. — collectively, Pampa Group — made several share purchases on different stock exchanges until they attained 32.00% 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 2.03% 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 the total shares of Inversiones El Boldo Limitada and Inversiones RAC Chile Limitada. During the year 2007, PCS made several share purchases on different stock exchanges until it attained 32.00% of the total shares of SQM S.A.

In addition, during the year 2007 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

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.

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.

2002

Production of butyllithium begins at the Company's plant in Pasadena, Texas. SQM increases lithium carbonate production capacity.

2003

The Company acquires Yara International ASA's operations in Chile, enabling SQM to attain approximately 50% of the specialty plant nutrition market share in Chile.

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 Olmecca.

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.



Company Profile

SQM is the worldwide leader in its three core businesses: specialty plant nutrition, iodine and lithium. Headquartered in Chile but with sales and operations all over the world, the Company prides itself on delivering high-quality products and services to a diverse range of customers. SQM aims to provide business solutions for these customers, and its strategy has delivered tangible financial results: the year 2007 marked the seventh consecutive year of growth in revenues and net income.

Since its inception in 1968, SQM has evolved from a company dedicated predominantly to the production and sale of fertilizers to an integrated producer of specialty plant nutrients and chemicals, with over US\$1.18 billion in annual revenues, more than 80% of which come from sales to countries other than Chile.

In order to achieve these results, SQM has leveraged its competitive advantages, which are a key part of the Company's sustainable development and are primarily based on its:

- 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 different business areas, which gives it significant cost advantages over its competitors.
- Integrated production process, which allows SQM to obtain multiple, complementary products from the same natural source.
- International distribution and sales network, with a presence in more than 20 countries and diversified sales in more than 100 countries.
- Leading position in the development of new products and services.
- Know-how in its unique technological processes.

STRATEGY

The objective of SQM's development strategy is to maintain and strengthen its world leadership in its three core businesses.

This strategy is based on:

- Developing new products and applications and the opening of new markets, targeting the 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 conservative financial position.

OUR PEOPLE

In order for SQM to take full advantage of its competitive advantages and successfully implement its strategy, it is absolutely essential for the Company to employ a highly qualified workforce. The Company's employees are one of its key assets, and SQM goes to great lengths to develop the talents and abilities of these employees. In this way, employees gain access to new professional opportunities within the Company, and SQM is able to take on future challenges knowing it has the best human resources available.

As of December 31, 2007, SQM employed 3,746 people in Chile and abroad, as well as 2,700 external contractors. In Chile, the Company's employees are distributed among the 10 locations where it has facilities: Antofagasta, Salar del Carmen, Pampa Blanca, María Elena, Pedro de Valdivia, Coya Sur, Tocopilla, Salar de Atacama, Nueva Victoria and



Patricio de Solminihac – Executive Vice President and COO

At SQM we have a commitment with our customers to deliver a reliable supply of quality products, which is why in recent years we have developed and carried out a significant investment plan in both the operating and commercial areas. Within this plan, the most important milestones achieved in 2007 were the startup of the new prilling and granulating plant at Coya Sur, the beginning of the lithium carbonate capacity expansion, and the improvements in our railway system.

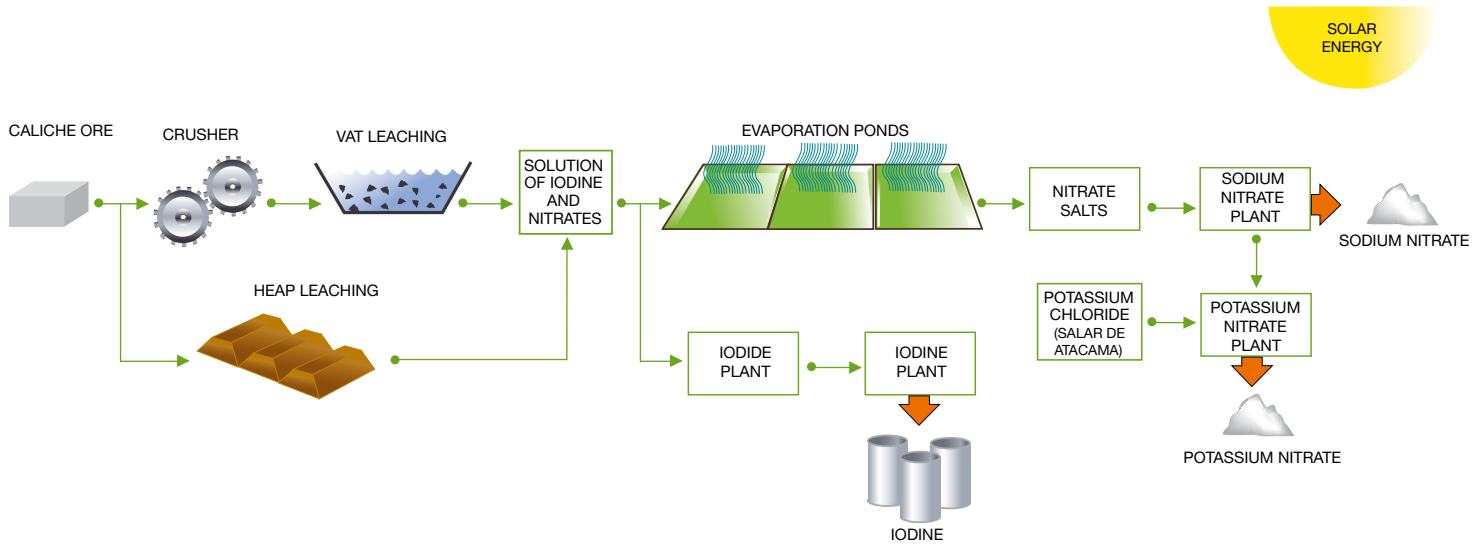


Santiago. Outside Chile, SQM has offices on six different continents, in countries including the U.S., Mexico, Ecuador, Brazil, Belgium, Italy, Turkey, India, China, Japan, United Arab Emirates and South Africa.

SQM provides its employees with training opportunities so they can further develop their abilities and improve their on-the-job performance. In 2007, nearly 1,500 employees participated in training activities targeting both technical and organizational skills. SQM also offers a program that enables employees to attain their primary or secondary

school diplomas, through courses arranged by the Company at its offices and centers of operation. A total of 276 workers participated in this program in 2007. In addition, employees have the opportunity to undertake advanced coursework and become certified in a variety of disciplines, thereby obtaining the tools to improve their performance and better their future career possibilities. In parallel, during 2007, SQM continued to support its high performing employees with university and graduate level scholarships to encourage professional development.

CALICHE ORE: NITRATES AND IODINE



NATURAL RESOURCES

The products that SQM delivers to its customers are derived from two mineral resources: caliche ore and salar brines.

Caliche is a mineral that contains high concentrations of sodium nitrate and iodine, found no more than two meters below the surface, in layers two to three meters thick, in the desert of the Tarapacá and Antofagasta regions in the north of Chile.

The Salar de Atacama, or Atacama Salt Flat, also located in northern Chile, is a natural source of subterranean brines. These brines are characterized by their high concentrations of lithium and potassium, from which potassium chloride, lithium carbonate, potassium sulfate and boric acid are obtained upon processing.

The unique properties of these two resources are the building blocks of SQM's cost advantages and productive synergies. The fact that deposits of sodium nitrate and iodine are found so close to the surface of the desert enables the Company to extract the minerals superficially over a wide area at a relatively low cost. Likewise, the high concentrations of lithium and potassium found in the brines, combined with their low magnesium content and the high rate of evaporation present at the *salar*, allow SQM to enjoy one of the lowest processing costs in the world.

BUSINESS SEGMENTS

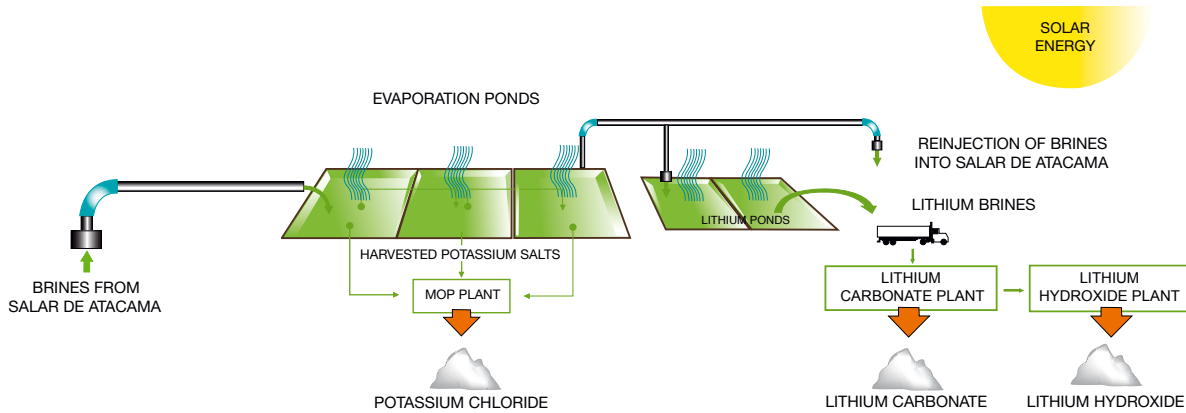
SQM's three core business segments are Specialty Plant Nutrition, Iodine and Lithium.

In the specialty plant nutrition market, SQM has consolidated its portfolio to include potassium nitrate, sodium nitrate, sodium potassium nitrate and potassium sulfate. SQM is the world's leading producer and seller of potassium nitrate, which out of all the specialty plant nutrients produced by the Company contributes the greatest amount of revenues. Additionally, SQM offers more than 200 specialty blends for all types of applications, thus satisfying the specific needs of each customer according to the type of crop, soil, climate and geographic zone involved.

In the iodine and lithium markets, the Company also boasts world leadership, with a reputation as a high-quality, service-focused, and trustworthy supplier, which is key to the continuity of the industrial processes in which these products are utilized.

SQM's strategic decision to focus on these core businesses stems from the Company's competitive advantages: there are natural synergies involved in the production of all three. Potassium chloride from the Salar de Atacama and sodium nitrate from caliche ore are used as raw materials in the production of potassium nitrate, and lithium and iodine are co-products from these extraction processes. The extensive

BRINES: LITHIUM AND POTASSIUM



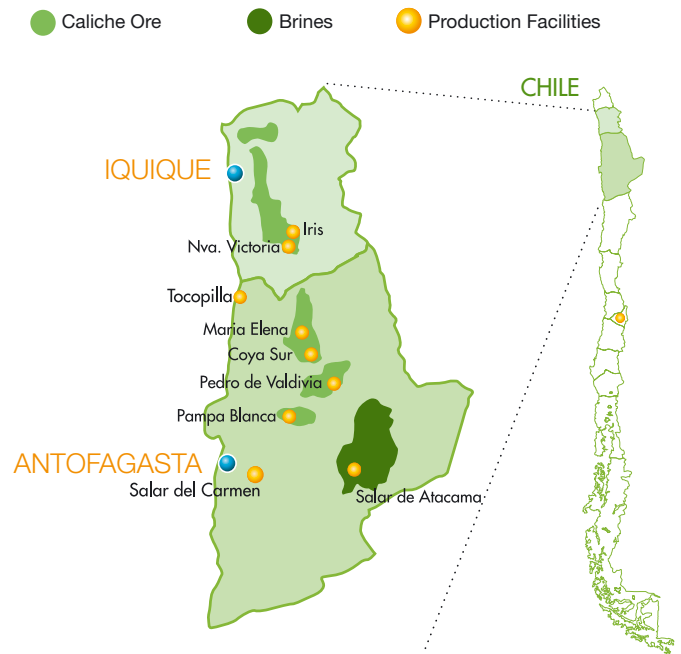
scientific and technological know-how that SQM has developed in its many years of operations further contribute to the Company's advantages over its competitors.

QUALITY

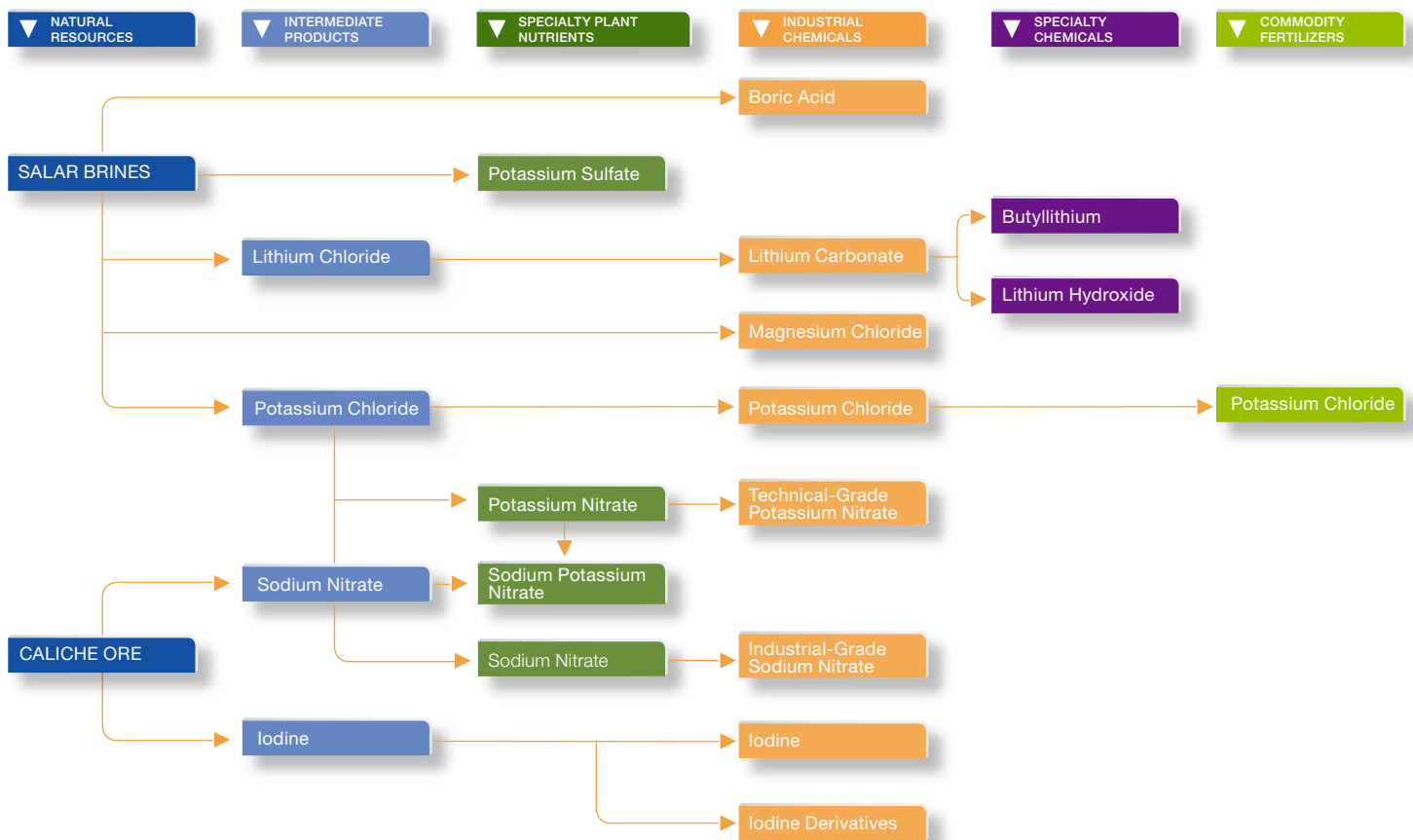
One of SQM's principal concerns is the satisfaction of its customers, which the Company achieves by providing quality products that comply with agreed-upon standards and are delivered on a timely basis. The Company produces and sells its products using its Quality Management System, which entails making a continuous effort to improve its production, sales and distribution processes in order to obtain the highest possible standards of productivity and efficiency throughout the logistics chain.

Along these same lines, SQM has obtained ISO 9001:2000 certification for its production and sales processes of iodine, lithium carbonate, lithium hydroxide, potassium nitrate and sodium nitrate (both technical and refined grades) and other soluble specialty plant nutrients manufactured in its plants in the north of Chile.

Towards the end of 2007, the Company expanded the scope of its existing ISO 9001:2000 certification for lithium carbonate to also include the production and sales of lithium hydroxide, thus formalizing the participation



MAIN PRODUCTS



of its lithium hydroxide plant — which started production during the second half of 2005 — in the Quality Management System.

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

LOGISTICS AND DISTRIBUTION

One of the ongoing challenges SQM faces is the logistical coordination and distribution of its products, more than 80% of which are shipped to customers in over 100 countries around the world.

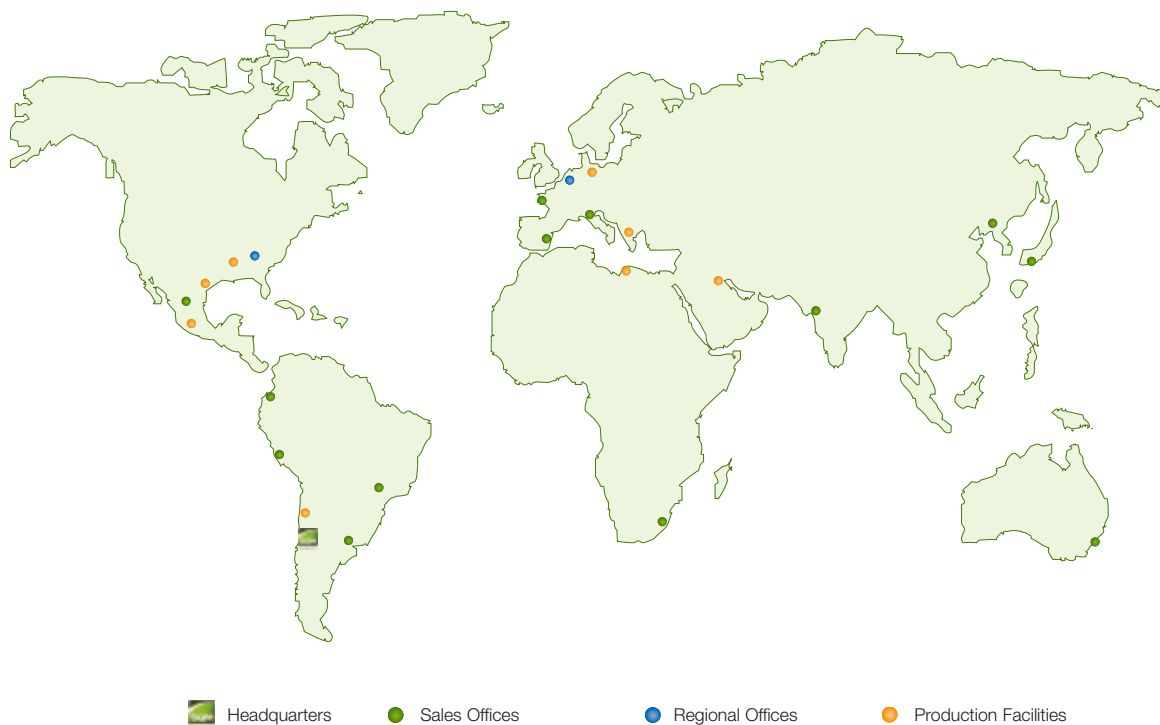
To handle this challenge, the Company has developed an extensive, efficient commercial network, with sales offices in more than 20 countries, in addition to significant global distribution agreements that allow SQM to extend its worldwide reach and reduce its distribution costs. SQM also maintains warehouses and mixing plants in strategic locations, which allows the Company to deliver its products to clients on six different continents.

This logistics and distribution network enables SQM to move over one million tons of finished product from the Company's production facilities to destinations all over the globe; the network also features an integral planning system that incorporates the entire supply chain. Furthermore, in addition to facilitating the efficient distribution of SQM's products, the network enables the Company to control the quality and the timing of deliveries throughout the supply chain, from the production centers to the final client. This is a fundamental strategic advantage for SQM.

A key element in this distribution network is the Company's own railway system, through which products are transported from the production plants to the port of Tocopilla, the shipping point for the majority of SQM's products that are exported from Chile to the rest of the world.

One of the highlights of 2007 was the investment made in modernizing the Company's fleet of locomotives and railroad cars: 50 new cars were added to SQM's existing fleet of 300.

SQM IN THE WORLD



RESEARCH AND DEVELOPMENT

In order to develop processes that maximize the Company's returns on its resources, as well as to reduce costs and increase productivity, SQM employs a group of top-level research professionals. This research team also advises the production, quality and sales areas on technical matters.

Highlights of research and development work performed during 2007 include the in-house engineering development of a new potassium nitrate facility in Coya Sur, based on a process designed by SQM in prior years. This new facility will allow the Company to increase production capacity and reaffirm its leadership in the production, costs and quality of specialty plant nutrients. Other significant R&D activities during the year include research projects aimed at increasing the returns from brine processing for the production of lithium and potassium and efforts to optimize production processes in general. Finally, 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 are also worth highlighting.



Sustainable Development

SQM's long-term strategy is inherently linked to the need for sustainability in the Company's operations. To formalize its commitment with the environment, its employees, its neighboring communities, and its customers, SQM has a Sustainable Development Policy. This policy establishes that each and every one of SQM's employees and contractors is responsible for contributing to the Company's performance in these areas.

THE ENVIRONMENT

In keeping with its Sustainable Development Policy, SQM has implemented an environmental management system, which allows the Company to identify and control environmental factors related to its production processes in order to protect its employees, surrounding communities, natural resources and, in general, the ecosystems in the areas in which it operates. Part of SQM's response to the clear need to care for the environment is its specialized environmental affairs unit, charged with coordinating the Company's environmental management efforts, and monitoring and controlling environmental variables through periodic internal and external audits.

During 2007, SQM obtained approval from the Chilean environmental authority for various projects, including the expansion of the lithium carbonate plant to 48,000 tons per year and the new potassium nitrate plant in Coya Sur. In addition, the Company is implementing a project

entitled "Changes and Improvements to Mining Operations in the Salar de Atacama", which obtained approval from the environmental authority at the end of 2006. This project aims to expand brine extraction to sustain current and projected production levels of potassium, lithium and boron 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.

At the same time, SQM works with the country's best technical organizations to conduct environmental evaluations, design follow-up plans and evaluate the results of the environmental monitoring of its operations. Of particular importance are: the 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 a study that will soon be initiated with Universidad Católica del Norte to understand groundwater recharge in the northern sector of the Salar de Atacama.

In 2008, the Company expects five additional projects to be approved by the Environmental Impact Evaluation System.



MANAGEMENT OF OPERATING RISKS

The health and safety of its employees is a central concern for SQM. To address this concern, the Company has implemented a Risk Prevention System, through which it aspires to instill a culture of prevention and personal care in all its employees and contractors, so that everyday risk prevention is treated as an indispensable part of their jobs. This is achieved in part by ensuring that supervisors exhibit effective leadership behavior from a risk prevention perspective. The Risk Prevention System includes training programs specially designed for all workers in

accordance with their job responsibilities. During 2007, approximately 4,300 employees and contractors were trained in risk management.

One of the primary components of the Risk Prevention System is the Operating Risk Control Program, based on the Loss Control model, which helps to structure the work of supervisors and employees. The Company has also incorporated behavior-based prevention techniques into the system. Employees who have been specially trained in providing



COMMUNITY DEVELOPMENT THROUGH MICROFINANCE

The development of the communities surrounding SQM's production centers plays an important role within the Company's guiding framework of sustainability. In order to foment such development, one of the initiatives implemented by the Company is the *SQM Fondo Concursable*, a contest in which micro-entrepreneurs in the municipality of San Pedro de Atacama compete for funding.

SQM has developed this project with the support

of Servicio País (a government-sponsored volunteer program for young people) and the San Pedro de Atacama municipal government. The goal of the contest is to give residents of this community the opportunity to win funding to launch or improve their own small businesses, thereby promoting the productive and economic development of the town.

In 2007, as a result of the contest, six micro-entrepreneurs received financing, with winning projects pertaining to such diverse categories as the production of crops in greenhouses, training in welding work, and the recovery of degraded soils.

feedback and reinforcing safe behavior patterns implement the behavior-based techniques in order to promote safe behavior and reduce risky behavior in the workplace. SQM's goal is for safety to be perceived not merely as a compulsory part of the job, but rather as a commitment by each employee to himself, his colleagues and his family.

The Company also applies the same model to all of its contractors to make safety universal within SQM. Thus, through training and a special safety handbook for contractors, the safety standards that they practice when working in SQM's facilities are raised, and the service and quality they bring to the Company are improved.

WORKING WITH THE COMMUNITY

SQM strives to be a good neighbor and participates in community development efforts near its production centers, supporting projects and activities that lead to a better quality of life in these areas.

The Company focuses its efforts on three areas — recovering heritage, education and culture, and social development — in which it carries out a variety of activities both individually and collectively with public and private organizations.

Recovering Heritage

SQM has placed special emphasis on the task of recovering the legacy left by the old nitrates industry in Chile, and to do so, the Company has become a strategic partner of two foundations devoted to recovering old nitrate extraction facilities: the Corporación Museo del Salitre

(Nitrates Museum Corporation), dedicated to the recovery of the old Humberstone facility, and the Corporación Chacabuco (Chacabuco Corporation), which aims to restore the old Chacabuco facility.

SQM has worked with the Corporación Museo del Salitre for many years, financing a portion of its operating expenses as well as donating to more extensive projects. That is how the Company came to finance the recovery of the Humberstone Market in 2005 and the cleaning and ordering of its industrial zone in 2006 and 2007, which allowed the previously abandoned site, some of which was even buried under meters of dirt and debris, to be recovered, cleaned and restored.

In order to bring the heritage of the old nitrates industry to the public's attention, in 2007 SQM organized an exhibition entitled "Nitrate Stories", a traveling display that featured a collection of posters used in the 1930s in different countries to advertise sales of natural fertilizers instead of synthetic fertilizers.

Along these same lines, the Company joined forces with educational authorities from the Antofagasta Region to organize literature workshops, which allowed students to speak with the renowned writer Hernán Rivera Letelier, and to share his passion for literature and life in the desert.

Finally, as part of the environmental studies the Company carries out for its new projects, it is also maintaining a registry of pre-Hispanic and historical artifacts as well as protecting heritage sites, especially 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

Given its impact on community development, education is one of the most important areas of SQM's social responsibility efforts.

In 2007 the Company implemented a contest for employees' children currently enrolled in university, encouraging academic excellence by giving 13 scholarships to the students with the best grade point averages, both for those already studying in the university and for those that recently entered. The scholarship finances 50% of the tuition, and given its success, the program will be repeated on an annual basis.

Another important contribution made by SQM is its sponsorship of the Padre Alberto Hurtado preschool in Antofagasta, which belongs to the foundation Hogar de Cristo. This preschool receives support from SQM by way of monthly contributions given through the Company's "1+1" matching funds campaign. It also benefits from the help of SQM's Corporate Volunteers Team, which implemented improvements to its infrastructure in 2007.

Social Development

As part of its efforts to further social development in neighboring communities, the Company has started important projects with the residents of towns near its facilities in the Salar de Atacama, participating in work groups organized by the Indigenous Development Areas of Alto El Loa and Atacama la Grande.

In parallel, in 2007 SQM and the municipal government of San Pedro de Atacama jointly developed and funded a contest to finance six micro-entrepreneurs in different industries.

Likewise, in the community of Pozo Almonte, SQM participated for the second consecutive year in organizing "Entrepreneurs' Week", which aims to encourage entrepreneurship among the members of the community.

Specialty Plant Nutrition

SQM's specialty plant nutrients enable farmers to face today's challenge of producing ever-greater quantities of ever-higher quality crops.

Hydroponic lettuce crops ▷





Specialty Plant Nutrition

Slightly more than 20 years ago, SQM made a strategic decision that has had an undeniable impact on the Company's long-term development: it entered the potassium nitrate market. This decision enabled SQM to transform its natural resources and the unique technologies it has developed into sustainable competitive advantages. In this market, the largest in the Specialty Plant Nutrition business segment, SQM is the principal producer in the world, with installed capacity of 650,000 metric tons per year and global market share of just under 50%.

This historic decision has allowed the Specialty Plant Nutrition business to contribute 49% to the Company's consolidated revenues — US\$581 million in 2007 compared to US\$503 million in 2006.

The year 2007 was characterized by a tight supply-and-demand dynamic, as well as by increases in energy and shipping costs. Consequently, international prices were under pressure to increase, which became notable towards the end of the year.

The favorable conditions that this line of business has been experiencing in recent years, especially during 2007, are due principally to certain factors currently affecting the agricultural industry, such as:

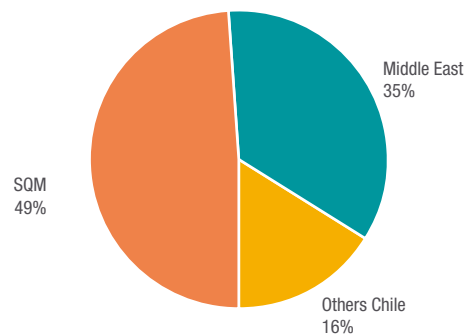
- A sustained increase in demand for high-quality foods, which is a consequence of global GDP growth of around 5% in the past few years.
- Implementation on a global scale of policies to replace gasoline with bio-fuels (bio-diesel and ethanol) produced from agricultural crops, which has created additional demand for soil and crops that can

be adapted for such use. These crops are generally grown with significant amounts of potassium-based fertilizers, thus indirectly benefiting SQM's specialty plant nutrition business.

- Sustained growth of the world population, which is currently estimated at over 6.5 billion people.

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 utilize new techniques such as microirrigation,

POTASSIUM NITRATE MARKET SHARE*



(*) SQM estimates as of December 31, 2007



Eugenio Ponce – Senior Commercial Vice President

The year 2007 reaffirmed the positive trend we have seen in our core business lines. This trend is linked to the fact that the end uses of our products are related to technology, medicine and specialty agriculture markets, which have grown at faster rates than other industries and that continue to have a promising outlook for the medium and long terms. We believe that with its vast reserves and competitive advantages, SQM should be able to capture a significant part of the future growth in our three core businesses.



hydroponics, greenhousing and other agricultural methods that enable them to produce crops more efficiently.

The use of these innovative techniques, however, creates new pressures for farmers, as commodity fertilizers do not provide the return necessary to make their investment in modern technology profitable. Consequently, there arises a fundamental need for specialty plant nutrients, including potassium nitrate, which, given its superiority, has practically no substitute in modern agricultural applications. As an

example, the demand for potassium nitrate for use in fertirrigation has experienced average annual growth of approximately 5% in the past five years. The growing importance of specialty 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 commodity fertilizers, have been more moderate.

In order to satisfy such demand, SQM maintains its leadership position through logistical excellence. SQM has commercial agreements,

SOILLESS CROPS

The scarcity of soil and water in the world, added to the considerable increase in the demand for high-value crops, has led to significant changes in crop production technology. Consequently, modern agricultural techniques have become more and more important in this industry, as evidenced by the increasingly commonplace use of “soilless” crops. Soilless crops refer to systems in which plants develop their roots in a medium other than soil, within a limited, isolated space. This medium can be liquid, in which case the crops are known as “hydroponic crops”,



or it can be a solid, in which case the crops are referred to as “crops in substrates”. Hydroponic crops, such as hydroponic lettuce, generally grow in the soilless environment until they are harvested. Crops



in substrates, on the other hand, normally begin their development in the soilless environment and are subsequently transplanted to an environment where soil is present. One such example is forest trees, which begin their development in nurseries and are then transplanted to a permanent location.

joint ventures and strategic alliances around the world, with one of the most important strategic alliances being its sales and distribution partnership with the Norwegian company Yara International ASA, which was signed in November 2001. Thanks to these agreements, SQM enjoys the advantage of access to the knowledge of key partners in specialty plant nutrition, and the Company also ensures that its products reach more than 100 countries.

In the specialty plant nutrition market, SQM has consolidated its position with an extensive portfolio of nutrients, consisting of potassium nitrate, sodium nitrate, sodium potassium nitrate and potassium sulfate, as well as recently incorporated products such as urea phosphate and organic and foliar fertilizers. Additionally, SQM offers more than 200 specialty blends for all types of applications, in order to meet the

specific needs of a variety of crop and soil types and of the diverse climates and geographic zones in which they are used, thus helping to maximize its customers' investments throughout the world.

To complement the strength of its product portfolio, SQM has developed a team of agronomists, transforming them into experts in specialty plant nutrition and thereby enabling the Company to offer its customers the very best nutrition solutions available in the market.

The excellence in the quality of both its products and its services, combined with its competitive and strategic advantages have allowed SQM to become the world leader in the specialty plant nutrition market.

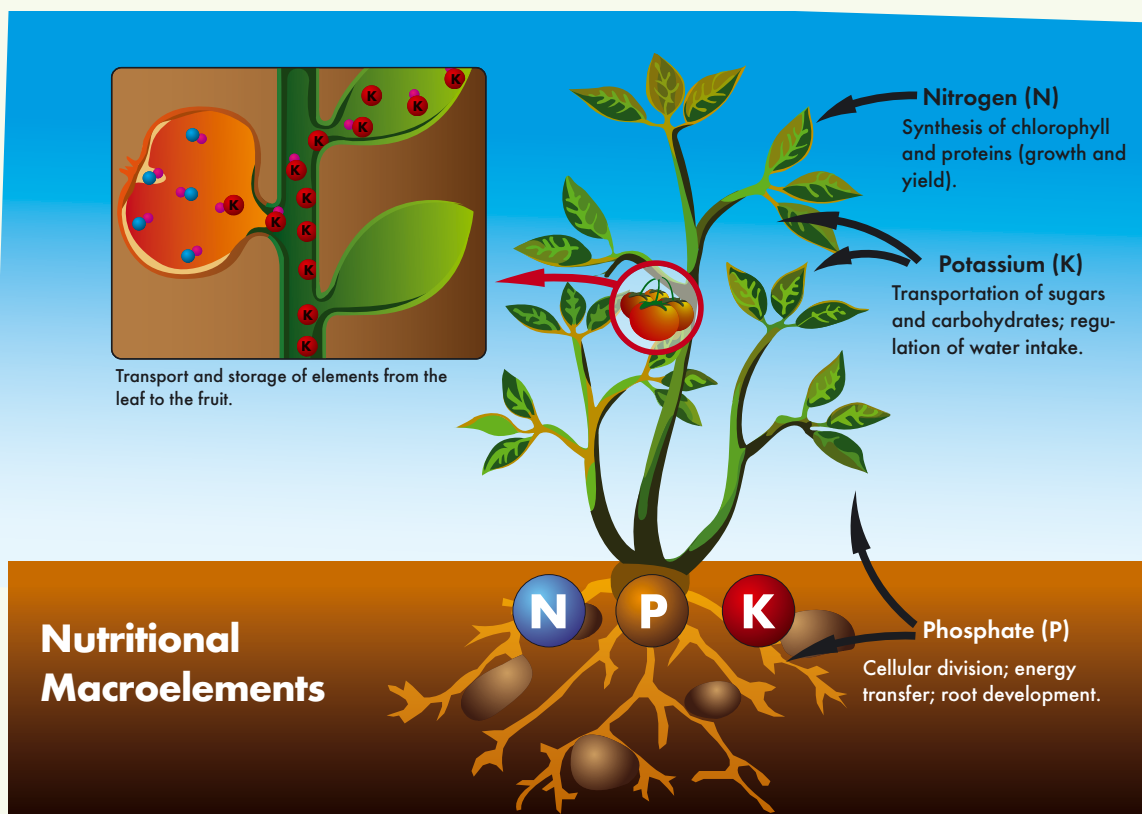
BALANCED NUTRITION

The qualities in a plant that are sought out by both producers and consumers alike – qualities such as quantitative yield, vitamin content, and physical appearance – depend on that plant having the correct balance of nutritional levels in its various tissues in each stage of growth. Nutritional imbalances, whether these be due to deficiencies or excesses, can lead to a reduction in the plant's productive potential, which in turn results in lower economic returns for the producer and in a lower-quality product for the consumer.

An important part of maintaining this nutritional balance involves the “macroelements” nitrogen (N), phosphate (P), and potassium (K), which constitute approximately half of the minerals absorbed by a plant's roots. Furthermore, it is fundamental that the plant benefit from a fertilization program that takes into account not just the content of the fertilizer, but also the timing and the type of application.

SQM's technical and agronomical know-how have enabled the Company to develop a complete line of specialty plant nutrition solutions, which target the diverse needs of its customers.

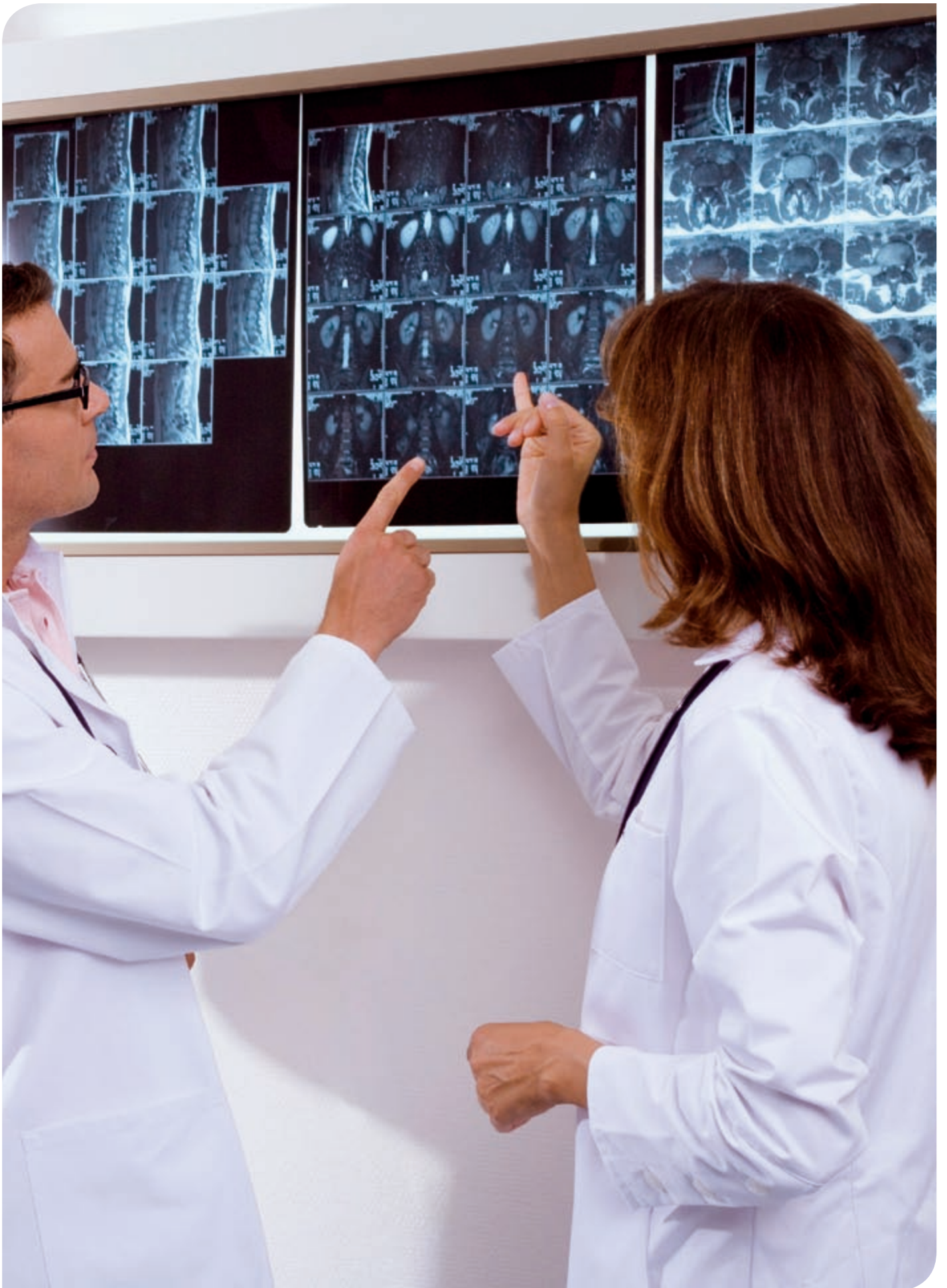
Among the solutions offered by SQM are the Company's own brands, such as Ultrasol™, for application via fertirrigation; Qrop™, for application to the soil; Speedfol™, for foliar application; and Allganic™, the family of products designed for organic crops. The advantage of SQM's solutions is that they are 100% water soluble, rapidly absorbed, and free of chlorine (except Ultrasol™ MOP). These characteristics enable SQM's to maximize crop yields and optimize the profitability of their businesses. One example of this was a trial demonstration carried out in Turkey in 2007, in which Ultrasol™ Magnum P44 increased the production of a cucumber crop by 7% compared to other fertilizers.



Iodine and Iodine Derivatives

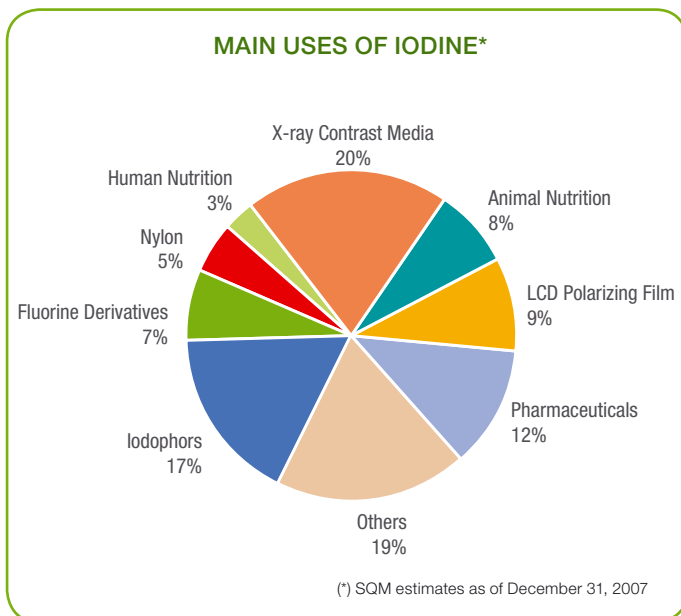
Thanks to the high quality of the iodine it sells, as well as the ongoing search for and development of new markets for this product, SQM has a solid presence in the world iodine markets.

X-ray contrast media has been a key driver in the development of the iodine market during the past decade. ▶



Iodine and Iodine Derivatives

Iodine and its derivatives, one of SQM's three core business segments, accounted for approximately 18% of the Company's total sales in 2007. This segment first began to play an important role at SQM during the 1980s, permitting the Company to diversify its dependence on fertilizers and create new opportunities for development with significant growth potential.



In the past 30 years, SQM's continued search for opportunities and constant innovation have allowed the Company to position itself as the leading producer of iodine in the world. In addition, SQM entered the iodine derivatives market towards the beginning of the 1990s through a joint venture with a U.S. company, Ajay Chemicals. Thanks to this joint venture, the Company has facilities in Chile, the United States and France and has become the chief producer and seller of iodine derivatives in the world. As a result, SQM has a global share in the market for iodine and its derivatives of approximately 29%.

SQM's production and logistics operations, which are ISO 9001 certified, enable the Company to respond efficiently to the quality and service requirements of its customers, who do business in highly competitive and demanding markets. The Company's dedication to quality assurance and customer satisfaction are part of its constant commitment to leadership within its three core businesses.

As a result of the superior quality of its products and the ongoing search for and development of new markets in this business segment, SQM has achieved a solid global presence. Consequently, the Company is able to face the medium- and long-term growth prospects and challenges with confidence.



THE IODINE PROCESS

SQM obtains iodine from solutions produced by leaching caliche. The iodine contained in these solutions is found in iodate form, in low concentrations; the iodate solution is reduced to iodide using sulfur dioxide, and subsequently the iodine concentration is increased as much as 100-fold by means of solvent extraction. Iodide as an intermediate product is obtained in facilities located at Pedro de Valdivia, María Elena, Pampa Blanca and Nueva Victoria.

Afterwards, the high concentration iodide is treated in the Pedro de Valdivia or Nueva Victoria facilities to obtain iodine. The solid iodine is then refined through a smelting process and prilled. Prilled iodine is tested for quality control purposes and then packed in 20-50 kilogram drums or 350-700 kilogram maxibags for distribution to world markets.

LIQUID CRYSTAL DISPLAYS: DRIVING IODINE DERIVATIVES CONSUMPTION

Once considered a premium good associated primarily with flat-screen TVs, LCD screens have now become ubiquitous, as their use in a growing number of products – iPods, digital cameras, and laptops, to name a few – has become standard.

Strong competition in the market for LCD TVs has driven prices down, making them accessible to the mass market. Their predecessor, TVs with CRT screens, is on the road to becoming obsolete, and the price-to-quality relationship that LCD offers has given it an advantage over plasma screens.

The LCD market has promising growth prospects for the future, given that demand for larger screens has increased substantially in recent periods, generating a direct positive effect on salt consumption. This tendency is expected to continue in the short and medium term: the consensus among industry analysts is that LCD screens for TVs will increase in size by 40% during 2008, and by around 20% per year between 2009 and 2012.

The role of iodine in the production process of polarizing film has a significant impact on the image quality offered by

LCD screens, making iodine a key part of this technology. Polarizing film is predominantly produced in Japan, South Korea, and Taiwan. SQM has a direct relationship with the principal producers in these countries, in order to better satisfy their needs and anticipate new developments in this constantly changing industry.



PRINCIPAL USES OF IODINE

Health and Nutrition

Approximately 60% of the applications for iodine and its derivatives are related to the health and nutrition of humans and animals, and this market segment has experienced stable growth in recent years. During 2007, demand for iodine used in X-ray contrast media for clinical examinations expanded by close to 3.5%, and consumption of iodine in pharmaceutical products grew by 3%. Iodine is considered one of the best known disinfectants, which has strongly driven its use as an active ingredient in antiseptics, disinfectants and surgical soaps. Iodine is also used in the production of numerous medicines, including antibiotics, corticosteroids and antiarrhythmics, among others.

The importance of iodine in the nutrition market stems in part from the human body's biological need to have a certain quantity of iodine to avoid illnesses including mental retardation, abnormal growth, goiters and thyroid malfunction. Salt is iodized practically all over the world, in an attempt to prevent these conditions

Technological Applications

Strong growth in demand for liquid crystal displays (LCDs) in recent years has had a significant impact on demand for iodine derivatives. Iodine fulfills a fundamental role in these screens as it is needed to produce polarizing film. LCDs are used increasingly in computers, handheld devices (PDAs), televisions and other appliances, and therefore, demand for iodine salts for this use grew nearly 30% in 2007 with respect to 2006.

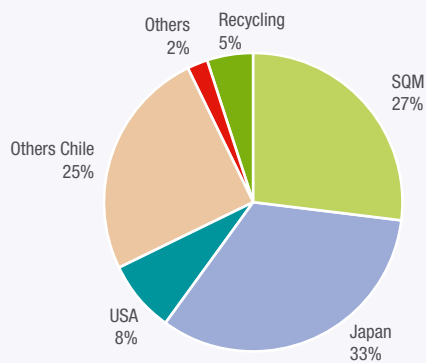
Industrial Applications

The countless industrial applications for which iodine is used are quite diverse in nature. Some examples include disinfectants for the dairy industry, nutrients for animal feed, biocides for paints and wood treatment products, nylon fibers, photographic film, catalysts for organic synthesis, herbicides and colorants. In 2007, iodine consumption for biocides grew 4%.

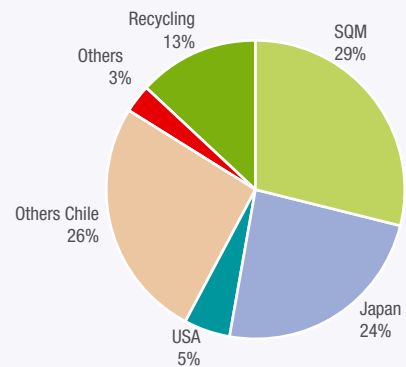


MARKET EVOLUTION*

2000: 18,000 Tons



2007: 28,000 Tons



(*) SGM estimates

In the years since iodine began to be a key business segment for the Company, the market has developed considerably. In the past eight years, demand for iodine has grown on average at annual rates close to 6%, primarily owing to increased demand for iodine derivatives. This growth in consumption, combined with the fact that the world's main producers of iodine had been producing at maximum production capacity levels, led to a sustained increase

in real prices beginning in mid-2003.

In 2007, global iodine demand expanded by around 5%, which is chiefly due to growth in the demand for iodine salts, with the LCD industry exhibiting the highest growth rates of all iodine applications.

Lithium and Lithium Derivatives

The properties of lithium facilitate its use in a wide range of applications, including rechargeable batteries; the market for these batteries grew 20% in 2007, and it continues to be driven by new uses, such as cordless power tools.

The development of lithium batteries for use in portable applications has improved the quality of life of the consumers of these products. ▷





Lithium and Lithium Derivatives

During 2007, demand for lithium chemicals grew by approximately 7% with respect to 2006, and the market is expected to continue growing at similar rates in 2008. In this business segment, SQM's sales for the period totaled US\$180 million, 39.5% more than the previous year. This growth was principally due to increased demand for lithium for use in rechargeable batteries and the increase in prices during the year.

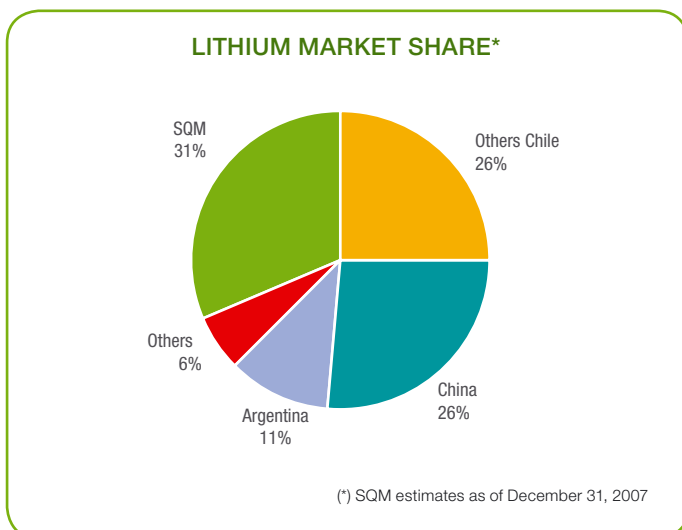
The lithium chemicals market includes lithium carbonate and lithium derivatives that are used directly in a great number of applications. The total lithium market, measured in lithium-carbonate-equivalent units,

reached approximately 93,000 metric tons in 2007, with a compound annual growth rate of 7.5% over the last 10 years. SQM entered this market some 10 years ago, through its production of lithium carbonate, and today the Company has a global market share in lithium chemicals, measured by volume, of around 31%.

SQM is the primary lithium carbonate producer in the world, and in addition, the Company has participated in the butyllithium market since 2001 with its own production plant in Pasadena, Texas. Demand for this chemical, which is used chiefly to synthesize organic compounds in the pharmaceutical industry and as a catalyst in manufacturing polymers, expanded by close to 5% in 2007.

In line with its strategy of adding value to its products, towards the end of 2005 SQM began operating a lithium hydroxide plant in the Salar del Carmen, just outside Antofagasta in northern Chile. The plant has production capacity of 6,000 metric tons per year, which is equivalent to 50% of the world's lithium hydroxide needs.

Currently, the Company is expanding lithium carbonate production capacity. The increased capacity — which should be operational during the third quarter of 2008 — will bring total capacity to approximately 40,000 metric tons per year, enabling SQM to better meet the lithium demand that the market expects for the next few years.





THE LITHIUM PROCESS

The production of lithium carbonate begins with solutions of lithium chloride obtained in the Salar de Atacama as a co-product in the extraction of potassium chloride. These solutions are subsequently processed to produce lithium carbonate in a plant located in the Salar del Carmen.

The Salar de Atacama contains the largest known commercially exploitable reserves of lithium brines in the world. These brines are found in the core of the *salar*, a salt-encrusted depression in the Atacama Desert, within which lies an underground deposit of brines contained in porous sodium chloride rock fed by an underground inflow of water

from the Andes Mountains. The brines of the Salar de Atacama offer sustainable competitive advantages on a global scale, as they contain higher concentrations of potassium, lithium and boron than any other natural brine deposits. The brines that are not used by SQM in its production processes are re-injected into the salar.

SQM has exploitation and exploration rights to these reserves, making it the largest and lowest-cost 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. These rights, in conjunction with the Company's specialized distribution network, give SQM a leading position in the lithium market, with sustainable competitive advantages.

ELECTRIC VEHICLES: GAINING MOMENTUM

Concerns about pollution are no longer the only driving force behind the search for alternative energy sources. Oil prices — having surpassed the threshold of US\$100 per barrel in early 2008 — are perhaps the principal motivation at present. Approximately 97% of the energy used in the transportation sector comes from oil, and a third of world demand for oil is used as fuel for vehicles of all kinds. As a result, the automobile industry is leading the search for alternative energy.

A variety of technologies are currently being developed as possible alternatives to oil. However, thus far the hybrid vehicle (HEV), which has both an electric and an internal combustion engine, seems to be the only economically viable technology, at least in the short and medium terms.

A key element in the performance and efficiency of hybrid vehicles is the battery, which stores the energy that feeds the electric motor. Despite the fact that the HEVs on the market today — an estimated 600,000 were sold in 2007 — use nickel-metal-hydrate batteries (NiMH), there is a general consensus within the industry that lithium-ion batteries are the best option in terms of storage capacity and efficiency.

At the most recent Detroit Auto Show (January 2008), leaders from the largest automakers substantiated their commitment to the environment and to the reduction of dependence on oil, entering into a race to build rechargeable hybrid vehicles (Plug-in HEVs) with lithium batteries. Toyota, General Motors, Ford and several European companies have promised that between 2010 and 2012 we will be able to purchase vehicles

with batteries that can be recharged by simply plugging them into an electrical socket.

The growth potential for HEVs represents a tremendous opportunity for all the industries associated with this technology. In the lithium industry, that potential is significant: it is estimated that around 2010, sales of HEVs could surpass one million units and, between HEVs and Plug-in HEVs, those figures could double towards 2015. Considering that a lithium battery in a Plug-in HEV will require more than 100 times the lithium content of a portable computer battery, the effect on consumption could be substantial.



PRINCIPAL USES OF LITHIUM

Lithium possesses certain characteristics that enable it to be used in a wide variety of applications. Its elevated electrochemical potential and the fact that it is the lightest solid element at room temperature give it significant advantages for use as cathode material in rechargeable batteries (lithium-ion). In fact, 25% of the consumption of lithium chemicals is for these batteries, making this lithium's principal application. Rechargeable batteries are used in cellular phones, portable computers, digital cameras, handheld devices (PDAs) and MP3s, among others; the primary advantages of using lithium in these batteries are: high power, extended service life and the absence of the "memory effect".

In addition to its more traditional uses, lithium batteries are also being used in power tools and prototype electric vehicles. Consumption of

lithium carbonate for these batteries expanded by close to 20% in 2007 and demand is expected to continue growing at rates above 10% in the medium term. It is worth mentioning that within the battery market, the applications with the greatest growth potential are those that are more lithium-intensive, such as batteries for power tools.

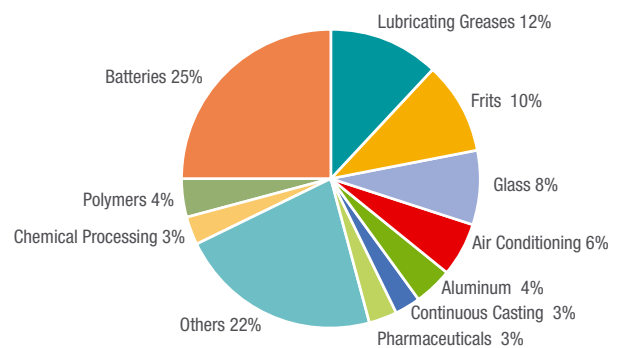
Another characteristic worth highlighting is the fact that lithium is the solid element with the greatest caloric capacity. This attribute makes lithium apt for use in applications that involve heat transfer, such as ceramic glass, an important component in kitchen cooktops. The elevated caloric capacity of lithium not only reduces the thermal expansion coefficient, but also makes glass harder and at the same time improves its appearance.



Lithium is also used in the steel industry: lithium carbonate possesses chemical properties that afford greater speed and fluidity during molding in continuous casting powder processes. Demand for lithium in steel-related applications, as well as in ceramics and high resistance glass, has grown at rates between 4 and 5% per year over the past several years.

For its part, lithium hydroxide is used predominantly in the production of high performance lubricating grease that can be applied in extreme temperature and load conditions; approximately 70% of the lubricating greases produced in the world contain lithium. This product is also used in industrial colorants and batteries. The market for lithium hydroxide grew by 3.5% in 2007.

MAIN USES OF LITHIUM*



(*) SQM estimates as of December 31, 2007

Industrial Chemicals

Industrial nitrates are used in a great variety of applications that affect the daily lives of people the world over, many times without consumers even knowing it.

In Spain, a mixture of nitrates is beginning to be used to store energy in solar energy plants. ▷





Industrial Chemicals

SQM entered the industrial chemicals business over 30 years ago, producing and selling industrial nitrates, as well as boric acid and potassium chloride, which are used as inputs in a great number of production processes. Industrial nitrates, which accounted for approximately 93% of industrial chemical sales in 2007, are obtained by refining the Company's sodium nitrate and potassium nitrate fertilizers. The refining process eliminates elements contained in these fertilizers that are beneficial for plant nutrition but are considered to be impurities for industrial uses.

The high-grade nitrates obtained via this process are used in a wide variety of applications that affect the daily lives of most people, usually unbeknownst to them. From manufacturing glass to explosives for mining and civil works to treating metals, this broad range of applications, combined with a customer base that is spread all over the globe, affords SQM considerable diversification in its sales.

SQM began selling industrial nitrates in the 1970s with industrial-grade sodium nitrate as its first product. Subsequently, in the 1980s, the Company expanded its portfolio to include technical-grade potassium nitrate, adding boric acid towards the end of the 1990s and potassium chloride at the beginning of the present decade.

During 2007, industrial chemicals contributed close to 7% of the Company's total revenues, and within this business line, sodium nitrate

and potassium nitrate led sales. SQM is the world's chief producer of industrial-grade sodium nitrate, with global market share of 60% 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).

SQM's sales of sodium nitrate grew by 6% in 2007. This growth was driven by nitrate salt consumption for thermal energy storage in solar energy projects; the rest of this product's applications showed more stable behavior. Growth in this market in 2008 is expected to be similar to that of 2007, and medium-term evolution will depend largely on the success of the solar energy projects.

Potassium nitrate is also used for thermal energy storage in solar energy projects. Excluding this application, the market for industrial use of potassium nitrate showed a slight decline during 2007 in comparison with the previous year, due principally to decreased demand for this product in manufacturing television screens with CRT technology. Consumption is expected to continue to decrease in the short and medium terms due to the fact that this technology is gradually being replaced with LCD and plasma screens, which continue to gain market share.



PRINCIPAL USES OF SODIUM NITRATE

The properties of sodium nitrate enable it to be used in a great variety of applications. Some examples 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 as an oxidizing agent in the production of commercial explosives;

storage of thermal energy, where it increases the number of hours that solar energy plants can produce electricity; water treatment, where it helps to prevent formation of odors in sewage; and charcoal briquettes, in which it is utilized as an additive that provides oxygen and helps in lighting and continuous burning.

SOLAR ENERGY APPLICATIONS OF NITRATE SALTS

One of the more recent applications in the market for SQM's industrial chemicals is the use of a mixture of sodium nitrate and potassium nitrate as a medium for storing energy.

In Spain a new project is currently being developed, in which these salts are utilized in a plant that generates electric energy from solar radiation. SQM has been selected to supply the sodium nitrate for this mixture.

This project basically works as follows: large mirrors focus sunlight on a pipe that contains a liquid, which heats to very high temperatures. This hot liquid passes through a heat exchanger, producing steam that moves the turbines. To store this energy, the tubes pass through a large insulated tank filled with melted nitrate salts, which efficiently retain the heat. The stored heat

is extracted at night, creating steam and allowing the plant to continue producing electricity during more hours each day.

This simple innovation enables solar electricity generation plants to operate even without sunlight, making their operations more efficient.



PRINCIPAL USES OF POTASSIUM NITRATE

As potassium nitrate possesses properties similar to those of sodium nitrate, it is used in some of the same applications, such as to store thermal energy and manufacture glass and crystal. In addition, potassium nitrate is used in glazes for ceramics: it can be found in the enamel coatings for metal-cased refrigerators, dishwashers and bathtubs, as well as in the finish on ceramic tiles. In the pyrotechnics industry, potassium nitrate acts as an oxidant and is used to give fireworks their color and sound. In television and computer screens that use CRT technology, potassium nitrate is used to improve fusion and refinement.

OTHER PRODUCTS

SQM complements its industrial product offering with boric acid and potassium chloride, which are extracted from the brines of the Salar de Atacama.

The high degree of purity possessed by boric acid with respect to other borates has enabled it to become an important input for industries such as the glass industry, where it improves resistance to chemicals and heat; insulating materials based on wood pulp, in which it acts as a fire retardant; and recently in the manufacture of LCD screens, where it improves chemical resistance.

SQM supplies potassium chloride in two grades: standard and granular. The main application of industrial-grade potassium chloride is as an agent in drilling fluids for oil wells, where it improves stability.



COMMODITY FERTILIZERS

In order to round out the product portfolio that it offers to its customers in Chile, SQM imports and commercializes commodity fertilizers through its subsidiary Soquimich Comercial S.A. The fertilizers sold by this subsidiary include granular, water soluble and foliar products, and in addition, this product offering is complemented by a number of services, including tools for the diagnosis, monitoring and nutritional control of crops.

During 2007, the commodity fertilizer market grew considerably, and international prices maintained an upward tendency, owing largely to the increased worldwide demand for grains for both consumption and use in biofuels. On the other hand, two significant challenges faced the Chilean market during the year: the low exchange rate between the Chilean peso and the U.S. dollar, which is damaging to the export sector, and the high inflation rate, which has a direct impact on companies' costs.

In order to take on these challenges and improve its results, Soquimich Comercial has implemented measures to increase efficiency. The company also has a purchase management policy that follows its sales forecasts and helps to improve inventory turnover rates while mitigating the risks of price variations that are inherent to the commodity fertilizer industry.

Financial Analysis

SQM's new prilling and granulating plant at Coya Sur ▷





Financial Analysis

SQM recorded net income of US\$180.0 million for the year 2007, which not only represents a 27.4% increase with respect to the previous year; it also marks the seventh consecutive year of growth in the Company's financial results. Net income for 2007 amounted to US\$6.80 per ADR, compared to net income of US\$141.3 million for the year 2006.

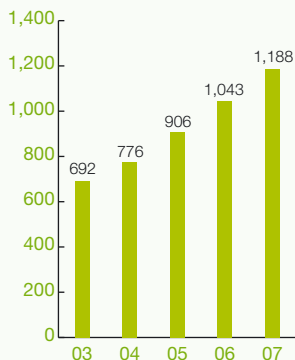
SQM's revenues increased for the eighth consecutive year in 2007, totaling US\$1,187.5 million, compared to the US\$1,042.9 million reported in 2006, which amounts to growth of 13.9% year over year. This growth was largely driven by prices in the Company's different business segments, and also by a positive effect from specialty plant nutrient sales volumes. Lithium volumes were slightly lower in 2007

with respect to 2006, but significant growth in pricing for this product during the year outweighed the effect of the volumes. Finally, in the Iodine and Iodine Derivatives business, there was also an increase in prices, which helped to offset the decrease in the sales volumes of this product.

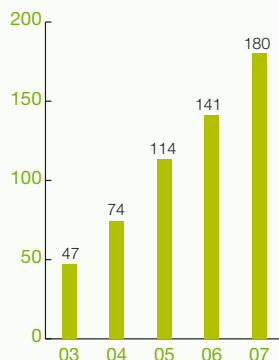
During 2007, SQM had to face significant challenges in terms of costs. However, the positive trend in revenues enabled the Company to achieve an 18.0% increase in operating income, which totaled US\$259.5 million (21.9% of revenues) in 2007. This figure compares to the US\$219.9 million (21.1% of revenues) recorded in 2006.

FINANCIAL INDICATORS

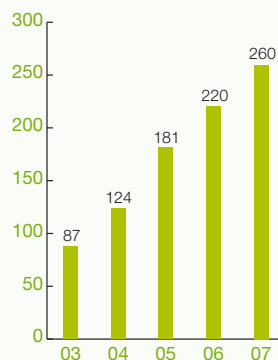
Revenues
(US\$ millions)



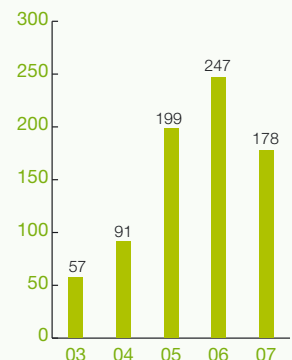
Net Income
(US\$ millions)



Operating Income
(US\$ millions)



CAPEX
(US\$ millions)





Ricardo Ramos – CFO and Business Development SVP

The year 2007 was quite challenging for SQM, due to the increase in energy costs and the sustained appreciation of the Chilean peso against the U.S. dollar, both of which should continue to affect the Company in 2008. Although these challenges are bad news, they help us to maintain our focus on the activities that generate value, and they force us to become more and more efficient in our management, in terms of both production and commercial efforts. Another important challenge for SQM is its investment plan, which at least in the short term should remain at high levels, once again forcing us to be ever more efficient in the management and control of the Company.



SPECIALTY PLANT NUTRITION

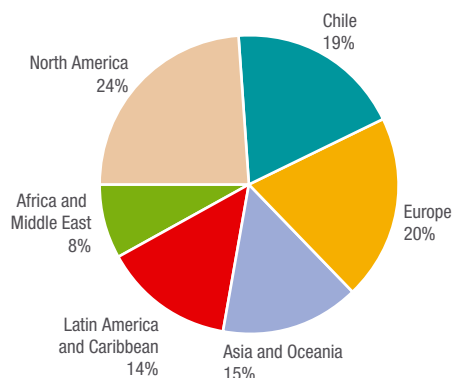
During the year 2007 revenues from the Specialty Plant Nutrition segment reached US\$580.8 million, an increase of 15.4% over the US\$503.1 million recorded in 2006.

The year-over-year growth in revenues was mainly the result of favorable pricing conditions in this business segment, as well as increased sales volumes. On average, specialty plant nutrition prices increased 9% during the year, as a result of the tight supply scenario affecting global potassium-related markets, combined with a demand that continues

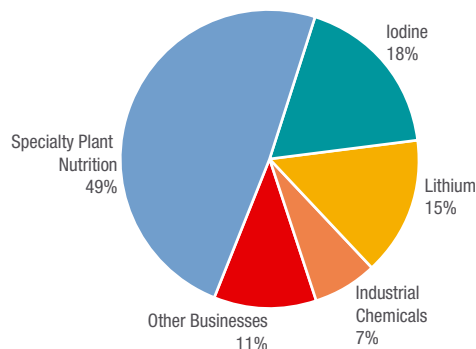
to grow. The general lack of potassium in the soil found in developing countries is strongly pushing demand for potash. At the same time, our specialty plant nutrients have benefited from changing preferences on the part of consumers, who increasingly demand better-quality agricultural products, and as a result, farmers strive to improve yields in order to meet the increased demand. Rising prices began to have a visible effect on SQM's results during the third quarter of 2007, and the upward trend was even more noticeable in the fourth quarter.

Higher prices in the Specialty Plant Nutrition segment were complemented by increased sales volumes during the year. Demand for specialty plant

2007 SALES BY GEOGRAPHICAL REGION



2007 SALES BY BUSINESS SEGMENT



nutrients in European markets, which were affected by bad weather in 2006, recovered in 2007; as a result, the Company reported a year-over-year increase in sales volumes of water soluble potassium nitrate to Europe, and especially to Spain. During 2007 SQM also recorded a substantial increase in volumes of potassium nitrate sold to China. In addition, sales of potassium nitrate and sodium potassium nitrate in Latin America were higher in 2007, due in large part to the strong agriculture markets in Brazil. The decrease in sales volumes of other non-SQM specialty plant nutrients was predominantly due to the sale of our trading affiliate in Mexico during the third quarter of 2006.

SPECIALTY PLANT NUTRITION VOLUMES AND REVENUES:

		2007	2006	Δ
Sodium nitrate	Th. Ton	45.9	43.3	6%
Potassium nitrate and sodium potassium nitrate	Th. Ton	695.3	615.0	13%
Specialty blends	Th. Ton	261.5	250.9	4%
Non-SQM specialty plant nutrients (*)	Th. Ton	117.1	142.9	-18%
Potassium sulfate	Th. Ton	172.0	172.4	0%
Specialty plant nutrition revenues	MUS\$	580.8	503.1	15%

(*) Primarily includes trading of other specialty fertilizers.

IODINE AND IODINE DERIVATIVES

Revenues from sales of iodine and iodine derivatives during 2007 totaled US\$215.1 million, 1.2% lower than the US\$217.7 million recorded for 2006.

The Company's 2007 results in the Iodine and Iodine Derivatives segment for 2007 were driven by a combination of higher prices and lower volumes. Iodine prices increased approximately 7% with respect to 2006, as rising production costs were reflected in the pricing. Further influencing prices was the growing demand at the global level, which during 2007 was driven predominantly by the use of iodine in such applications as x-ray contrast media for diagnostic imaging, biocides for paints and wood treatment products, and liquid crystal displays (LCDs).

Demand for iodine salts in LCD screens — iodine's third-largest end market, where it is used in the production of polarizing film — grew by close to 30% in 2007. In particular, the LCD TV market has been expanding not only in terms of sales volumes, but also in terms of growing screen sizes; this tendency should continue in the future. Part of this growth in demand is being satisfied by iodine recycled in that same industry, as only a fraction of this product remains in the polarizing film. The remaining iodine, which producers used to discard, is now increasingly being reprocessed, and as a result, recycled iodine has become essentially an additional "competitor" in this market.

Higher pricing was offset by lower sales volumes in the year, as the Company decreased its total volumes by approximately 7% with respect to 2006. This decrease was the result of an increasingly competitive



market environment; other Chilean producers increased their production capacity during the year, and there were also increases in production from recycling. However, SQM is well positioned to capture growth in this market in the medium and long terms.

IODINE VOLUMES AND REVENUES:

		2007	2006	Δ
Iodine and derivatives	Th. Ton	9.1	9.8	-7%
Iodine and derivatives revenues	MUS\$	215.1	217.7	-1%

LITHIUM AND LITHIUM DERIVATIVES

Revenues for the Lithium and Lithium Derivatives segment climbed to US\$179.8 million in 2007, 39.5% higher than the US\$128.9 million recorded for the year 2006.

Year-over-year revenue growth in this business line was driven by lithium prices, which increased approximately 48% in 2007. As expected, sales volumes decreased slightly with respect to 2006, but this effect was outweighed by the substantial price increase observed during the year.

The favorable pricing conditions that have prevailed in the past couple of years have prompted Chinese producers to increase their lithium

capacity. As a result of this new production, tightness in lithium carbonate supply observed during the first half of 2007 eased somewhat in the second half.

World lithium demand continues to grow at rates of around 7% per year. As in recent periods, the upward trend during 2007 was driven in large part by demand for lithium in rechargeable batteries, which market grew an estimated 20% during the year. Lithium-ion batteries — traditionally used in mobile phones, laptops, digital cameras, and many other devices — are being utilized more and more in cordless power tools, which are more lithium-intensive than some of the other applications and therefore represent considerable growth potential.

During 2007, this business line also benefited from growth in the market for lubricating greases, the primary end market for lithium hydroxide. In addition, the Company recorded revenues from sales of butyllithium and lithium chloride on the order of US\$10.7 million for the year.

LITHIUM VOLUMES AND REVENUES:

		2007	2006	Δ
Lithium and derivatives	Th. Ton	28.6	30.4	-6%
Lithium and derivatives revenues	MUS\$	179.8	128.9	39%

INDUSTRIAL CHEMICALS

Revenues from the Industrial Chemicals business line for 2007 totaled US\$81.2 million, an increase of 13.9% with respect to the 2006 figure of US\$71.3 million.

Revenues from sales of industrial chemicals increased in 2007 largely as a consequence of rising prices. Prices of industrial nitrates and prices of specialty plant nutrients are indirectly related, and on average prices for this business line were approximately 6% higher than they were in 2006.

Growth in sales volumes in the Industrial Chemicals business segment was primarily explained by sales in Latin America. Favorable conditions in the commodities markets in recent periods have resulted in increased mining activity in this region, which in turn has generated greater demand for explosives, in which SQM's industrial-grade sodium nitrate is a key component. In addition, SQM reported higher volumes of sodium nitrate sold in Europe during the year, which is partly due to the use of this product as a medium for heat storage in a solar energy project in Spain.

INDUSTRIAL CHEMICALS VOLUMES AND REVENUES

		2007	2006	Δ
Industrial nitrates	Th. Ton	175.2	161.7	8%
Boric acid	Th. Ton	9.2	9.9	-7%
Industrial chemicals revenues	MUS\$	81.2	71.3	14%

OTHER PRODUCTS

Potassium Chloride

Potassium chloride revenues grew 59.8% in 2007, reaching US\$51.3 million, compared to US\$32.1 million for the year 2006.

The substantial year-over-year increase in potassium chloride revenues was driven by prices, which rose nearly 13% in 2007, as well as sales volumes, which were more than 40% higher than sales volumes in 2006. Global potash prices have experienced a sustained increase in recent periods, due to the combined effect of tight supply and growing demand.

POTASSIUM CHLORIDE VOLUMES AND REVENUES:

		2007	2006	Δ
Potassium chloride	Th. Ton	179,0	126,4	42%
Potassium chloride revenues	MUS\$	51,3	32,1	60%

Other Commodity Fertilizers

Revenues from sales of other commodity fertilizers decreased from US\$89.8 million in 2006 to US\$79.4 million in 2007, as a result of the sale of our trading affiliate in Mexico during the third quarter of 2006.



SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses totaled US\$70.3 million (5.9% of revenues) for 2007, compared to the US\$69.7 million (6.7% of revenues) recorded during 2006.

OPERATING COSTS

During the year 2007, the Company continued to be affected by higher costs related to energy, raw materials and the exchange rate. The ongoing natural gas shortages have forced us to use higher-cost alternative fuels, such as diesel and fuel oil. Additionally, the price increases that have affected raw materials and spare parts in recent years maintained their upward tendency, and the Chilean peso has continued its rally against the U.S. dollar. These factors had a significant impact during 2007.

CAPEX

During the year 2007, SQM made capital expenditures of approximately US\$178 million. The Company's investment plan includes capacity expansions for lithium and potassium nitrate production and improvements to its railway system, as well as various projects related to increasing yields and reducing costs.

NON-OPERATING INCOME

The Company recorded a non-operating loss of US\$27.1 million for 2007 which is lower than the US\$36.0 million loss recorded for full-year 2006.

Net financial expenses⁽¹⁾ totaled US\$(10.6) million during 2007. This figure was lower than the US\$(16.2) million recorded for 2006, primarily as a result of the lower levels of debt held by the Company during 2007.

(1) Net financial expenses correspond to total financial expenses less financial income.

Consolidated Financial Statements

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CONSOLIDATED STATEMENTS OF CASH FLOWS	59
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Ch\$	-	Chilean pesos
ThCh\$	-	Thousands of Chilean pesos
US\$	-	United States dollars
ThUS\$	-	Thousands of United States dollars
UF	-	The UF is an inflation-indexed, Chilean peso-denominated monetary unit. The UF rate is set daily in advance, based on the change in the Consumer Price Index of the previous month.



Report of Independent Auditors

(Translation of a report originally issued in Spanish)



■ Huérfanos 770, piso 5
Santiago, Chile

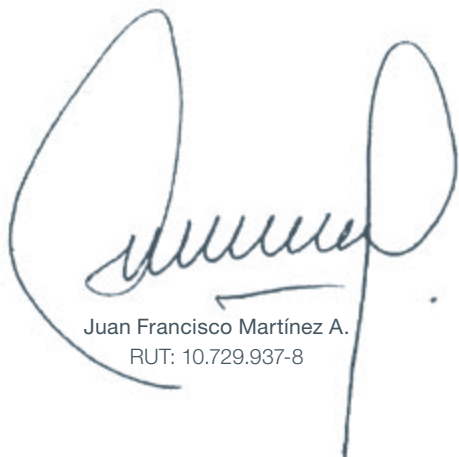
■ Fono: (56-2) 676 1000
Fax: (56-2) 676 1010
Casilla 2823

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, 2007 and 2006, 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, 2007 and 2006 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, Chile, February 25, 2008

Consolidated Balance Sheets

ASSETS	Note	As of December 31,	
		2007 ThUS\$	2006 ThUS\$
Cash		18,236	20,915
Time deposits		85,523	32,706
Marketable securities	4	60,453	130,321
Accounts receivable, net	5	224,444	177,406
Other accounts receivable, net	5	6,249	4,857
Accounts receivable from related companies	6	61,042	65,640
Inventories, net	7	387,768	365,499
Recoverable taxes		31,322	32,830
Prepaid expenses		4,197	3,885
Other current assets		24,720	11,597
Total Current Assets		903,954	845,656
Total Property, Plant and Equipment, net	8	983,449	916,928
Investments in related companies	9	23,935	18,329
Goodwill, net	10	34,236	36,331
Negative goodwill, net	10	(1,291)	(1,928)
Long-term accounts receivable, net	5	604	388
Long-term accounts receivable from related companies	6	2,000	2,000
Intangible assets, net		3,814	4,523
Other long-term assets	11	35,618	48,756
Total Other Assets		98,916	108,399
Total Assets		1,986,319	1,870,983

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

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	As of December 31,	
		2007 ThUS\$	2006 ThUS\$
Short-term bank debt	12	1,806	58,350
Current portion of long-term debt	12	801	828
Current portion of bonds payable	13	8,868	5,540
Dividends payable		531	264
Accounts payable		99,030	80,810
Other accounts payable		1,820	547
Notes and accounts payable to related companies	6	6,880	5,807
Accrued liabilities	14	22,314	16,403
Withholdings		22,931	11,386
Income taxes		9,514	8,722
Deferred income		10,858	4,065
Deferred income taxes	15	6,214	4,088
Other current liabilities		855	613
Total Current Liabilities		192,422	197,423
Long-term bank debt	12	180,000	180,000
Long-term obligations with the public (Bonds)	13	306,651	300,724
Other accounts payable		731	849
Deferred income taxes	15	55,409	47,361
Long-term accrued liabilities	16	22,671	19,464
Total Long-Term Liabilities		565,462	548,398
Minority Interest	17	45,999	39,213
Paid-in capital	18	477,386	477,386
Other reserves	18	163,442	155,190
Retained earnings	18	541,608	453,373
Total Shareholders' Equity		1,182,436	1,085,949
Total Liabilities and Shareholders' Equity		1,986,319	1,870,983

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

Consolidated Statements of Income

	Note	2007 ThUS\$	2006 ThUS\$
Sales		1,187,527	1,042,886
Cost of sales		(857,765)	(753,336)
Gross margin		329,762	289,550
Selling and administrative expenses		(70,273)	(69,662)
Operating Income		259,489	219,888
Non-operating income	20	25,948	19,293
Non-operating expenses	20	(53,032)	(55,341)
Non-operating loss		(27,084)	(36,048)
Income before income taxes		232,405	183,840
Income tax expense	15	(48,592)	(37,916)
Income before minority interest		183,813	145,924
Minority interest	17	(3,792)	(4,715)
Net income before negative goodwill		180,021	141,209
Amortization of negative goodwill	10	-	68
Net Income		180,021	141,277

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

Consolidated Statements of Cash Flows

	Note	2007 ThUS\$	2006 ThUS\$
Cash flows from operating activities			
Net income		180,021	141,277
Charges (credits) to income not representing cash flows			
Depreciation expense	8	97,826	90,354
Amortization of intangible assets		712	915
Write-offs and accruals		34,063	16,512
Gain on equity investments in related companies		(3,643)	(2,314)
Loss on equity investments in related companies		77	362
Amortization of goodwill	10	2,252	2,229
Amortization of negative goodwill	10	-	(68)
(Profit) loss on sales of assets		87	(809)
Loss from sale of investments		(1,316)	(732)
Other credits to income not representing cash flows		(1,745)	(2,762)
Other charges to income not representing cash flows		108,075	82,333
Foreign exchange difference, net		(2,212)	2,263
Net changes in operating assets and liabilities (increase) decrease:			
Trade accounts receivable		(25,830)	(240)
Inventories		(34,983)	(46,730)
Other assets		(6,437)	7,917
Accounts payable		(4,000)	(23,359)
Interest payable		582	2,968
Net income taxes payable		(23,541)	(49,515)
Other accounts payable		(2,760)	(10,840)
VAT and other taxes payable		(9,726)	6,724
Minority interest	17	3,792	4,715
Net cash provided by operating activities		311,294	221,200
Cash flows from financing activities			
Proceeds from short term bank financing		-	259,257
Bonds payable		-	299,833
Payment of dividends		(94,910)	(74,566)
Repayment of bank financing		(57,089)	(406,282)
Payment of obligations with the public		(5,131)	-
Payment of expenses for the issuance and placement of bonds payable		-	(6,629)
Net cash (used in) provided by financing activities		(157,130)	71,613
Cash flows from investing activities			
Sales of property, plant and equipment		2,498	10,289
Sales of investments in related companies		1,478	5,790
Other investing income	24	399	24,811
Additions to property, plant and equipment		(165,640)	(175,788)
Capitalized interest		(12,388)	(10,948)
Purchase of investments in related companies		-	(113,196)
Other disbursements		(513)	(504)
Net cash provided by investing activities		(174,166)	(259,546)
Effect of inflation on cash and cash equivalents		272	2,719
Net change in cash and cash equivalents		(19,730)	35,986
Beginning balance of cash and cash equivalents		183,942	147,956
Ending balance of cash and cash equivalents		164,212	183,942

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) Basis for the preparation of the consolidated financial statements

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

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

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	
	2007 %	2006 %
Nitrate Corp. of Chile Limited (United Kingdom)	100.00	100.00
Soquimich SRL – Argentina	100.00	100.00
Nitratos Naturais do Chile Ltda. (Brazil)	100.00	100.00
SQM Europe NV (Belgium)	100.00	100.00
SQM North America Corp. (USA)	100.00	100.00
North American Trading Company (USA)	100.00	100.00
SQM Peru S.A.	100.00	100.00
SQM Corporation N.V. (Dutch Antilles)	100.00	100.00
S.Q.I. Corporation N.V. (Dutch Antilles)	100.00	100.00
Soquimich European Holding B.V. (Holland)	100.00	100.00
PTM – SQM Ibérica S.A. (Spain)	0.00	100.00
SQMC Holding Corporation L.L.P. (USA)	100.00	100.00
SQM Ecuador S.A.	100.00	100.00
Cape Fear Bulk L.L.C.(USA)	0.00	51.00
SQM Investment Corporation N.V. (Dutch Antilles)	100.00	100.00
SQM Brasil Ltda.	100.00	100.00
Royal Seed Trading Corporation A.V.V. (Aruba)	100.00	100.00
SQM Japon Co. Ltd.	100.00	100.00
SQM Oceanía PTY Limited (Australia)	100.00	100.00
SQM France S.A.	100.00	100.00
RS Agro-Chemical Trading A.V.V. (Aruba)	100.00	100.00
SQM Comercial de México S.A. de C.V.	100.00	100.00
SQM Indonesia	80.00	80.00
SQM Virginia L.L.C. (USA)	100.00	100.00
Agricolima S.A. de C.V. (Mexico)	100.00	100.00
SQM Venezuela S.A.	100.00	100.00
SQM Italia SRL (Italy)	100.00	100.00
Comercial Caiman Internacional S.A. (Cayman Islands)	100.00	100.00
SQM Africa PTY (South Africa)	100.00	100.00
Administración y Servicios Santiago S.A. de C.V. (Mexico)	100.00	100.00
SQM Lithium Specialties L.L.P. (USA)	100.00	100.00
SQM Nitratos México S.A. de C.V. (México)	51.00	51.00
Fertilizantes Naturales S.A.	66.67	66.67
Iodine Minera B.V.	100.00	100.00
SQM Dubai – FZCO.	100.00	100.00

Domestic subsidiaries	Direct or indirect ownership	
	2007 %	2006 %
Servicios Integrales de Tránsitos y Transferencias S.A.	100.00	100.00
Soquimich Comercial S.A.	60.64	60.64
Isapre Norte Grande Ltda.	100.00	100.00
Almacenes y Depósitos Ltda.	100.00	100.00
Ajay SQM Chile S.A.	51.00	51.00
SQM Nitratos S.A.	99.99	99.99
Proinsa Ltda.	60.58	60.58
SQM Potasio S.A.	100.00	100.00
SQMC International Limitada.	60.64	60.64
SQM Salar S.A.	100.00	100.00
SQM Industrial S.A.	100.00	100.00
Minera Nueva Victoria S.A.	100.00	100.00
Exploraciones Mineras S.A.	100.00	100.00
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	100.00	100.00
Comercial Hydro S.A.	60.64	60,64

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

b) Accounting period

These consolidated financial statements have been prepared as of December 31, 2007 and 2006 and for the years then ended.

c) Reporting currency and monetary correction

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

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

The financial statements of 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 (7.4% and 2.1% in 2007 and 2006, respectively). The resulting net charge or credit to income arises as a result of the gain or loss in purchasing power from the holding of non-U.S. dollar denominated monetary assets and liabilities exposed to the effects of inflation.

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

d) Foreign currency

i) Foreign currency transactions

Monetary assets and liabilities denominated in Chilean pesos and other currencies have been translated to U.S. dollars at the observed exchange rates determined by the Central Bank of Chile in effect at each year-end of Ch\$ 496.89 per US\$1 at December 31, 2007 and Ch\$ 532.39 per US\$1 at December 31, 2006.

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, 2007 and 2006 generated net earnings (loss) of ThUS\$ 2,212 and ThUS\$ (2,263) 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:

	2007	2006
	US\$	US\$
Brazilian Real	1.77	2.14
New Peruvian Sol	2.99	3.19
Argentine Peso	3.15	3.06
Japanese Yen	114.15	119.11
Euro	0.68	0.76
Mexican Peso	10.90	10.88
Indonesian Rupiah	9,830.04	9,830.04
Australian Dollar	1.15	1.27
Pound Sterling	0.49	0.51
Ecuadorian Sucre	1.00	1.00
South African Rand	6.81	6.99

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

e) Cash and cash equivalents

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

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

f) Time deposits

Time deposits are recorded at cost plus accrued interest.

g) Marketable securities

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

h) Allowance for doubtful accounts

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

i) Inventories and materials

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

j) Income taxes and deferred income taxes

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

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

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

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

k) Property, plant and equipment

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

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

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

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

The Company obtains property rights and mining concessions from the Chilean state. Other than minor filing fees, the property rights are usually obtained without initial cost, and once obtained, are retained by the Company as long as the annual fees are paid. Such fees, which are paid annually in 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.

l) Investments in related companies

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

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

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

m) Goodwill and negative goodwill

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

Beginning on January 1, 2004, goodwill and negative goodwill 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.

n) Intangible assets

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

o) Mining development cost

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

p) Accrued employee severance

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

q) Vacations

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

r) Saleback operations

These operations are 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.

s) Derivative contracts

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

t) Reclassifications

For comparison purposes, certain reclassifications have been made to the 2006 financial statements.

u) 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.

v) Computer software

Computer 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 SVS Circular No. 1.819 dated November 14, 2006, computer systems acquired by the Company are recorded at cost

w) Research and development expenses

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

x) Obligations with the public (Bonds payable)

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

y) 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.

z) 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.

NOTE 3. CHANGES IN ACCOUNTING PRINCIPLES

During the period ended December 31, 2007, there were no 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:

	2007 ThUS\$	2006 ThUS\$
Mutual funds	60,453	130,321
Total	60,453	130,321

Mutual funds relate to investments made in 'Citifunds Institutional Liquid Reserve Limited' for ThUS\$ 57,343 (ThUS\$ 117,836 in 2006) and in 'Merrill Lynch Institutional Liquidity Fund' for ThUS\$ 3,110, (ThUS\$ 12,485 in 2006)

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

NOTE 5. SHORT- AND LONG-TERM ACCOUNTS RECEIVABLE

a) Short- 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)	
	2007 ThUS\$	2006 ThUS\$	2007 ThUS\$	2006 ThUS\$	2007 ThUS\$	2006 ThUS\$
Short-term receivables						
Trade accounts receivable	118,229	95,111	52,444	41,743	170,673	136,854
Allowance for doubtful accounts					(6,203)	(7,419)
Notes receivable	43,784	50,859	19,459	354	63,243	51,213
Allowance for doubtful accounts					(3,269)	(3,242)
Accounts receivable, net					224,444	177,406
Other accounts receivable	7,355	5,582	71	407	7,426	5,989
Allowance for doubtful accounts					(1,177)	(1,132)
Other accounts receivable, net					6,249	4,857
Long-term receivables					604	388

Consolidated Short- and Long-Term Receivables by Geographic Location:

	Chile		Europe		Asia and Oceania		North America		Latin America and the Caribbean		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Short-term trade accounts receivable, net												
Balance	60,999	42,375	50,389	43,402	9,352	4,575	28,134	28,730	15,596	10,353	164,470	129,435
% of total	37.08%	32.74%	30.64%	33.53%	5.69%	3.53%	17.11%	22.20%	9.48%	8.00%	100.00%	100.00%
Short-term notes receivable, net												
Balance	53,713	41,270	429	2,093	490	340	392	994	4,950	3,274	59,974	47,971
% of total	89.56%	86.05%	0.72%	4.35%	0.82%	0.71%	0.65%	2.07%	8.25%	6.82%	100.00%	100.00%
Short-term other accounts receivable, net												
Balance	3,376	2,815	1,609	585	159	9	457	1,277	648	171	6,249	4,857
% of total	54.03%	57.96%	25.75%	12.04%	2.54%	0.19%	7.31%	26.29%	10.37%	3.52%	100.00%	100.00%
Subtotal short-term accounts receivable, net												
Balance	118,088	86,460	52,427	46,080	10,001	4,924	28,983	31,001	21,194	13,798	230,693	182,263
% of total	51.18%	47.44%	22.73%	25.28%	4.34%	2.70%	12.56%	17.01%	9.19%	7.57%	100.00%	100.00%
Long-term accounts receivable, net												
Balance	604	368	-	-	-	-	-	-	-	20	604	388
% of total	100.00%	94.85%	-	-	-	-	-	-	-	5.15%	100.00%	100.00%
Total short and long-term accounts receivable, net												
Balance	118,692	86,828	52,427	46,080	10,001	4,924	28,983	31,001	21,194	13,818	231,297	182,651
% of total	51.31%	47.53%	22.67%	25.23%	4.32%	2.70%	12.54%	16.97%	9.16%	7.57%	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. In addition, all those significant transactions with related parties with an amount exceeding 1% of net income for the year are disclosed.

a) Amounts included in balances with related parties as of December 31, 2007 and 2006 are as follows:

	Short-term		Long-term	
	2007 ThUS\$	2006 ThUS\$	2007 ThUS\$	2006 ThUS\$
Accounts receivable				
Doktor Tarsa Tarim Sanayi AS	4,349	8,446	-	-
Nutrisi Holding N.V.	1,800	1,603	-	-
Ajay Europe S.A.R.L.	6,838	8,617	-	-
Ajay North America LLC	2,706	3,271	-	-
Abu Dhabi Fertilizer Industries WWL	3,622	3,732	2,000	2,000
Impronta SRL	-	1,094	-	-
NU3 B.V.	720	413	-	-
Sales de Magnesio Ltda.	104	86	-	-
SQM Agro India	364	113	-	-
Misir Specialty Fertilizers (MSF)	616	462	-	-
Soc.Inv.Pampa Calichera S.A.	8	8	-	-
Inversiones PCS Chile S.A.	17	-	-	-
Kowa Company Ltd.	14,465	8,609	-	-
SQM East Med Turkey	160	-	-	-
PCS Sales Inc	-	10	-	-
Yara AB	-	2	-	-
Yara Benelux B.V.	715	78	-	-
Yara Hellas S.A.	228	310	-	-
Yara International Australia PTY.	536	642	-	-
Yara Poland SP	-	85	-	-
Yara UK Ltd.	159	285	-	-
Yara CZECH Republic	-	2	-	-
Yara GMBH & CO KG	102	95	-	-
Yara Norge AS	35	-	-	-
Yara Iberian S.A.	2,351	1,317	-	-
Yara Argentina S.A.	892	125	-	-
Yara Colombia Ltda.	101	2,938	-	-
Aubos Trevo S.A.	252	252	-	-
Yara North America LLC.	3,274	6,331	-	-
Yara Fertilizantes Ltda (Brasil)	-	715	-	-
Yara France BU Latin America	2,144	1,794	-	-
Yara France BU Africa	2,372	1,030	-	-
Yara France S.A.	594	-	-	-
Yara S.A. PTY LTD. Sudáfrica	4,967	-	-	-
Yara Western Cape Sudáfrica	1,773	-	-	-
Yara Internacional ASA	-	7,884	-	-
Yara International Asia Trade Pte Ltd.	223	1,227	-	-
Yara International Asia Trade Pte. (Singapur)	2,586	-	-	-
Yara East Africa Limited	478	504	-	-
Yara Italia SPA	1,204	-	-	-
Yara Fertilizers (New Zealand)	124	157	-	-
Yara Mexico S.A. de C.V.	163	3,365	-	-
Yara Phosyn Ltda.	-	38	-	-
Total	61,042	65,640	2,000	2,000

	Short-term	
	2007 ThUS\$	2006 ThUS\$
Accounts payable		
NU3 N.V.	1,877	847
SQM Thailand Co. Ltd.	110	182
SQM East Med Turkey	-	15
Yara International ASA	4,458	-
Yara AB	4	-
Yara Fertilizantes Ltd. (Brazil)	31	-
Yara Business Support	-	4,363
Yara Nederland B.V.	400	400
Total	6,880	5,807

There were no outstanding long-term accounts payable with related parties as of December 31, 2007 and 2006.

b) During 2007 and 2006, principal transactions with related parties were as follows:

Company	Relationship	Type of transaction	Amount of Transaction		Effect on income (charge) credit	
			2007 ThUS\$	2006 ThUS\$	2007 ThUS\$	2006 ThUS\$
NU3 N.V. (Belgium)	Indirect	Sales of products	6,545	6,079	2,026	2,008
Doktor Tarsa Tarim Sanayi AS	Indirect	Sales of products	7,577	8,868	2,159	2,409
Abu Dhabi Fertilizer Ind. WWL	Indirect	Sales of products	5,434	3,551	1,123	992
	Indirect	Income financial	117	-	117	-
Impronta SRL	Indirect	Sales of products	-	4,887	-	1,566
Ajay Europe S.A.R.L.	Indirect	Sales of products	24,965	16,931	9,250	6,424
	Indirect	Income financial	10	-	10	-
NU3 B.V.	Indirect	Sales of products	9,025	7,212	2,791	2,488
Ajay North America LLC	Indirect	Sales of products	17,281	16,215	8,060	7,605
Yara Italia SPA	Shareholder	Sales of products	4,153	-	1,066	-
Yara International Asia Trade Pte Ltd.	Shareholder	Sales of products	10,344	6,703	2,384	2,061
Yara France BU Africa	Shareholder	Sales of products	5,637	2,826	1,483	661
Yara Benelux B.V.	Shareholder	Sales of products	7,064	7,081	1,478	1,554
Yara Business Support	Shareholder	Services	4,317	4,364	(4,317)	(4,364)
Yara International Australia Pty Ltd.	Shareholder	Sales of products	2,655	2,688	742	787
Yara Iberian S.A.	Shareholder	Sales of products	9,940	8,277	2,745	2,767
Yara Colombia Ltda.	Shareholder	Sales of products	5,712	6,285	1,836	1,982
Yara Poland SP	Shareholder	Sales of products	2,233	1,752	690	593
Yara GMBH & Co Kg	Shareholder	Sales of products	2,056	1,741	553	548
Yara France	Shareholder	Sales of products	8,400	7,246	2,107	2,091
Yara Fertilizers Brazil	Shareholder	Sales of products	11,957	8,489	4,307	3,631
	Shareholder	Services	142	-	142	-
Yara Hellas S.A.	Shareholder	Sales of products	1,846	1,892	457	530
Yara France BU Latin America	Shareholder	Sales of products	30	2,014	30	595
Yara Argentina S.A.	Shareholder	Sales of products	1,950	10,912	492	3,151
Aubos Trevo S.A.	Shareholder	Sales of products	-	1,573	-	560
Yara Internacional ASA	Shareholder	Sales of products	33,764	32,296	9,366	7,997
	Shareholder	Services	494	-	140	-
Yara North America	Shareholder	Sales of products	54,570	45,407	12,574	12,422
Yara France S.A.	Shareholder	Sales of products	10,082	-	2,642	-
	Shareholder	Services	481	-	481	-
Yara Mexico S.A. de C.V.	Shareholder	Sales of products	5,019	-	1,200	-
Kowa Company Ltd.	Shareholder	Sales of products	84,701	8,019	50,770	3,671

NOTE 7. INVENTORIES

Net inventories are summarized as follows:

	2007 ThUS\$	2006 ThUS\$
Finished products	218,073	209,112
Work in process	145,209	136,734
Supplies	24,486	19,653
Total	387,768	365,499

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are summarized as follows:

	2007 ThUS\$	2006 ThUS\$
Land		
Land	82,727	81,153
Mining Concessions	30,086	30,793
Total	112,813	111,946
Buildings and Infrastructure		
Buildings	163,603	155,542
Installations	305,925	263,175
Construction-in-progress	165,648	159,516
Other	206,651	197,108
Total	841,827	775,341
Machinery and Equipment		
Machinery	556,466	495,426
Equipment	131,898	114,101
Project-in-progress	23,060	5,236
Other	19,729	18,893
Total	731,153	633,656
Other Property, Plant and Equipment		
Tools	9,390	8,937
Furniture and office equipment	15,100	29,958
Project-in-progress	11,275	15,708
Other	14,264	10,925
Total	50,029	65,528

	2007	2006
	ThUS\$	ThUS\$
Amounts relating to technical revaluation of property, plant and equipment		
Land	7,839	7,839
Buildings and infrastructure	41,439	41,439
Machinery and equipment	12,048	12,048
Other assets	53	53
	61,379	61,379
Total property, plant and equipment	1,797,201	1,647,850

Less: Accumulated depreciation		
Buildings and infrastructure	(339,623)	(308,192)
Machinery and equipment	(404,573)	(358,008)
Other property, plant and equipment	(31,441)	(27,746)
Technical appraisal	(38,115)	(36,976)
Total accumulated depreciation	(813,752)	(730,922)
Net property, plant and equipment	983,449	916,928

	2007	2006
	ThUS\$	ThUS\$
Depreciation for the year ended December 31:		
Buildings and infrastructure	(44,135)	(41,259)
Machinery and equipment	(46,210)	(43,290)
Other property, plant and equipment	(6,342)	(4,328)
Technical revaluation	(1,139)	(1,477)
Total depreciation	(97,826)	(90,354)

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

	2007	2006
	ThUS\$	ThUS\$
Administrative office buildings	1,988	1,988
Accumulated depreciation	(521)	(489)
Total leased assets	1,467	1,499

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 9. 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 its foreign investments as net investment hedges.

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 99.99% by Minera Nueva Victoria S.A. and by 1% 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.

c) Transactions executed in 2006

* At the First General Extraordinary Shareholders' Meeting of SQM Industrial S.A. held on January 9, 2006, the shareholders approved the merger of SQM Procesos S.A. (dissolved) to the successor company SQM Industrial S.A., which acquires all the rights, shares, exceptions, assets, liabilities, obligations, shareholders' equity, shareholders and remaining assets and expectations of SQM Procesos S.A. This merger generates each and every of its effects beginning on January 1, 2006.

* On January 19, 2006, Sociedad Química y Minera de Chile S.A. and SQM Potasio S.A. acquired 7,021,169 and 70,921 shares, respectively of DSM Minera S.A. and its subsidiary Exploraciones Mineras S.A. for the sum of ThUS\$100,067 in cash (equivalent to ownership of 99% and 1%, respectively).

This investment has been stated using the equity method under the acquisition method in accordance with Technical Bulletin No. 72 issued by the Chilean Association of Accountants and the standards established in Circular No. 1,697 issued by the SVS. Accordingly, the Company conducted a preliminary evaluation of assets and liabilities in the consolidated financial statements of DSM Minera S.A. as of December 31, 2005. This generated goodwill of ThUS\$1,928, which, as it is associated directly with mineral rights, is amortized in accordance with their exploitation.

In this manner, assets, liabilities and shareholders' equity included in consolidation at their respective fair values as of December 31, 2006 are as follows:

	Minera Nueva Victoria S.A.	Exploraciones Mineras S.A.
	ThUS\$	ThUS\$
Current assets	66,951	400
Property, plant and equipment	23,327	31,567
Other assets	7,220	-
Current liabilities	4,516	7,126
Long-term liabilities	5,718	-
Shareholders' equity	112,105	-

* On January 19, 2006, Soquimich European Holding B.V. acquired 100% of the 20,403 shares of DSM Minera B.V. for a sum of ThUS\$13,840 in cash.

This investment has been stated using the equity method under the acquisition method in accordance with Technical Bulletin No. 72 issued by the Chilean Association of Accountants and the standards established in Circular No. 1,697 issued by the SVS. Accordingly, the Company conducted a preliminary evaluation of assets and liabilities in the consolidated financial statements of DSM Minera B.V. as of December 31, 2005. This generated goodwill of ThUS\$11,373, which will be amortized over a period of 20 years.

The Company will continue to review the valuation at fair value using the term allowed to refine the adjustment as provided in paragraph No. 66 in Technical Bulletin No. 72 issued by the Chilean Association of Accountants.

In this manner, assets, liabilities and shareholders' equity included in consolidation at their respective fair values as of December 31, 2006 are as follows:

	ThUS\$
Current assets	4,581
Current liabilities	1,153
Shareholders' equity	3,428

* On January 31, 2006, DSM Minera S.A. changed its name to Minera Nueva Victoria S.A.

* On January 24, 2006, Soquimich European Holding B.V. and Nutrisi Holding N.V. acquired 334 and 666 shares, respectively of Fenasa S.A. for a sum of ThEuro 75,100, thereby increasing their ownership to 33.35% and 66.65%, respectively.

* During February 2006, DSM Minera B.V. changed its name to Iodine Minera B.V.

* On May 09, 2006, SQM Industrial S.A. and SQM Potasio S.A. formed Prestadora de Servicios de Salud Cruz del Norte S.A.

The company's capital amounts to Ch\$50,000,000 divided into 5,000 single shares with no par value, no privileges or preferences, which are paid in full upon subscription of shares and through subscription and payment by SQM Industrial S.A. of 4,950 shares for a sum of Ch\$49,500,000 paid upon subscription in cash and the subscription and payment by SQM Potasio S.A. of 50 shares for a sum of Ch\$500,000 paid upon subscription in cash. The Company's share capital and the total number of shares in which capital is divided is subscribed and paid in full in the company's social fund.

* On September 14, 2006, Soquimich European Holding B.V. sold to Yara Italia SPA all the rights that SQH had in Impronta SRL for a sum of ThUS\$ 902, thereby generating a loss from sale of investments of ThUS\$ 308.

* On October 27, 2006, SQM Comercial de México S.A. de C.V. and SQM Industrial S.A. sold all the shares they had in Fertilizantes Olmeca y SQM S.A. de C.V. to Yara Nederland B.V. and Yara Holdings Netherlands B.V. for a sum of ThUS\$ 4,888 and obtained a gain from this sale of ThUS\$ 1,040.

* On December 19, 2006, SQM Salar S.A., distributed dividends for a sum of ThUS\$ 68,000 to its shareholders SQM Potasio S.A.(81.82%) and SQM S.A.(18.18%).

* On December 19, 2006, SQM Potasio S.A. distributed dividends for a sum of ThUS\$ 60,000 to its shareholders SQM S.A.(99.9974%) and Inversiones Pascuala S.A.(0.0026%)

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 the investee's 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	Number of shares	Ownership interest		Equity of companies		Book value of investment		Net income (loss)		Equity participation in net income (loss)	
					2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
					%	%	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
0-E	Nutrisi Holding N.V.	Belgium	Euros	-	50.00	50.00	10,429	8,290	5,092	4,025	1,163	846	5,092	4,025
0-E	Ajay North America LLC	USA	US\$	-	49.00	49.00	11,966	11,282	4,657	3,998	1,284	291	5,863	5,528
0-E	Doktor Tarsa Tarim Sanayi AS	Turkey	Euros	-	50.00	50.00	8,472	5,813	4,236	2,906	2,027	1,291	4,236	2,906
0-E	Ajay Europe S.A.R.L.	France	Euros	36,700	50.00	50.00	9,467	6,561	3,703	1,915	1,474	993	4,734	3,281
0-E	Abu Dhabi Fertilizer Industries WWL	UAE	US\$	1,961	50.00	50.00	4,713	3,886	2,356	1,943	794	366	2,356	1,943
0-E	Misr Specialty Fertilizers	Egypt	US\$	-	47.00	47.00	4,529	4,361	2,151	2,071	(140)	(446)	2,151	2,071
0-E	SQM Thailand Co. Ltd.	Thailand	US\$	-	40.00	40.00	2,401	2,167	960	867	77	167	960	867
77557430-5	Sales de Magnesio Ltda.	Chile	Pesos	-	50.00	50.00	1,290	946	645	473	509	428	645	473
0-E	SQM Eastmed Turkey	Turkey	Euros	-	50.00	50.00	196	184	98	92	(7)	(210)	98	92
81767200-0	Asoc. Garantizadora Pensiones	Chile	Pesos	-	3.00	3.00	728	874	24	29	-	-	24	29
0-E	Agro India Limitada	India	US\$	-	49.00	49.00	27	19	13	10	(13)	(94)	13	10
Total									23,935	18,329				

NOTE 10. GOODWILL AND NEGATIVE GOODWILL

As established in Technical Bulletin No. 72, issued by the Chilean Association of Accountants, ThUS\$636 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, 2007		December 31, 2006	
		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	1,302	144	1,447
96801610-5	Comercial Hydro S.A.	245	1,065	230	1,153
79947100-0	SQM Industrial S.A.	1,113	18,916	1,154	20,029
0-E	SQM México S.A. de C.V.	56	779	56	835
0-E	Comercial Caiman Internacional S.A.	23	108	23	131
0-E	SQM Dubai- Fzco	101	1,783	101	1,884
0-E	Iodine Minera B.V.	569	10,283	521	10,852
Total		2,252	34,236	2,229	36,331

b) Negative goodwill

Tax Registration Number	Company	December 31, 2007		December 31, 2006	
		Amount amortized during the period ThUS\$	Negative goodwill Balance ThUS\$	Amount amortized during the period ThUS\$	Negative goodwill balance ThUS\$
96575300-1	Minera Mapocho S.A.	-	-	68	-
78602530-3	Minera Nueva Victoria S.A.	-	1,291	-	1,928
Total		-	1,291	68	1,928

NOTE 11. OTHER LONG-TERM ASSETS

Other long-term assets are summarized as follows:

	2007 ThUS\$	2006 ThUS\$
Engine and equipment spare parts, net (1)	2,987	13,222
Mine development costs	23,944	26,545
Construction of Salar-Baquedano road	1,170	1,290
Deferred loan issuance costs (2)	342	521
Cost of issuance and placement of bonds (3)	4,864	5,737
Other	2,311	1,441
Total	35,618	48,756

(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 23.

NOTE 12. BANK DEBT

a) Short-term bank debt is detailed as follows:

Bank or financial institution	2007 ThUS\$	2006 ThUS\$
Banco de Crédito e Inversiones	-	30,022
Corpbanca	-	15,216
BBVA Banco Bilbao Vizcaya Argentaria	-	10,137
Other	1,806	2,975
Total	1,806	58,350
Annual average interest rate	4.31%	5.32%

b) Long-term bank debt is detailed as follows:

Bank or financial institution	2007 ThUS\$	2006 ThUS\$
BBVA Banco Bilbao Vizcaya Argentaria (1)	100,433	100,412
ING Capital LLC (2)	80,368	80,416
Total	180,801	180,828
Less: Current portion	(801)	(828)
Long-term portion	180,000	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 + 0.300% per annum, semi-annual payment. The principal is due on November 28, 2011.

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

Years to maturity	2007 ThUS\$	2006 ThUS\$
Current portion	801	828
2 to 3 years	100,000	100,000
3 to 5 years	80,000	80,000
Total	180,801	180,828

NOTE 13. SHORT AND LONG-TERM OBLIGATIONS WITH THE PUBLIC (PROMISSORY NOTES AND BONDS PAYABLE)

No. of registration of the instrument	Series	Nominal amount	Adjustment unit	Interest rate	Final period	Payment of interest	Payment of amortization	12-31-07 ThUS\$	12-31-06 ThUS\$	Placement in Chile or abroad
Current portion of long-term bonds payable										
446	C	150,000	UF	4.00%	06-01-2008	Semi-annual	Semi-annual	6,291	2,920	In Chile
184	Single	-	US\$	6.125%	04-15-2008	Semi-annual	At maturity	2,577	2,620	Abroad
Total current portion								8,868	5,540	
Long-term bonds payable										
446	C	2,700,000	UF	4.00%	12-01-2026	Semi-annual	Semi-annual	106,651	100,724	In Chile
184	Single	200,000,000	US\$	6.125%	04-15-2016	Semi-annual	At maturity	200,000	200,000	Abroad
Total long-term								306,651	300,724	

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".

As of December 31, 2007 two Series C capital payments have been made equivalent to UF 75,000 each.

As of December 31, 2007 and 2006, the short-term portion includes ThUS\$ 8,868 and ThUS\$5,540, respectively, related to short-term principal plus accrued interest at those dates. The long-term portion includes ThUS\$ 306,651 as of December 31, 2007 and ThUS\$ 300,724 as of December 31, 2006, related to principal installments for Series C bonds and Single Series bonds.

NOTE 14. ACCRUED LIABILITIES

As of December 31, 2007 and 2006, accrued liabilities are summarized as follows:

	2007 ThUS\$	2006 ThUS\$
Provision for royalties CORFO	3,643	2,358
Provision for employee compensation and legal costs	925	504
Taxes and monthly income tax installment payments	3,496	3,309
Vacation accrual	11,919	8,478
Marketing expenses	107	109
External auditor fees	400	575
Other accruals	1,824	1,070
Total current liabilities	22,314	16,403

NOTE 15. INCOME AND DEFERRED TAXES

a) At December 31, 2007 and 2006 the Company has the following consolidated balances for retained tax earnings, income not subject to taxes, tax loss carry-forwards and credit for shareholders:

	2007 ThUS\$	2006 ThUS\$
Accumulated tax basis retained earnings with tax credit	381,272	278,515
Accumulated tax basis retained earnings without tax credit	56,332	97,140
Tax loss carry-forwards (1)	142,236	171,249
Credit for shareholders	77,904	56,759

(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, 2007 and 2006 represented a net liability of ThUS\$61,623 and ThUS\$51,449 respectively, and consisted of:

2007	Deferred tax asset		Deferred tax liability	
	Short-term ThUS\$	Long-term ThUS\$	Short-term ThUS\$	Long-term 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
complementary accounts	-	-	-	(15,633)
Valuation allowance	(7,533)	(30,684)	-	-
Total deferred taxes	17,006	7,129	23,220	62,538

2006	Deferred tax asset		Deferred tax liability	
	Short-term ThUS\$	Long-term ThUS\$	Short-term ThUS\$	Long-term ThUS\$
Temporary differences				
Allowance for doubtful accounts	1,814	594	-	-
Vacation accrual	1,411	-	-	-
Unrealized gain on sale of products	13,308	-	-	-
Provision for obsolescence	-	2,283	-	-
Production expenses	-	-	18,613	-
Accelerated depreciation	-	-	-	61,046
Exploration expenses	-	-	-	4,712
Capitalized interest	-	-	-	7,052
Staff severance indemnities	-	-	-	1,796
Fair value recognition	-	841	-	-
Provision for claim expense	-	88	-	-
Capitalized expenses	-	-	-	1,055
Tax loss carry-forwards	-	31,969	-	-
Accrued gain from exchange insurance	-	-	182	-
Deferred revenue	144	-	-	-
Provision for energy tariff difference	765	-	-	-
Accrued interest	159	-	-	-
Other	1,091	3,955	-	497
Total gross deferred taxes	18,692	39,730	18,795	76,158
complementary accounts	-	-	(566)	(20,551)
Valuation allowance	(4,551)	(31,484)	-	-
Total deferred taxes	14,141	8,246	18,229	55,607

c) Income tax expense is summarized as follows:

	2007 ThUS\$	2006 ThUS\$
Tax expense adjustment (prior year)	132	238
Provision for current income tax	(38,218)	(24,797)
Effect of deferred tax assets and liabilities	3,380	(4,828)
Tax benefit for tax losses	(6,213)	(8,619)
Effect of amortization of complementary accounts	(5,508)	(4,021)
Effect on deferred tax assets and liabilities due to changes in valuation allowance	(2,182)	4,420
Other tax charges and credits	17	(309)
Total income tax expense	(48,592)	(37,916)

NOTE 16. LONG-TERM ACCRUED LIABILITIES

Long-term accrued liabilities are summarized as follows:

	2007 ThUS\$	2006 ThUS\$
Staff severance indemnities (1)	20,679	17,472
Site closing provision	1,992	1,992
Balance as of December 31	22,671	19,464

(1) Staff severance indemnities are summarized as follows:

	2007 ThUS\$	2006 ThUS\$
Opening balance	17,472	16,415
Increases in obligation	4,190	3,253
Payments	(2,245)	(1,546)
Exchange difference	1,336	(640)
Other differences	(74)	(10)
Balance as of December 31	20,679	17,472

NOTE 17. MINORITY INTEREST

Minority interest is summarized as follows:

	Equity		Net Income/(Loss)	
	2007 ThUS\$	2006 ThUS\$	2007 ThUS\$	2006 ThUS\$
Soquimich Comercial S.A.	42,347	35,138	(3,886)	(3,500)
Ajay SQM Chile S.A.	3,541	3,717	166	(912)
Cape Fear Bulk L.L.C.	-	219	(99)	(248)
SQM Nitratos México S.A. de C.V.	13	45	31	(84)
Fertilizantes Naturales S.A.	123	120	-	2
SQM Indonesia S.A.	(30)	(31)	(1)	29
SQM Potasio S.A.	5	5	(3)	(2)
Total	45,999	39,213	(3,792)	(4,715)

NOTE 18. SHAREHOLDERS' EQUITY

a) Changes to shareholders' equity consisted of:

	Number of shares	Paid-in capital ThUS\$	Other reserves ThUS\$	Accumulated deficit of subsidiaries in development stage ThUS\$	Retained earnings ThUS\$	Net income ThUS\$	Total ThUS\$
Balance as of January 1, 2006	263,196,524	477,386	157,287	(8,370)	280,607	113,506	1,020,416
Transfer 2005 net income to retained earnings	-	-	-	-	113,506	(113,506)	-
Declared dividends 2006	-	-	-	-	(73,647)	-	(73,647)
Accumulated deficit from subsidiaries in development stage	-	-	-	8,370	(8,370)	-	-
Other comprehensive income	-	-	(2,097)	-	-	-	(2,097)
Net income for the year	-	-	-	-	-	141,277	141,277
Balance as of December 31, 2006	263,196,524	477,386	155,190	-	312,096	141,277	1,085,949
Balance January 1, 2007	263,196,524	477,386	155,190	-	312,096	141,277	1,085,949
Transfer 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 for the year	-	-	-	-	-	180,021	180,021
Balance as of December 31, 2007	263,196,524	477,386	163,442	-	361,587	180,021	1,182,436

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) In accordance with SVS Circular N° 1.819, the balance of ThUS\$ 8,370 as of December 31, 2006, corresponding to the account "deficit from development period", has been netted against retained earnings.

d) Other information

The detail of other reserves is as follows:

Detail		For the year ended	As of December 31, 2007
		December 31, 2007	December 31, 2007
		ThUS\$	ThUS\$
Technical appraisal		-	151,345
Changes to other comprehensive income from equity method investments:			
Soquimich Comercial S.A.	(1)	7.888	13.286
Isapre Norte Grande Ltda.	(1)	39	(44)
Inversiones Augusta S.A.	(1)	-	(761)
SQM Ecuador S.A.	(2)	-	(270)
Almacenes y Depósitos Ltda.	(1)	66	88
Asociación Garantizadora de Pensiones	(1)	(5)	(17)
Sales de Magnesio Ltda.	(1)	59	111
Sociedad de Servicios de Salud S.A.	(1)	14	14
SQM North America Corp.	(3)	(141)	(1.359)
SQM Dubai Fzco.	(1)	(11)	(11)
Ajay Europe SARL	(1)	343	343
Other companies	(1)	-	717
Total other comprehensive income		8,252	163,442

(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) Relates to valuation differences generated in the pension plan.

e) Capital consists of 263,196,524 fully authorized, subscribed and paid shares with no par value, divided into 142,819,552 Series A shares and 120,376,972 Series B shares.

The preferential voting rights of each series are as follows:

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

Series B: 1) A general or extraordinary shareholders' meeting may be called at the request of shareholders representing 5% of the Company's Series B shares.

2) An extraordinary meeting of the Board of Directors may be called with or without the agreement of the Company's president, at the request of a director elected by Series B shareholders.

NOTE 19. 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, 2007 the Company's derivative instruments are as follows:

2007							
Type of derivative	Notional or covered amount ThUS\$	Expiration	Description of the contract type	Position purchase /sale	(Liability)Asset amount ThUS\$	Income (loss) recorded ThUS\$	Income (not) recorded ThUS\$
US dollar PUT	13,916	1st quarter of 2008	Exchange rate	P	130	-	(130)
US dollar Forward	4,696	1st quarter of 2008	Exchange rate	P	1	-	(1)
Swap	102,630	1st quarter of 2008	Interest rate	P	14,968	-	14,968
US dollar PUT	368	1st quarter of 2008	Exchange rate	P	368	-	(368)
Total	121,610						

NOTE 20. NON-OPERATING INCOME AND EXPENSES

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

a) Non-operating income

	2007 ThUS\$	2006 ThUS\$
Interest income	9,347	11,410
Cross-currency swap	4,000	-
Reversal of allowance for doubtful accounts	229	238
Insurance recoveries	275	307
Sales of services	369	75
Equity participation in net income of unconsolidated subsidiaries	3,643	2,314
Gain on sale of investments in related companies	1,317	732
Sale of mining concessions	399	499
Rental of property, plant and equipment	958	1,023
Net foreign exchange losses	2,212	-
Overestimate of allowance for doubtful accounts	1,384	-
Fines collected from third parties	192	159
Discounts obtained	458	690
Sale of Antucoya	-	753
Other income	1,165	1,093
Total	25,948	19,293

b) Non-operating expenses

	2007	2006
	ThUS\$	ThUS\$
Investment plan expenses and adjustment of property, plant and equipment realization value	16,528	11,387
Interest expense	19,949	27,593
Equity participation in net losses of unconsolidated subsidiaries	77	362
Amortization of goodwill	2,252	2,229
Net foreign exchange losses	-	2,263
Work disruption expenses	844	2,534
Non-recoverable taxes	669	508
Suppliers' compensations	1,575	-
Provision for legal expenses and third party compensation	523	1,010
Provision and sale of materials, spare parts, supplies and property, plant and equipment	4,925	2,685
Energy tariff difference	2,066	2,500
Training and donation expenses	520	458
Amortization of information	413	403
Other expenses	2,691	1,409
Total	53,032	55,341

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	517	142
Other assets and liabilities	1,643	285
Shareholders' equity	(7,016)	(1,734)
Net price-level restatement	(4,856)	(1,307)

NOTE 22. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

	2007	2006
Assets	ThUS\$	ThUS\$
Chilean pesos	198,254	100,614
US dollars	1,637,379	1,636,502
Euros	44,809	37,092
Japanese Yen	971	975
Brazilian Real	400	330
Mexican pesos	1,705	4,783
UF	73,354	55,108
South African Rand	9,366	13,374
Dirhams	10,942	14,225
Other currencies	9,139	7,980
Current liabilities		
Chilean pesos	98,456	75,190
US dollars	63,415	101,330
Euros	13,079	9,925
Japanese Yen	92	93
Brazilian Real	1,681	1,662
Mexican pesos	4,605	3,196
UF	8,599	3,541
South African Rand	1,020	1,698
Dirhams	930	671
Other currencies	545	117
Long-term liabilities		
Chilean pesos	20,196	17,340
US dollars	437,687	429,324
Japanese Yen	187	152
UF	107,382	101,573
Other currencies	10	9

NOTE 23. EXPENSES INCURRED IN THE ISSUANCE OF 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, 2007, 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 2007 amounted to ThUS\$774 (ThUS\$ 424 in 2006).

NOTE 24. CASH FLOW STATEMENT

Amounts included in other investing income are summarized as follows:

	2007	2006
	ThUS\$	ThUS\$
Cash included in cash equivalents	-	24,312
Sale of mining concessions	399	499
Total	399	24,811

NOTE 25. COMMITMENTS AND CONTINGENCIES

a) Contingencies:

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 Químicos 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 Químicos 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 : Gabriela Véliz Huanchicay
Defendant : Gilberto Mercado Barreda and subsidiary and jointly and severally SQM Nitratos S.A. and its insurers
Date of lawsuit : August 2005
Court : 4th Civil Court of Santiago
Cause : Work accident
Instance : At the first instance verdict the defendants were sentenced to pay the amount of ThCh\$250. The defendants filed a recourse of appeal against this verdict.
Nominal amount : ThUS\$ 481
- 5.** Plaintiff : Juana Muraña Quispe
Defendant : Intro Ingenieria Limitada and subsidiary and jointly and severally SQM S.A. and its insurers
Date of lawsuit : October 2005
Court : 25th Civil Court of Santiago
Cause : Work accident
Instance : Evidentiary stage
Nominal amount : ThUS\$1,500

6. 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

7. Plaintiff : Sociedad de Servicios Tacora Limitada
Defendant : SQM Nitratos S.A.
Date of lawsuit : December 2006
Court : 25th Civil Court of Santiago
Cause : Collection of securities which SQM Nitratos S.A., by virtue of a mandate conferred in its favor, used to pay the plaintiff's employees who have not received their salary pay and contributions for transportation and machinery services rendered indirectly to SQM Nitratos S.A.
Instance : Response.
Nominal amount : ThUS\$266

8. Plaintiff : Marineer Zona Franca S.A.
Defendant : Minera Nueva Victoria S.A.
Date of lawsuit : August 2007
Court : Arbitration Court of Santiago
Cause : Damages for alleged unilateral and premature termination of mineral transport contract
Instance : Evidentiary stage
Nominal amount : ThUS\$1,400

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.

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.

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.

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\$13,865 in 2007 (ThUS\$ 9,193 in 2006).

d) 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.

NOTE 26. THIRD PARTY GUARANTEES

As of December 31, 2007 and 2006 the Company has the following indirect guarantees outstanding:

Beneficiary	Debtor		Balances outstanding	
	Name	Relationship	2007 ThUS\$	2006 ThUS\$
BBVA Banco Bilbao Vizcaya Argentaria	Royal Seed Trading Corp. A.V.V.	Subsidiary	100,433	100,412
ING Capital LLC	Royal Seed Trading Corp. A.V.V.	Subsidiary	80,368	80,416

NOTE 27. 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.	2,013
Fertglobal Chile Ltda. y Bramelli	3,422
Tattersall S.A.	1,158

NOTE 28. SANCTIONS

During 2007 and 2006, the SVS did not apply sanctions to the Company, its directors or its managers.

NOTE 29. 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 on 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, 2007 related to investments in production processes, verification and control of compliance with ordinances and laws relative to industrial processes and facilities amount to ThUS\$ 10,180 and are detailed as follows:

Projects	2007 ThUS\$	Future Disbursements ThUS\$
Light normalization	921	-
Construction of hygiene facilities	292	17
Environmental evaluation	194	244
MOP/SOP 2 Environment	294	156
Environmental assessment for new Chancado María Elena plant	1,007	-
Handling of household and industrial waste	917	1,637
Infrastructure, equipment, new environmental offices at ME	14	-
Monitoring station	117	31
Tourist Support in Salt Deposit (Soncor)	64	-
Salar (Salt deposit) environmental follow-up plan	2,272	167
Environmental commitments I Region of Chile	169	-
Normalization of lighting in FFCC yard, in PV Mill	164	-
Study of dust control, SOP-SC plant	30	-
Study of dust control at SOP-SC plant	76	-
Improvements in M. Elena – Streets camp	436	14
Sanitary regulations PV Traffic Facilities	49	31
PV Environmental improvements	43	-
Waste pools R&R Lithium C. Plant	2,073	151
Miscellaneous environmental projects related to nitrates	8	42
Environmental Management	1,040	66
Total	10,180	2,556

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

On August 10, 1994, the Ministry of Health published a resolution under the Sanitary Code that established that the levels of breathable particles present at the María Elena facility exceeded the level allowed for air quality and, consequently, affected the nearby city of María Elena. These particles mainly come from the 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 María Elena. In October 2005, the company obtained approval from the environmental authorities for a project entitled "Technological Change at María Elena". The operation of this project will facilitate the reduction of particle emissions, as required by the new environmental standard, which is estimated to go into effect during the second half of 2008. The Company is requesting from CONAMA, the environmental authority, certain adjustments to the particle emissions reduction timeline that is currently considered in the decontamination plan, in order to allow consistency with the degree of completion of the "Technological Change at María Elena" project.

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 its contractors' employees. Within this

context, SQM entered into a contract with the National Forestry Corporation (CONAF) aimed at researching the activities of flamingo groups that live in the Salar de Atacama 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 in relation to the recording of Pre-Columbian and historical cultural heritage, as well as the protection of heritage sites, in accordance with current Chilean laws. These activities have been especially performed in the areas surrounding 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 to maintain 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, it acts both individually and in conjunction with both private and public entities.

NOTE 30. SIGNIFICANT EVENTS

1. On March 21, 2007, 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 20, 2007, unanimously agreed to propose the payment of a final dividend for a sum of US\$0.34874 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 27, 2007, 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 2006.

NOTE 31. SUBSEQUENT EVENTS

Management is not aware of any significant subsequent events that have occurred between December 31, 2007 and the date of issuance of these financial statements (February 25, 2008) and that may affect the Company's financial position or the interpretation of these financial statements.

Unconsolidated Financial Statements

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



Report of Independent Auditors

(Translation of a report originally issued in Spanish)



■ Huérfanos 770, piso 5
Santiago, Chile

■ Fono : (56-2) 676 1000
Fax : (56-2) 676 1010
Casilla 2823

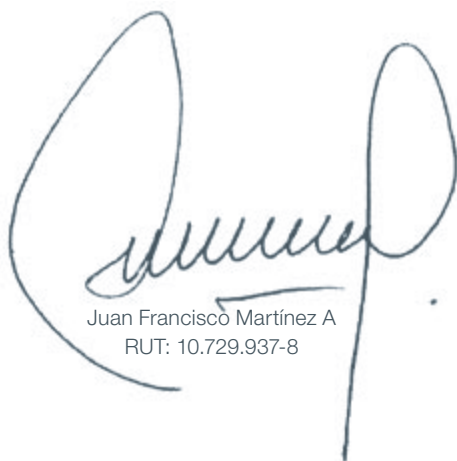
To the Shareholders and Directors of Sociedad Química y Minera de Chile S.A.:

1. We have audited the accompanying balance sheets of Sociedad Química y Minera de Chile S.A. ("the Company") as of December 31, 2007 and 2006 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, 2007 and 2006, 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, Chile, February 25, 2008

Unconsolidated Balance Sheets

Assets	Note	As of December 31,	
		2007 ThUS\$	2006 ThUS\$
Cash		134	433
Time deposits		77,542	10,478
Marketable securities		14,742	16,011
Accounts receivable, net		434	812
Other accounts receivable, net		416	490
Accounts receivable from related companies	4	215,787	433,701
Inventories	5	42,525	31,367
Recoverable taxes		6,273	8,751
Prepaid expenses		1,410	940
Deferred income taxes	11	9,953	10,437
Other current assets		15,631	1,170
Total Current Assets		384,847	514,590
Total Property, Plant, and Equipment, net		143,916	148,825
Investments in related companies	6	852,791	529,881
Goodwill	7	18,917	20,029
Negative goodwill, net	7	(1,272)	(1,908)
Intangible assets, net		2,371	2,784
Long-term accounts receivable from related companies	4	174,177	488,843
Long-term accounts receivable		36	30
Other long-term assets		19,574	23,296
Total Other Assets		1,066,594	1,062,955
Total Assets		1,595,357	1,726,370

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

Liabilities and Shareholders' Equity	Note	As of December 31,	
		2007 ThUS\$	2006 ThUS\$
Short-term bank debt	8	-	25,087
Current portion of bonds payable	9	8,868	5,540
Dividends payable		455	224
Accounts payable		7,889	4,576
Other accounts payable		244	196
Notes and accounts payable to related companies	4	60,997	284,085
Accrued liabilities	10	3,365	3,182
Withholdings		7,146	2,769
Income taxes		-	435
Deferred income		1,861	-
Other current liabilities		522	521
Total Current Liabilities		91,347	326,615
Long-term obligations with the public (Bonds)	9	306,651	300,724
Other accounts payable		730	850
Long-term accrued liabilities	10	2,994	2,775
Deferred income taxes	11	11,199	9,457
Total Long-Term Liabilities		321,574	313,806
Paid-in capital	12	477,386	477,386
Other reserves	12	163,442	155,190
Retained earnings	12	541,608	453,373
Total Shareholders' Equity		1,182,436	1,085,949
Total Liabilities and Shareholders' Equity		1,595,357	1,726,370

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

Unconsolidated Statements of Income

	Note	2007 ThUS\$	2006 ThUS\$
Sales		211,751	192,797
Cost of sales		(176,953)	(141,751)
Gross margin		34,798	51,046
Selling and administrative expenses		(19,447)	(16,637)
Operating Income		15,351	34,409
Non-operating income		199,944	157,969
Non-operating expenses		(30,130)	(42,514)
Non-operating Income, net		169,814	115,455
Income before income taxes		185,165	149,864
Income tax expense	11	(5,144)	(8,587)
Net Income		180,021	141,277

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

Unconsolidated Statements of Cash Flows

	Note	2007 ThUS\$	2006 ThUS\$
Cash flows from operating activities:			
Net income		180,021	141,277
Charges (credits) to income not representing cash flows			
Depreciation expense		12,301	10,870
Amortization of intangible assets		413	402
Write-offs and accruals		2,143	1,130
Gain on equity investments in related companies		(147,759)	(108,544)
Loss on equity investments in related companies		304	688
Amortization of goodwill		1,113	1,154
Loss on sales of property, plant and equipment		-	(913)
Other credits to income not representing cash flows		(43,401)	(47,154)
Other charges to income not representing cash flows		27,365	30,869
Foreign currency translation, net	7	(1,908)	1,322
Net changes in operating assets and liabilities (increase) decrease:			
Trade accounts receivable		(24,834)	(66,211)
Inventories		(11,158)	(23,762)
Other assets		435,153	49,780
Accounts payable to related companies		(229,471)	127,468
Interest payable		(87)	(1,772)
Increase in net income taxes payable		(5,902)	(13,719)
Other accounts payable		(2,519)	(6,838)
VAT and other taxes payable		6,301	(69)
Net cash provided by operating activities		198,075	95,978
Cash flows from financing activities			
Proceeds from bank financing		-	156,281
Obligations with the public (Bonds payable)		-	299,833
Payment of dividends		(92,972)	(74,139)
Payment of bank financing		(25,000)	(386,281)
Payment of obligations with the public		(5,132)	-
Payment of expenses for the issuance and placement of bonds payable		-	(6,629)
Net cash used in financing activities		(123,104)	(10,935)
Cash flows from investing activities			
Sales of property, plant and equipment		-	9,192
Other income	11	468	499
Additions to property, plant and equipment		(8,766)	(35,390)
Capitalized interest		(423)	(4,021)
Purchase of investments in related companies		(58)	(99,067)
Other investment disbursements		(106)	-
Net cash used in investing activities		(8,885)	(128,787)
Net cash flows for the year		66,086	(43,744)
Effect of inflation on cash and cash equivalents		(590)	2,105
Net change in cash and cash equivalents		65,496	(41,639)
Beginning balance of cash and cash equivalents		26,922	68,561
Ending balance of cash and cash equivalents		92,418	26,922

The accompanying notes form an integral part of these 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, 2007 and 2006 and for the years then ended.

The financial statements have been prepared in accordance with accounting principles generally accepted 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. Consequently, 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) 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\$496.89 in 2007 and Ch\$532.39 in 2006.

The value of the UF as of December 31, 2007 and 2006 was Ch\$ 19,622.66 (US\$ 39.49) and Ch\$ 18,336.38 (US\$ 34.44), 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:

	2007	2006
	US\$	US\$
Brazilian Real	1.77	2.14
Euro	0.68	0.76
South African Rand	6.81	6.99
Pound Sterling	0.49	0.51

d) Time deposits

Time deposits are recorded at cost plus accrued interest.

e) Marketable securities

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

f) Allowance for doubtful accounts

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

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 their net realizable value.

h) Current 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 time in which they are reversed.

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 the interest expense 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) 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.

k) 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 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.

l) 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.

m) Mining development cost

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

n) 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%.

o) Vacations

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

p) Sellback 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.

q) 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.

r) Reclassifications

For comparison purposes, certain reclassifications have been made to the 2006 financial statements.

s) Revenue recognition

Revenues from the operation of the line of business of the Company and its subsidiaries are recognized 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.

t) Computer software

Computer 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 expenses 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 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.

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 over the maturity period of these bonds.

NOTE 3. CHANGES IN ACCOUNTING PRINCIPLES

During the year ended December 31, 2007, there were no changes in the application of Chilean GAAP compared to the prior year which could significantly affect the interpretation of these financial statements.

NOTE 4. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

The exception to this as of December 31 of each period relates to Soquimich Comercial S.A. and therefore transactions for the period generated an effect on income.

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

In addition, the Company discloses all significant transactions with related parties which exceed 1% of net income for the year.

These transactions are carried out under normal market conditions, with respect to terms and prices. The expiration conditions vary on a case by case basis, depending on the transaction involved.

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. Operations carried out with the subsidiary SQM Potasio S.A. accrue interest at an annual rate of 7.5%. The remaining subsidiaries accrue no interest.

a) Amounts included in balances with related parties as of December 31, 2007 and 2006 are as follows:

Accounts receivable	Short-term		Long-term	
	2007 ThUS\$	2006 ThUS\$	2007 ThUS\$	2006 ThUS\$
Ajay SQM Chile S.A.	7,377	12,773	-	-
Servicios Integrales de Tránsito y Transferencias S.A.	49,878	93,049	-	-
SQM Potasio S.A.	-	-	174,177	488,843
SQM Salar S.A.	53,504	172,346	-	-
SQM Nitratos S.A.	55,709	114,866	-	-
SQM Industrial S.A.	2,504	-	-	-
Soquimich Comercial S.A.	483	443	-	-
Exploraciones Mineras S.A.	1	7,105	-	-
SQM Comercial de México S.A. de C.V.	2,494	2,499	-	-
SQM North America Corporation	12,774	2,384	-	-
SQM Europe N.V.	22,331	21,524	-	-
Nitratos Naturais do Chile Ltd.	1,376	1,140	-	-
SQM Lithium Specialties LLP	1,265	1,077	-	-
SQMC Holding Corporation	237	153	-	-
SQM Oceanía Pty Limited	632	257	-	-
Royal Seed Trading corporation A.V.V.	8	8	-	-
SQM Japan . Co. Ltd.	-	4,077	-	-
Kowa Company Ltd.	5,214	-	-	-
Total	215,787	433,701	174,177	488,843

a) Amounts included in balances with related parties as of December 31, 2007 and 2006 are as follows (cont.):

Accounts payable	Short-term	
	2007 ThUS\$	2006 ThUS\$
Almacenes y Depósitos Ltda.	395	371
SQM Industrial S.A.	-	219,168
Minera Nueva Victoria S.A.	53,371	57,381
Isapre Norte Grande Ltda.	335	295
Soc.Pretadora de Servicios Salud Cruz del Norte S.A.	353	360
Nitrate Corporation of Chile Ltd.	5,076	5,076
SQM Brasil Ltda.	87	87
SQM Investment Corporation N.V.	1,347	1,347
SQM Japan Co. Ltd.	33	-
Total	60,997	284,085

There were no outstanding long-term accounts payable with related parties as of December 31, 2007 and 2006.

b) During 2007 and 2006, principal transactions with related parties were as follows:

Company	Type of transaction	Amount of transaction		Effect on income (charges) credits	
		2007 ThUS\$	2006 ThUS\$	2007 ThUS\$	2006 ThUS\$
SQM Potasio S.A.	Interest in current account	22,872	25,484	-	-
	Dividends received	101,862	59,998	-	-
SQM Nitratos S.A.	Services provided	12,080	20,718	-	-
	Purchase of property, plant and equipment	-	35	-	-
	Interest in current account	3,363	3,362	-	-
	Sale of PP&E	70	894	-	-
Ajay SQM Chile S.A.	Sales of products	29,416	27,614	2,175	2,508
	Dividends received	11	411	-	-
	Purchase of products	12,744	-	-	-
Servicios Integrales de Tránsito y Transferencias S.A.	Interest in current account	3,643	4,311	-	-
	Sale of PP&E	-	273	-	-
SQM Salar S.A.	Interest in current account	1,463	6,722	-	-
	Sale of PP&E	468	-	-	-
	Dividends received	22,725	12,362	-	-
	Purchase of property, plant and equipment	-	824	-	-
	Services provided	225	149	-	-
SQM Europe N.V.	Sale of products	70,622	42,215	-	-
	Legal expenses	-	1,149	-	-
SQM North America Corporation	Sale of products	76,679	66,609	-	-
	Purchase of products	1,667	2,448	-	-
	Discount in sale of portfolio	-	506	-	-
	Sale of materials	-	26	-	-
	Interest in current account	1,333	-	-	-
SQM Comercial de México S.A. de C.V.	Sale of products	-	4,455	-	-
SQM Japan Co Ltd.	Sale of products	-	14,945	-	-
SQM Industrial S.A.	Services provided	6,668	5,011	-	-
	Services received	330	493	-	-
	Purchase of products	122,090	120,733	-	-
	Purchase of property, plant and equipment	1,885	1,341	-	-
	Sale of PP&E	1,022	9,073	-	-
	Interest in current account	7,883	8,371	-	-
Exploraciones Mineras S.A.	Services provided	37	1,331	-	-
	Interest in current account	165	267	-	-
Minera Nueva Victoria S.A.	Interest in current account	3,603	1,796	-	-
	Services provided	-	29	-	-
	Purchase of products	29	1,103	-	-
Kowa Company Ltd.	Sale of products	16,476	-	1,769	-
SQMC Holding Corporation	Services provided	84	-	-	-

NOTE 5. INVENTORIES

Net inventories are summarized as follows:

	2007 ThUS\$	2006 ThUS\$
Finished products	41,407	30,353
Work in process	1,072	967
Supplies	46	47
Total	42,525	31,367

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 its foreign investments as net investment hedges.

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, 2006, 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 99.99% by Minera Nueva Victoria S.A. and by 1% 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.

c) Transactions executed in 2006

* At the First General Extraordinary Shareholders' Meeting of SQM Industrial S.A. held on January 09, 2006, the shareholders approved the merger of SQM Procesos S.A. (dissolved) to the successor company SQM Industrial S.A., which acquires all the rights, shares, exceptions, assets, liabilities, obligations, shareholders' equity, shareholders and remaining assets and expectations of SQM Procesos S.A. This merger generates each and every of its effects beginning on January 1, 2006.

* On January 19, 2006, Sociedad Química y Minera de Chile S.A. and SQM Potasio S.A. acquired 7,021,169 and 70,921 shares, respectively of DSM Minera S.A. and its subsidiary Exploraciones Mineras S.A. for the sum of ThUS\$100,067 in cash (equivalent to ownership of 99% and 1%, respectively).

This investment has been stated using the equity method under the acquisition method in accordance with Technical Bulletin No. 72 issued by the Chilean Association of Accountants and the standards established in Circular No. 1,697 issued by the SVS. Accordingly, the Company conducted a preliminary evaluation of assets and liabilities in the consolidated financial statements of DSM Minera S.A. as of December 31, 2005. This generated goodwill of ThUS\$1,928, which, as it is associated directly with mineral rights, is amortized in accordance with their exploitation

In this manner, assets, liabilities and shareholders' equity included in consolidation at their respective fair values as of December 31, 2006 are as follows:

	Minera Nueva Victoria S.A. ThUS\$	Exploraciones Mineras S.A. ThUS\$
Current assets	66,951	400
Property, plant and equipment	23,327	31,567
Other assets	7,220	-
Current liabilities	4,516	7,126
Long-term liabilities	5,718	-
Shareholders' equity	112,105	-

* On January 19, 2006, Soquimich European Holding B.V. acquired 100% of the 20,403 shares of DSM Minera BV. For a sum of ThUS\$13,840 in cash.

This investment has been stated using the equity method under the acquisition method in accordance with Technical Bulletin No. 72 issued by the Chilean Association of Accountants and the standards established in Circular No. 1,697 issued by the SVS. Accordingly, the Company conducted a preliminary evaluation of assets and liabilities in the consolidated financial statements of DSM Minera B.V. as of December 31, 2005. This generated goodwill of ThUS\$11,373, which will be amortized over a period of 20 years.

In this manner, assets, liabilities and shareholders' equity included in consolidation at their respective fair values as of December 31, 2006 are as follows:

	ThUS\$
Current assets	4,581
Current liabilities	1,153
Shareholders' equity	3,428

* On January 31, 2006, DSM Minera S.A. changed its name to Minera Nueva Victoria S.A.

* On January 24, 2006, Soquimich European Holding B.V. and Nutrisi Holding N.V. acquired 334 and 666 shares, respectively of Fenasa S.A. for a sum of ThEU 75,100, thereby increasing their ownership to 33.35% and 66.65%, respectively.

* During February 2006, DSM Minera B.V. changed its name to Iodine Minera B.V.

* On May 09, 2006, SQM Industrial S.A. and SQM Potasio S.A. formed Prestadora de Servicios de Salud Cruz del Norte S.A.

The company's capital amounts to Ch\$50,000,000 divided into 5,000 single shares with no par value, no privileges or preferences, which are paid in full upon subscription of shares and through subscription and payment by SQM Industrial S.A. of 4,950 shares for a sum of Ch\$49,500,000 paid upon

subscription in cash and the subscription and payment by SQM Potasio S.A. of 50 shares for a sum of Ch\$500,000 paid upon subscription in cash. The Company's share capital and the total number of shares in which capital is divided is subscribed and paid in full in the company's social fund.

* On September 14, 2006, Soquimich European Holding B.V. sold to Yara Italia SPA all the rights that SQH had in Impronta SRL for a sum of ThUS\$ 902, thereby generating a loss from sale of investments of ThUS\$ 308.

* On October 27, 2006, SQM Comercial de México S.A. de C.V. and SQM Industrial S.A. sold all the shares they had in SQM Comercial de México S.A. de C.V. to Yara Nederland B.V. and Yara Holdings Netherlands B.V. for a sum of ThUS\$ 4,888 and obtained a gain from this sale of ThUS\$1,040.

* On December 19, 2006, SQM Salar S.A., distributed dividends for a sum of ThUS\$ 68,000 to its shareholders SQM Potasio S.A.(81.82%) and SQM S.A.(18.18%).

* On December 19, 2006, SQM Potasio S.A. distributed dividends for a sum of ThUS\$ 60,000 to its shareholders SQM S.A.(99.9974%) and Inversiones Pascuala S.A.(0.0026%)

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	Number of shares	Ownership interest		Equity of companies		Book value of investment		Net income (loss) for the period	
					2007	2006	2007	2006	2007	2006	2007	2006
					%	%	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
79947100-0	SQM Industrial S.A.	Chile	-	43,733,165	99.05	99.99	528,230	219,414	490,020	188,358	1,030	36,505
96651060-9	SQM Potasio S.A.	Chile	-	153,015,608	99.99	99.99	203,777	185,775	153,241	150,456	119,669	69,094
78602530-3	Minera Nueva Victoria S.A.	Chile	-	7,021,169	99.00	99.00	113,605	112,105	111,237	106,297	2,143	10,110
96592190-7	SQM Nitratos S.A.	Chile	-	45,827,672	99.99	99.99	48,809	40,781	36,277	26,065	8,028	8,221
0-E	SQM North America Corp.	U.S.A.	US\$	430	40.00	40.00	26,774	27,233	10,710	10,893	-317	-1,712
79626800-k	SQM Salar S.A.	Chile	-	69,084,000	18.18	18.18	239,132	221,567	43,474	40,281	142,506	77,354
0-E	RS Agro Chemical Trading A.V.V.	Aruba	US\$	59	98.33	98.33	5,237	5,237	5,150	5,150	-	-2
96592180-k	Ajay SQM Chile S.A.	Chile	-	486,310,041	51.00	51.00	7,226	7,585	2,175	2,049	-338	1,861
0-E	SQM Investment Corporation N.V.	Dutch Antilles	US\$	5	1.00	1.00	19,301	15,818	193	158	3,483	3,654
0-E	SQM Dubai - FZCO	UAE	DIRHAMS	1	1.00	1.00	8,186	7,526	82	75	671	-90
0-E	SQMC de México S.A. de C.V.	México	US\$	-	1.00	1.00	5,176	5,196	52	51	-20	957
81767200-0	Asociación Garantizadora de Pensiones	Chile	-	-	3.31	3.31	728	874	24	29	-	-
0-E	SQM Japan Co. Ltd.	Japan	US\$	2	1.00	1.00	828	555	8	6	273	81
0-E	SQMC Holding Corporation L.L.P.	U.S.A.	US\$	3	0.00	0.00	6,302	5,959	6	6	341	-287
79876080-7	Almacenes y Depósitos Ltda.	Chile	-	-	1.00	1.00	437	409	4	4	-37	-40
79906120-1	Isapre Cruz del Norte Ltda.	Chile	-	-	1.00	1.00	341	260	4	3	42	30
79770780-5	Servicios Integrales de Tránsito y Transferencias S.A.	Chile	-	1	0.0003	0.0003	13,481	10,351	-	-	3,130	-211
76425380-9	Exploraciones Mineras S.A.	Chile	-	1	0.00	0.00	29,070	920	78	-	-1,851	820
0-E	Royal Seed Trading Corp	Aruba	Dólar	-	1.67	1.67	3,333	-	56	-	4,178	-
	Total								852,791	529,881		

NOTE 7. GOODWILL AND NEGATIVE GOODWILL

As established in Technical Bulletin No. 72, issued by the Chilean Association of Accountants, ThUS\$636 has been adjusted in the negative goodwill account in relation to the payment of lawsuits with third parties paid, which as of the date on which negative goodwill was determined 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, negative goodwill and the related amortization are summarized as follows:

a) Goodwill

Tax Registration Number	Company	December 31, 2007		December 31, 2006	
		Amount amortized during the period ThUS\$	Goodwill balance ThUS\$	Amount amortized during the period ThUS\$	Goodwill balance ThUS\$
79947100-0	SQM Industrial S.A.	1,113	18,917	1,154	20,029
TOTAL		1,113	18,917	1,154	20,029

b) Negative Goodwill

Tax Registration Number	Company	December 31, 2007		December 31, 2006	
		Amount amortized during the period ThUS\$	Goodwill balance ThUS\$	Amount amortized during the period ThUS\$	Goodwill balance ThUS\$
78602530-3	Minera Nueva Victoria S.A.	-	1,272	-	1,908
TOTAL		-	1,272	-	1,908

NOTE 8. BANK DEBT

a) Short-term bank debt:

Bank or financial institution	2007 ThUS\$	2006 ThUS\$
Corpbanca	-	5,072
Banco Crédito e Inversiones	-	20,015
Total	-	25,087
Annual average interest rate	-	5.32%

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

No. of Registration of the Instrument	Series	Nominal Amount	Adjustment Unit	Interest Rate	Final Period	Payment of Interest	Payment of Amortization	12-31-07 ThUS\$	12-31-06 ThUS\$	Placement in Chile or abroad
Current portion of long-term bonds payable										
446	C	150,000	UF	4.00%	06-01-2008	Semi-annual	Semi-annual	6,291	2,920	In Chile
184	Single	-	US\$	6.125%	04-15-2008	Semi-annual	At maturity	2,577	2,620	Abroad
Total Current Portion								8,868	5,540	
Long-term bonds payable										
446	C	2,700,000	UF	4.00%	12-01-2026	Semi-annual	Semi-annual	106,651	100,724	In Chile
184	Single	200,000,000	US\$	6.125%	04-15-2016	Semi-annual	At maturity	200,000	200,000	Abroad
Total Long-term								306,651	300,724	

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".

As of December 31, 2007 two Series C capital payments have been made equivalent to UF 75,000 each.

As of December 31, 2007 and 2006, the short-term portion includes ThUS\$ 8,868 and ThUS\$5,540, respectively, related to short-term principal plus accrued interest at those dates. The long-term portion includes ThUS\$ 306,651 as of December 31, 2007 and ThUS\$ 300,724 as of December 31, 2006, related to principal installments for Series C bonds and Single Series bonds.

NOTE 10. ACCRUED LIABILITIES

As of December 31, 2007 and 2006 short-term accrued liabilities are detailed as follows:

	2007 ThUS\$	2006 ThUS\$
Taxes and monthly tax provisional payments	549	1,071
Vacation accrual	1,617	1,257
Provision for employee compensation and legal costs	827	327
Other accruals	372	527
Total accrued liabilities	3,365	3,182

As of December 31, 2007 and 2006 long-term accrued liabilities are detailed as follows:

	2007 ThUS\$	2006 ThUS\$
Staff severance indemnities (i)	2,954	2,739
Provision of investment in subsidiary.	40	36
Total accrued liabilities	2,994	2,775

(i) Staff severance indemnities are summarized as follows:

	2007	2006
	ThUS\$	ThUS\$
Opening balance	2,739	2,189
Increases (decreases) in obligation	433	759
Payments	(398)	(117)
Exchange difference	180	(92)
Balance as of December 31	2,954	2,739

Note 11. Current and Deferred Income Taxes

a) As of December 31, 2007 and 2006, the Company has the following balances for retained tax earnings and credit for shareholders:

	2007	2006
	ThUS\$	ThUS\$
Accumulated tax basis retained earnings with tax credit	323,350	286,765
Credit for shareholders	54,704	40,230

b) The deferred taxes as of December 31, 2007 and 2006 represented a net liability of ThUS\$ 1,246 and a net asset of ThUS\$ 980 respectively, and consisted of:

	Deferred tax asset		Deferred tax liability	
	Short-term	Long-term	Short-term	Long-term
2007	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Temporary differences				
Allowance for doubtful accounts	-	56	-	-
Vacation accrual	275	-	-	-
Production expenses	-	-	1,366	-
Accelerated depreciation	-	-	-	7,062
Staff severance indemnities	-	-	-	582
Other	113	-	140	31
Unrealized gain on 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

2006	Deferred tax asset		Deferred tax liability	
	Short-term ThUS\$	Long-term ThUS\$	Short-term ThUS\$	Long-term ThUS\$
Temporary differences				
Allowance for doubtful accounts	-	60	-	-
Vacation accrual	214	-	-	-
Production expenses	-	-	966	-
Accelerated depreciation	-	-	-	5,211
Staff severance indemnities	-	-	-	598
Other	27	-	195	21
Unrealized gain on sale of products	11,539	-	-	-
Gains and losses from derivative transactions	-	-	182	-
Exploration expenses	-	-	-	3,169
Long-term financing costs	-	-	-	1,055
Capitalized interest	-	-	-	1,276
Total gross deferred taxes	11,780	60	1,343	11,330
Complementary accounts	-	-	-	(1,813)
Total deferred taxes	11,780	60	1,343	9,517

b) Income tax credit (expense) is summarized as follows:

	2007 ThUS\$	2006 ThUS\$
Provision for current income tax	(3,146)	(3,996)
Effect of assets and liabilities of deferred taxes, net	(1,824)	(4,209)
Adjustment for tax expense (previous year)	228	(10)
Effect of amortization of complementary accounts	(402)	(372)
Total income tax credit (expense)	(5,144)	(8,587)

NOTE 12. SHAREHOLDERS' EQUITY

a) Changes to shareholders' equity are detailed as follows:

	Number of shares	Paid-in capital ThUS\$	Other reserves ThUS\$	Accumulated deficit from subsidiary in development stage ThUS\$	Retained earnings ThUS\$	Net income ThUS\$	Total ThUS\$
Balance January 1, 2006	263,196,524	477,386	157,287	(8,370)	280,607	113,506	1,020,416
Transfer December 31, 2005 net income to retained earnings	-	-	-	-	113,506	(113,506)	-
Declared dividends 2006	-	-	-	-	(73,647)	-	(73,647)
Accumulated deficit from subsidiaries in development stage	-	-	-	8,370	(8,370)	-	-
Other comprehensive income	-	-	(2,097)	-	-	-	(2,097)
Net income	-	-	-	-	-	141,277	141,277
Balance as of December 31, 2006	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

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) In accordance with SVS Circular No 1.819, the balance of ThUS\$ 8,370 as of December 31, 2006, corresponding to the account "deficit from development period", has been netted against retained earnings.

d) Other information

The detail of other reserves is as follows:

Detail		For the year ended	As of
		December 31, 2007	December 31, 2007
		ThUS\$	ThUS\$
Technical appraisal		-	151,345
Changes to other comprehensive income from equity method investments:			
Soquimich Comercial S.A.	(1)	7,888	13,286
Isapre Norte Grande Ltda.	(1)	39	(44)
Inversiones Augusta S.A.	(1)	-	(761)
SQM Ecuador S.A.	(2)	-	(270)
Almacenes y Depósitos Ltda.	(1)	66	88
Asociación Garantizadora de Pensiones	(1)	(5)	(17)
Sales de Magnesio Ltda.	(1)	59	111
Sociedad de Servicios de Salud S.A.	(1)	14	14
SQM North America Corp.	(3)	(141)	(1,359)
SQM Dubai Fzco.	(1)	(11)	(11)
Ajay Europe SARL	(1)	343	343
Other Companies	(1)	-	717
Total other comprehensive income		8,252	163,442

(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) Relates to valuation differences generated in the pension plan.

e) Capital consists of 263,196,524 fully authorized, subscribed and paid shares with no par value, divided into 142,819,552 Series A shares and 120,376,972 Series B shares. Capital paid for Series A and B shares was ThUS\$ 134,750 and ThUS\$ 342,636, respectively.

NOTE 13. 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, 2007 the Company's derivative instruments are as follows:

2007	Notional or	Notional or	Expiration	Description of	Position	(Liability)Asset	Income	Income
Notional or	covered	covered		the contract	purchase/sale	amount	(loss) recorded	(not) recorded
Type of	amount	amount		type		ThUS\$	ThUS\$	ThUS\$
derivative	ThUS\$	ThUS\$						
Swap	102,630	102,630	1st quarter of 2008	Interest rate	P	14,968	-	14,698
Total	102,630	102,630						

NOTE 14. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

Assets	2007 ThUS\$	2006 ThUS\$
Chilean pesos	77,166	9,768
US dollars	1,488,182	1,685,149
UF	6,300	8,781
Euros	22,334	21,532
Brazilian Real	1,375	1,140
Current liabilities		
Chilean pesos	17,595	9,875
US dollars	62,122	308,546
UF	6,535	3,116
Euros	2	2
Other currencies	5,093	5,076
Long-term liabilities		
US dollars	211,199	209,457
Chilean pesos	2,994	2,775
UF	107,381	101,574

NOTE 15. EXPENSES INCURRED IN THE ISSUANCE OF 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 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, 2007, issuance expenses net of amortization amount to ThUS\$6,665. Issuance expenses include disbursements related to reports issued by risk rating agencies, legal and financial advisories, taxes, printing and placement fees. Amortization in 2007 amounted to ThUS\$ 774, (ThUS\$ 424 in 2006).

NOTE 16. CASH FLOW STATEMENT

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

	2007 ThUS\$	2006 ThUS\$
Sale of mining concessions	352	499
Repayment of employee loans	116	-
Total	468	499

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.	2,013
Fertglobal Chile Ltda. y Bramell	3,422
Tattersall S.A	1,158

Note 18. Commitments and Contingencies

a) Contingencies:

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 Químicos 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 Químicos 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 : Gabriela Véliz Huanchicay
Defendant : Gilberto Mercado Barreda and subsidiary and jointly and severally SQM Nitratos S.A. and its insurers
Date of lawsuit : August 2005
Court : 4th Civil Court of Santiago
Cause : Work accident
Instance : At the first instance verdict the defendants were sentenced to pay the amount of ThCh\$250. The defendants filed a recourse of appeal against this verdict.
Nominal amount : ThUS\$ 481
5. Plaintiff : Juana Muraña Quispe
Defendant : Intro Ingeniería Limitada and subsidiary and jointly and severally SQM S.A. and its insurers
Date of lawsuit : October 2005
Court : 25th Civil Court of Santiago
Cause : Work accident
Instance : Evidentiary stage
Nominal amount : ThUS\$1,500
6. 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
7. Plaintiff : Sociedad de Servicios Tacora Limitada
Defendant : SQM Nitratos S.A.
Date of lawsuit : December 2006
Court : 25th Civil Court of Santiago
Cause : Collection of securities which SQM Nitratos S.A., by virtue of a mandate conferred in its favor, used to pay the plaintiff's employees who have not received their salary pay and contributions for transportation and machinery services rendered indirectly to SQM Nitratos S.A.
- Instance : Response.
Nominal amount : ThUS\$266
8. Plaintiff : Marineer Zona Franca S.A.
Defendant : Minera Nueva Victoria S.A.
Date of lawsuit : August 2007
Court : Arbitration Court of Santiago
Cause : Damages for alleged unilateral and premature termination of mineral transport contract
- Instance : Evidentiary stage
Nominal amount : ThUS\$1,400

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.

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.

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.

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\$13,865 in 2007 (ThUS\$ 9,193 in 2006).

d) 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.

NOTE 19. THIRD PARTY GUARANTEES

As of December 31, 2007 and 2006 the Company has the following indirect guarantees outstanding:

Beneficiary	Debtor		Balances outstanding	
	Name	Relationship	2007	2006
			ThUS\$	ThUS\$
BBVA Banco Bilbao Vizcaya Argentaria	Royal Seed Trading Corp. A.V.V.	Subsidiary	100,433	100,412
ING Capital LLC	Royal Seed Trading Corp. A.V.V.	Subsidiary	80,368	80,416

NOTE 20 - SANCTIONS

During 2007 and 2006, the SVS did not apply sanctions to the Company, its directors or its managers.

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 on 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, 2007 related to investments in production processes, verification and control of compliance with ordinances and laws relative to industrial processes and facilities amount to ThUS\$ 10,180 and are detailed as follows:

	2007 ThUS\$	Future Disbursements ThUS\$
Projects		
Light normalization	921	-
Construction of hygiene facilities	292	17
Environmental evaluation	194	244
MOP/SOP 2 Environment	294	156
Environmental assessment for new Chancado María Elena plant	1,007	-
Handling of household and industrial waste	917	1,637
Infrastructure, equipment, new environmental offices at ME	14	-
Monitoring station	117	31
Tourist Support in Salt Deposit (Soncor)	64	-
Salar (Salt deposit) environmental follow-up plan	2,272	167
Environmental commitments I Region of Chile	169	-
Normalization of lighting in FFCC yard, in PV Mill	164	-
Study of dust control, SOP-SC plant	30	-
Study of dust control at SOP-SC plant	76	-
Improvements in M. Elena – Streets camp	436	14
Sanitary regulations PV Traffic Facilities	49	31
PV Environmental improvements	43	-
Waste pools R&R Lithium C. Plant	2,073	151
Miscellaneous environmental projects related to nitrates	8	42
Environmental Management	1,040	66
Total	10,180	2,556

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

On August 10, 1994, the Ministry of Health published a resolution under the Sanitary Code that established that the levels of breathable particles present at the María Elena facility exceeded the level allowed for air quality and, consequently, affected the nearby city of María Elena. These particles mainly come from the 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 María Elena. In October 2005, the company obtained approval from the environmental authorities for a project entitled "Technological Change at María Elena". The operation of this project will facilitate the reduction of particle emissions, as required by the new environmental standard, which is estimated to go into effect during the second half of 2008. The Company is requesting from CONAMA, the environmental authority, certain adjustments to the particle emissions reduction timeline that is currently considered in the decontamination plan, in order to allow consistency with the degree of completion of the "Technological Change at María Elena" project.

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 its contractors' employees. Within this context, SQM entered into a contract with the National Forestry Corporation (CONAF) aimed at researching the activities of flamingo groups that live in the Salar de Atacama 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 in relation to the recording of Pre-Columbian and historical cultural heritage, as well as the protection of heritage sites, in accordance with current Chilean laws. These activities have been especially performed in the areas surrounding 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 to maintain 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, it acts both individually and in conjunction with both private and public entities.

NOTE 22. SIGNIFICANT EVENTS

On March 21, 2007, 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 20, 2007, unanimously agreed to propose the payment of a final dividend for a sum of US\$0.34874 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 27, 2007, 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 2006.

NOTE 23. SUBSEQUENT EVENTS

Management is not aware of any significant subsequent events that have occurred between December 31, 2007 and the date of issuance of these financial statements (February 25, 2008) that may affect the Company's financial position or the interpretation of these financial statements.



Condensed Financial Statements

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Condensed Balance Sheets

	SQM Industrial S.A.		SQM Potasio S.A.		Minera Nueva Victoria S.A.	
	As of December 31,		As of December 31,		As of December 31,	
	2007 THUS\$	2006 THUS\$	2007 THUS\$	2006 THUS\$	2007 THUS\$	2006 THUS\$
Assets						
Cash	25,820	73,158	45,243	83,485	-	31
Receivables	202,324	159,043	23,224	17,612	7	20
Related companies	57,670	169,908	230,367	600,004	59,752	54,646
Inventory	351,971	328,896	89,180	78,413	445	5,519
Other current assets	30,092	25,691	2,490	7,627	400	379
Total current assets	667,877	756,696	390,504	787,141	60,604	60,595
Property	5,019	4,740	8,177	7,588	14,873	14,873
Construction and infrastructure	353,004	353,075	333,000	268,925	2,632	1,525
Machinery and equipment	348,332	272,504	216,766	204,147	1,266	734
Other property, plant and equipment	75,951	80,179	8,691	9,403	14	8
Depreciation (less)	(398,577)	(360,111)	(213,662)	(180,022)	(3,063)	(1,932)
Total property, plant and equipment	383,729	350,387	352,972	310,041	15,722	15,208
Other assets	42,036	48,044	15,907	73,132	9,044	10,626
Total assets	1,093,642	1,155,127	759,383	1,170,314	85,370	86,429
Liabilities						
Related companies	383,901	714,863	82,649	193,696	204	2,255
Other current liabilities	102,305	93,086	47,973	56,007	2,121	2,282
Total current liabilities	486,206	807,949	130,622	249,703	2,325	4,537
Related companies	1,781	64,223	174,177	488,843	-	-
Provisions	15,427	13,184	1,153	843	-	-
Other long-term liabilities	9,492	5,119	205,861	204,657	2,934	3,360
Total long-term liabilities	26,700	82,526	381,191	694,343	2,934	3,360
Minority interest	53,213	46,345	43,794	40,493	79	-
Shareholders' equity	527,523	218,307	203,776	185,775	80,032	78,532
Total liabilities and shareholders' equity	1,093,642	1,155,127	759,383	1,170,314	85,370	86,429

Condensed Statements of Income

	SQM Industrial S.A.		SQM Potasio S.A.		Minera Nueva Victoria S.A.	
	2007 THUS\$	2006 THUS\$	2007 THUS\$	2006 THUS\$	2007 THUS\$	2006 THUS\$
Revenues	1,124,411	997,474	432,984	447,392	5,097	26,104
Cost of sales	(1,015,179)	(863,524)	(246,868)	(330,274)	(8,387)	(18,218)
Operating margin	109,232	133,950	186,116	117,118	(3,290)	7,886
Selling and administrative expenses	(45,135)	(45,558)	(6,893)	(7,815)	-	(19)
Operating income	64,097	88,392	179,223	109,303	(3,290)	7,867
Non-operating income	12,166	13,558	37,668	34,507	5,831	3,006
Non-operating expenses	(63,710)	(57,760)	(37,961)	(40,859)	(582)	(3,319)
Net income before taxes	12,553	44,190	178,930	102,951	1,959	7,554
Income taxes	(7,823)	(4,902)	(33,246)	(19,730)	(464)	(1,891)
Minority interest	(3,700)	(2,851)	(26,015)	(14,127)	5	-
Amortization of negative goodwill	-	68	-	-	-	-
Net income	1,030	36,505	119,669	69,094	1,500	5,663

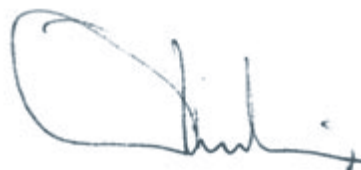
Notes to the Condensed Financial Statements

1. The financial statements of these companies are prepared in accordance with generally accepted accounting principals 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

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Financial Information

a) Financial Indicators

Liquidity	12-31-2007	12-31-2006
Current ratio	4.70	4.28
Acid test ratio	2.37	2.19
Indebtedness	12-31-2007	12-31-2006
	%	%
Indebtedness ratio	64.10	68.68
Short-term liabilities/Total liabilities	25.39	26.47
Long-term liabilities/Total liabilities	74.61	73.53
Interest coverage ratio (times)	12.18	7.25
Assets and Turnover	12-31-2007	12-31-2006
Total assets (US\$ thous.)	1,986,319	1,870,983
Inventory turnover	2.28	2.17
Inventory permanency	158	166

b) Operating Results by Region*

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	238,049	109,147	241,351	183,574	85,644	857,765

2006

	Chile	Latam. and Caribbean	Europe	USA	Asia and Others	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sales	164,820	128,541	320,671	308,215	120,639	1,042,886
Cost of sales	149,230	98,529	202,417	223,554	79,606	753,336

(*) 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: Additional Information

	12-31-2007	12-31-2006
	ThUS\$	ThUS\$
Operating income	259,489	219,888
Financial expenses	(19,949)	(27,593)
Non-operating loss	(27,084)	(36,048)
E.B.I.T.D.A.E.I.	343,797	293,521
Net income after taxes	180,021	141,277

d) Returns

	12-31-2007	12-31-2006
	%	%
Return on equity	15.87	13.41
Return on assets	9.33	8.04
Return on operating assets (1)	14.20	13.25
Earnings per share (US\$)	0.68	0.54
Dividend yield - series A (2)	1.52	2.04
Dividend yield - series B (2)	2.05	2.03

(1) Calculation of Operating Assets:

	12-31-2007	12-31-2006
	ThUS\$	ThUS\$
Total assets	1,986,319	1,870,983
Less		
Other short-term receivables	(6,249)	(4,857)
Other long-term receivables	(604)	(388)
Recoverable taxes	(31,322)	(32,830)
Other current non-operating assets	(1,699)	(2,002)
Investments in related companies	(23,935)	(18,329)
Goodwill	(34,236)	(36,331)
Negative goodwill	1,291	1,928
Other long-term non-operating assets	(6,969)	(7,059)
Total operating assets	1,882,596	1,771,115

(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\$311,294 (ThUS\$221,200 in 2006), negative net cash flows from financing activities of ThUS\$157,130 (positive net cash flows of ThUS\$71,613 in 2006) and negative net cash flows from investing activities of ThUS\$174,166 (ThUS\$259,546 in 2006), detailed as follows:

Cash flows from operating activities:

	2007 ThUS\$	2006 ThUS\$
Net income	180,021	141,277
Proceeds from sales of assets	(1,229)	(1,541)
Depreciation	97,826	90,354
Other credits to income (less)	(12,456)	(5,144)
Other charges to income	150,035	104,614
Changes in assets that affect cash flow	(67,250)	(39,053)
Changes in liabilities that affect cash flow	(39,445)	(74,022)
Gain (loss) on minority interest	3,792	4,715
Net cash provided by operating activities	311,294	221,200

Cash flows from financing activities:

	2007 ThUS\$	2006 ThUS\$
Proceeds from bank financing	-	259,257
Obligations with the public	-	299,833
Repayment of obligations with the public	(5,131)	-
Payment of expenses related to obligations with the public	-	(6,629)
Repayment of bank financing	(57,089)	(406,282)
Payment of dividends	(94,910)	(74,566)
Net cash (used in) provided by financing activities	(157,130)	71,613

Cash flows from investing activities:

	2007 ThUS\$	2006 ThUS\$
Proceeds from sales of assets	2,498	10,289
Sales of investments in related companies	1,478	5,790
Other investment income	399	24,811
Purchase of property, plant and equipment	(165,640)	(175,788)
Payment of capitalized interest	(12,388)	(10,948)
Investments in related companies	-	(113,196)
Other disbursements related to investing activities	(513)	(504)
Net cash used in investing activities	(174,166)	(259,546)

Management and Directors' Compensation

a) Summary of Directors' Compensation January-December 2007

Director	SQM S.A. Board Meetings	Committee Meetings	SQMC Board Meetings	Total Ch\$
Julio Ponce Lerou	557,486,448		67,824,618	625,311,066
Wayne R. Brownlee	81,386,996	5,605,994		81,386,996
Hernán Büchi Buc	80,405,862			86,011,856
José María Eyzaguirre Baeza	82,305,947	11,301,818		82,305,947
José Antonio Silva Bafalluy	80,467,889			91,769,707
Wolf Von Appen	83,226,832			83,226,832
Kendrick T. Wallace	81,386,996			81,386,996
Daniel Yarur Elsaca	81,386,996	12,220,925		93,607,921
TOTAL	1,128,053,966	29,128,737	67,824,618	1,225,007,321

b) During 2007, the Board of Directors incurred the following expenses:

Expense	US\$
Travel	83,699
Rentals, services and consulting	0
General expenses	2,913
Total	86,612

c) Management Compensation

For the years 2006 and 2007, the aggregate remuneration received by Management was the following:

Year	Number of Executives	Total Ch\$
2006	93	7,137,804,558
2007	95	6,993,545,703

During 2007, the Company made severance payments in the amount of Ch\$209,249,803 to members of the management team that left the Company.

d) Human Resources

As of December 31, 2007, SQM and its subsidiaries had 3,746 employees, distributed as follows:

Employee Type	Holding	Other Subsidiaries	Total General
Executives	23	67	90
Professionals	82	692	774
Technicians and Operators	267	2,384	2,651
Foreigners		231	231
TOTAL	372	3,374	3,746

Directors Committee, Activities and Consulting Expenses

As of December 31, 2007, the Company's Directors Committee was formed by the SQM Directors: Mr. Hernán Büchi B., Mr. José Antonio Silva B. 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 2007 relate 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 contracts with related people, subsidiaries and related companies in Chile and abroad.
- g) Analysis of matters related to the "Sarbanes-Oxley Act" of the U.S.A., especially regarding Section 404.
- h) Analysis of future investments.
- i) Approval of the minutes of previous meetings

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 April 23, 2007, 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.
- During its session held on April 23, 2007, the Directors Committee also analyzed certain operations that SQM S.A. habitually carries out with "Yara" (purchase and sale of products), the "Ultramar Group" (port and maritime transportation services), Travel Security S.A. (airfare and lodging), and Banco BCI and Banco de Chile (operations related to payment of providers and others). The Committee recommended the approval of said operations.

Likewise, during its session held on April 23, 2007, the Directors Committee of SQM S.A. also analyzed information related to the different operations that SQM S.A. habitually carries out with "Kowa" (sales agency) and that refer to Article 89 of Law No. 18.046.

On April 27, 2007, 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 2007 and April 2008, 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 2007, the Directors Committee did not incur any consulting expenses.

Sociedad de Inversiones Pampa Calichera S.A. and Kowa Company Ltd., subscribed on December 21, 2006, a Joint Action Agreement, that allows them to have the quality of Controller of SQM S.A.

The Joint Performance Agreement in connection with Sociedad de Inversiones Pampa Calichera S.A., includes directly and indirectly Global Mining Investments Chile S.A. and Inversiones SQYA. S.A.

Additionally, the Joint Performance Agreement in connection with Kowa Company Ltd. includes directly and indirectly the companies: Kochi S.A., Inversiones la Esperanza (Chile) Ltda. and Inversiones la Esperanza Delaware Corp.

Considering the above and the effective shareholder structure as of December 31, 2007, the Company has a controller; and the three members of the Directors Committee are independent.

Dividends

a) Dividend Policy

SQM S.A.'s dividend policy for the year 2007, as approved by shareholders at the General Shareholders Meeting held on April 27, 2007, considers the distribution to the Company's shareholders of 65% of the distributable net income for the 2007 business year.

b) Distributable Income

The distributable income of the Company reported for the period ended December 31, 2007 is detailed as follows:

	ThUS\$
Net income (loss)	180,021
Amortization of negative goodwill	-
Distributable income	180,021

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
2005	0.18282
2006	0.27981
2007	0.34874

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 2007 were as follows (prices in Chilean pesos) :

Name	Purchase	Sale	Series	Price (Ch\$)	Date	Amount Traded (Ch\$)
Inversiones El Boldo Ltda.	525,632		B	7,300	01-03-2007	3,837,113,600
Inversiones El Boldo Ltda.	1,211,150		B	7,300	01-03-2007	8,841,395,000
Inversiones El Boldo Ltda.	180,000		B	7,300	01-03-2007	1,314,000,000
Inversiones El Boldo Ltda.	1,020,104		B	7,300	01-03-2007	7,446,759,200
Inversiones El Boldo Ltda.	8,427,129		B	7,300	01-03-2007	61,518,041,700
Sociedad de Inversiones Pampa Calichera S.A.		10	B	7,335	01-09-2007	73,350
De Vidts Sabelle, Pauline		480	B	7,160	01-09-2007	3,436,800
Inversiones SQYA S.A.		5,535,000	A	7,440	03-22-2007	41,181,617,700
Sociedad de Inversiones Pampa Calichera S.A.	5,500,000		A	7,440	03-23-2007	40,918,020,000
Inversiones El Boldo Ltda.	6,086,000		B	7,469	03-23-2007	45,453,291,000
Ponce Lerou, Julio		17,026	A	8,830	05-15-2007	150,341,283
Inversiones SQYA S.A.		610,092	A	8,856	05-22-2007	5,402,974,752
Inversiones Global Mining (Chile) Limitada	610,092		A	8,856	05-23-2007	5,402,974,752
Inversiones Global Mining (Chile) Limitada	42,122		A	8,850	06-07-2007	372,779,700
Inversiones Global Mining (Chile) Limitada	75,465		A	8,900	06-07-2007	671,638,500
Sociedad de Inversiones Pampa Calichera S.A.		187,733	B	8,686	06-11-2007	1,630,648,838
Inversiones Global Mining (Chile) Limitada	65,759		A	8,900	06-12-2007	585,255,100
Inversiones Global Mining (Chile) Limitada	60,000		A	8,850	06-19-2007	531,000,000
Inversiones Global Mining (Chile) Limitada	68,270		A	8,900	06-19-2007	607,603,000
Sociedad de Inversiones Pampa Calichera S.A.		2,300,000	B	8,192	07-27-2007	18,842,290,000
Inversiones Global Mining (Chile) Limitada	2,300,000		A	9,637	08-01-2007	22,165,100,000
Inversiones El Boldo Ltda.	250,000		A	9,626	08-02-2007	2,406,525,000
Inversiones El Boldo Ltda.	761,062		B	8,244	08-02-2007	6,274,385,394
Inversiones Global Mining (Chile) Limitada	55,000		A	10,110	08-06-2007	556,050,000
Inversiones Global Mining (Chile) Limitada	625,000		A	9,702	08-06-2007	6,063,568,750
Inversiones Global Mining (Chile) Limitada	525,000		A	10,521	08-17-2007	5,523,525,000
Inversiones Global Mining (Chile) Limitada	350,000		A	10,521	08-20-2007	3,682,350,000
Inversiones Global Mining (Chile) Limitada	700,000		A	10,536	08-21-2007	7,375,200,000
Inversiones Global Mining (Chile) Limitada	1,187,677		A	10,571	08-22-2007	12,554,933,567
Inversiones El Boldo Ltda.		180,060	B	8,376	09-04-2007	1,508,164,554
Sociedad de Inversiones Pampa Calichera S.A.	420,000		B	8,237	09-04-2007	3,459,447,600
Inversiones Global Mining (Chile) Limitada	11,078		A	10,700	09-05-2007	118,534,600
Inversiones El Boldo Ltda.	180,060		A	12,100	09-06-2007	2,178,726,000
Sociedad de Inversiones Pampa Calichera S.A.	341,840		B	8,319	09-06-2007	2,843,691,755
Sociedad de Inversiones Pampa Calichera S.A.	250,000		B	7,850	09-14-2007	1,962,500,000
Yarur Elsaca, Daniel		55,685	B	8,450	10-02-2007	470,538,250
Sociedad de Inversiones Pampa Calichera S.A.		68,325	B	9,800	10-16-2007	669,578,168
Sociedad de Inversiones Pampa Calichera S.A.		181,675	B	9,563	10-17-2007	1,737,358,025
Sociedad de Inversiones Pampa Calichera S.A.		100,000	B	9,603	10-18-2007	960,300,000
Sociedad de Inversiones Pampa Calichera S.A.		62,240	B	9,450	10-19-2007	588,168,000
Sociedad de Inversiones Pampa Calichera S.A.		11,338	B	9,400	10-22-2007	106,577,200
Sociedad de Inversiones Pampa Calichera S.A.		66,422	B	9,380	10-24-2007	623,050,316
Sociedad de Inversiones Pampa Calichera S.A.		10,000	B	9,277	10-24-2007	92,769,000
Sociedad de Inversiones Pampa Calichera S.A.	324,992		B	8,675	11-15-2007	2,819,305,600
Sociedad de Inversiones Pampa Calichera S.A.	175,008		B	8,650	11-23-2007	1,513,801,699

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
2005	Q1	4,198.7	3,901.5	9,140,331	18,104,381	36,927	72,202
	Q2	5,430.9	5,119.0	237,857	33,665,190	1,293	172,559
	Q3	6,581.5	6,539.6	146,592	23,098,715	972	152,417
	Q4	6,581.5	6,163.3	34,368	25,098,797	209	154,845
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	16,523,180	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

New York Stock Exchange:							
		Average Price (US\$)		Number of Shares Traded		Amount Traded (ThUS\$)	
		ADR A	ADR B	ADR A	ADR B	ADR A	ADR B
2005	Q1	73.80	67.41	72,200	1,601,800	5,298	111,829
	Q2	93.64	87.99	37,800	2,941,100	3,466	256,705
	Q3	118.10	119.18	17,700	2,920,400	2,105	351,040
	Q4	114.27	117.26	7,700	3,387,200	893	401,726
2006	Q1	109.53	116.31	3,900	1,929,300	431	224,287
	Q2	99.78	106.35	7,400	2,382,500	740	248,747
	Q3	102.27	107.00	1,400	1,746,900	143	187,575
	Q4	123.40	128.36	14,700	3,100,900	1,797	400,491
2007	Q1	139.70	134.82	3,200	2,768,923	443	375,869
	Q2	164.35	161.40	15,900	2,269,800	2,611	364,595
	Q3	206.56	160.43	20,200	2,893,100	4,233	464,283
	Q4	228.41	179.94	5,500	3,542,951	1,245	642,502

Other General Information

Investment Policy

The General Shareholders Meeting held on April 27, 2007 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 27, 2007 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% 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 10% of its consolidated purchases.

Insurance

The insured assets are the totality of the productive plants, machinery, vehicles, offices, supplies, products-in-progress, finished products, in-transit securities and problems related to labor strikes. 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	January 31, 2010	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.

The arbitration proceedings between SQM S.A. and the companies Electroandina S.A. and Norgener S.A., relating to the abovementioned contracts, were settled during the year 2007. As a result of the proceedings, the formula that is used to calculate energy tariffs was modified and the terms of these contracts were maintained.

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. With the exception of the joint venture agreement with Yara International ASA, through which the Company reached sales for US\$33.4 million during 2007 -equivalent to approximately 3% of consolidated revenues- no single customer accounted for more than 2% of the consolidated revenues, and the ten biggest customers accounted in the aggregate for less than 14% of consolidated revenues during 2007.

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 mainly comprise readjustable time deposits in first category banks.

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) Volatility of world fertilizer and chemical prices and changes in production capacities could affect our business, financial condition and results of operations.

c) SQM has an ambitious capital expenditure program that is subject to risks and uncertainties related to the amounts, terms and effectiveness of the investments.

d) 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.

e) 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.

f) 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.

g) Quality standards in markets where SQM sell 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.

h) 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.

i) 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.

j) 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.

k) 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.

l) 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.

m) 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.

n) 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.

o) 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.

p) 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 the year 2007, PCS made share purchases in different stock exchanges, until it attained 32.00% of the total share of SQM S.A.

SQM has also been informed -i- that Mr. Julio Ponce L. and related persons control 100% of the total shares of Inversiones SQ S.A. -ii- that Inversiones SQ S.A. and Yara International ASA control, respectively, 51% and 49% of the total shares of Inversiones SQYA S.A. and -iii- that Inversiones SQYA S.A. currently, and indirectly, controls 32.00% of the total shares of SQM. The above, considering that Inversiones SQYA S.A. controls 90.26% of the total shares of Norte Grande S.A., that Norte Grande S.A. controls 79.42% of the total shares of Sociedad de Inversiones Oro Blanco S.A., that Sociedad de Inversiones Oro Blanco S.A. controls 68.73% of the total shares of Sociedad de Inversiones Pampa Calichera S.A. and that Sociedad de Inversiones Pampa Calichera S.A. and its subsidiary Global Mining Investments (Chile) Ltda. ultimately control 32.00% 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 2.03% of the total shares of SQM- subscribed on December 21, 2006 a Joint Performance Agreement that allows them to control 34.03% of the total shares of SQM. As a result of this Agreement, the "group" led by Mr. Julio Ponce L. indirectly controls 34.03% of the total shares of SQM S.A. and is, therefore, the Controller of SQM S.A.



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.
Board of 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.
Board of 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\$ 58,475,089
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.
Board of 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.
Board of 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, boron, lithium and other products.
Board of 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
Fono	: (2) 425 2000
Fax	: (2) 425 2268

INSTITUCIÓN DE SALUD PREVISIONAL NORTE GRANDE LTDA.:

Capital	: US \$380,791
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 \$ 1,563,808
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.
Board of 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 \$ 72,328
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 \$ 997,666
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 \$ 3,972,425
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	: \$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 *
Directores	: 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 \$ 229,482
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\$101,858
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

Foreign Subsidiaries and Affiliates

SQM COMERCIAL DE MÉXICO 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
Codigo Postal	: 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 PERÚ 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	: Daniel Pizarro R.
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 COMÉRCIO DE PRODUTOS E SERVIÇOS AGRÍCOLAS E INDUSTRIAIS LTDA.

Capital : US\$ 202,567
Ownership : 99.9999% SQM Industrial S.A.
0.0001% SQM Brasil Produção e Comercialização de Produtos Químicos e Serviços 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 Orrantia y Ave. Juan Tanca Marengo Edificio Executive Center Piso 3 Oficina 307 (frente al Mall del Sol)
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, Antillas 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, Oranjestad, 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, Oranjestad, Aruba.
Fax : 297-8-26548

ADMINISTRACIÓN 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
Gerente Responsable : Bernard Descazeaux Aribit
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

AGRICOLIMA S.A.:

Capital : US\$ 14,689
 Ownership : 100% SQM Comercial de México S.A. de C.V.
 Corporate Purpose : Management of real estate and other property.
 Gerente Responsable : Bernard Decazeaux 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

SOCIEDAD QUIMICA Y MINERA (AFRICA) (PTY) LTD.:

Capital : US\$ 107,680
 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 : Daniel Pizarro R.
 Directors : Ricardo Ramos
 Matias Astaburuaga
 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 ITALIA SRL:

Capital : US\$ 375,386
 Ownership : 100% Soquimich European Holdings B.V.
 Corporate Purpose : Distribution and commercialization of specialty plant nutrients and industrial products in Italy.
 Directors : Frank Biot, Patrick Vanbeneden, Patricio Lagos
 Relationship to
 Headquarters : Basically wholly owned.
 Address : Via A. Meucci, 550015 Grassina-Firenze Italy
 Phone : (39 055) 6462732
 Fax : (39 055) 644419

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 assistance. Commercialization of specialty plant nutrients in Japan.
 CEO : Mayo Shibazaki
 Relationship to
 Headquarters : Basically wholly owned.
 Address : From 1st Bldg 207, 5-3-10 Minami-Aoyama, Minato-ku, Tokyo Japan 107-0062
 Phone : 81 3 5778 3311
 Fax : 81 3 5778 3312

SQM NITRATOS MÉXICO S.A.:

Capital : US\$ 5,636
 Ownership : 51% SQM Industrial S.A.
 49% Other, non-related parties
 Corporate Purpose : Provision of services
 Gerente Responsable : Bernard Decazeaux 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

SQM OCEANIA PTY:

Capital : US\$ 2
 Ownership : 100% Soquimich European Holdings B.V.
 Corporate Purpose : Import, export and distribution of fertilizers and industrial products
 CEO : Carlos Díaz.
 Relationship to
 Headquarters : Basically wholly owned.
 Address : Level 15, 321 Kent ST. Sydney NSW CP. 2000
 Phone : 61 412 558911
 Fax : 61 293 479221

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

SQM VENEZUELA S.A.:

Capital	: US\$ 55,396
Ownership	: 50% SQM Industrial S.A. 50% SQM North America Corporation.
Corporate Purpose	: Commercialization 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 Apartado 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	: Juan Ariztia
Directors	: Eugenio Ponce L., Daniel Pizarro R.
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	: Sociedad de Inversiones
CEO	: Eduardo Martinez
Directores	: 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.
Board of 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	: Básicamente de Propiedad.
Address	: PO Box 71871 Abu Dhabi United Arab Emirates
Phone	: (971) 25511700
Fax	: (971) 25511702

AJAY EUROPE SARL:

Capital	: US\$ 5,116,407
Ownership	: 50% SQM Corporation N.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

DOKTOR TARSA TARIM SANAYI A.S.:

Capital	: US\$ 6,217,910
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	: US\$ 839.325
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	: Básicamente de Propiedad.
Address	: St Pietersvliet 7 bus 8 2000 Antwerp Belgium
Phone	: (32 3) 2039700
Fax	: (32 3) 2312782

NU3 N.V.:

Capital	: US\$ 16,187,157
Ownership	: 50% Nutrisi Holding N.V. 50% Yara Nederland B.V.
Corporate Purpose	: Production of solid and liquid specialty fertilizers
CEO	: Patrick Vanbeneden
Directores	: Frank Biot, Joseph Zidon, Heinrich Schaper Alejandro Vollert
Relationship to Headquarters	: Basically wholly owned.
Address	: Industrieweg 20, 2280 Grobbendonk, Belgium
Phone	: (32 3) 2039700
Fax	: (32 3) 2039769

NU3 B.V.:

Capital	: EUR\$ 18,000
Ownership	: 25% SQM S.A., directly and indirectly, 25% Eurocil (ICL) directly and indirectly, 50% Yara Nederland B.V.
Corporate Purpose	: Production of liquid and solid specialty fertilizers
Relationship to Headquarters	: Basically of property
CEO	: Patrick Vanbeneden
Address	: Maassluisdijk 103, 3130 AB Vlaardingen, Netherlands
Phone	: (31 10) 4452092
Fax	: (31 10) 4452009

MISR SPECIALITY FERTILIZERS S.A.E.:

Capital	: US\$ 6,241,550
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\$ 590,353
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, Ikinci Kisim, 22 cadde TR07100 Antalya -Turkey
Phone	: (90 2) 422494646
Fax	: (90 2) 422494600

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

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% SQM S.A. directly and indirectly
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
Address : 31 Soi 138 (Meesuk) Lapdrawrd, Bangkok, 10240 Bangkok, Thailand
Phone : (662) 3778668
Fax : (662) 3773578

SQM AGRO INDIA PVT LTD:

Capital : IRSS 5,100,000
Ownership : 50% SQM S.A. directly and indirectly
50% 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
Address : 64 Khan market, 1st floor annex, 110003 New Delhi, India
Phone : (91 11) 23747526
Fax : (91 11) 23343421

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 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 2007 annual report is true and we assume the responsibilities that may arise from this statement.



Julio Ponce Lerou
ID: 4.250.719-9
Chairman



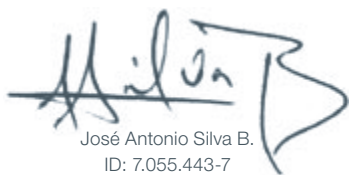
Wayne R. Brownlee
ID: BD 108168
Vice Chairman



Hernán Büchi Buc
ID: 5.718.666-6
Director



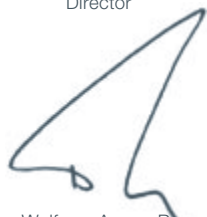
Daniel Yarur Elsaca
ID: 6.022.573-7
Director



José Antonio Silva B.
ID: 7.055.443-7
Director



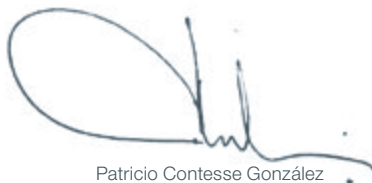
José María Eyzaguirre B.
ID: 7.011.679-0
Director



Wolf von Appen B.
ID: 2.884.455-7
Director



Kendrick T. Wallace
N° Pasaporte: 156647412
Director



Patricio Contesse González
ID: 6.356.264-5
Chief Executive Officer

Legal Address

El Trovador N° 4285, Las Condes, Santiago

Telephone

(56-2) 425 20 00

Fax

(56-2) 425 24 93

P.O. Box

96D - Santiago, Chile

Web Page

www.sqm.com

Tax Number

93.007.000-9

External Auditors

Ernst & Young (Chile) Limitada

Rating 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

“SQMA” for Series A ADRs

“SQM” for Series B ADRs

Depositary Bank

The Bank of New York

Shareholder Relations

P.O. Box 11258

Church Street Station

New York, NY 10286-1258

1-888-BNY-ADRS (269-2377) (Toll free)

1-610-312-5315 (International)

shareowner-svcs@bankofny.com

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SQM S.A.
El Trovador N° 4285, Las Condes
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Telephone: 56-2 425 2000
Fax: 56-2 425 2493
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