

CHEMICAL & MINING CO OF CHILE INC  
Form 6-K  
September 15, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE

SECURITIES EXCHANGE ACT OF 1934

For the month of September, 2016.

Commission File Number 33-65728

CHEMICAL AND MINING COMPANY OF CHILE INC.

(Translation of registrant's name into English)

El Trovador 4285, Santiago, Chile (562) 2425-2000

(Address of principal executive office)

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

Form 20-F:  Form 40-F:

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_\_

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

**SQM S.A.**

El Trovador 4285,  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

**SQM Salar S.A.**

**Santiago, Chile. September 14, 2016.-** Sociedad Química y Minera de Chile S.A. (SQM) (NYSE: SQM; Santiago Stock Exchange: SQM-B, SQM-A) reports the translation of its financial statements for the six months ended June 30, 2016, the Spanish version of which was filed with the Chilean Superintendency of Securities and Insurance (*Superintendencia de Valores y Seguros* or “SVS”) on August 24, 2016.

**SQM Salar S.A.**

**CONSOLIDATED FINANCIAL STATEMENTS**

For the period ended

June 30, 2016

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

In Thousands of United States Dollars

This document includes:

- Report of Independent Register Public Accounting Firms
- Consolidated Classified Statements of Financial Position
- Consolidated Statements of Income by Function
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Cash Flows
- Consolidated Statements of Changes in Equity
- Notes to the Consolidated Financial Statements

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

**Table of Contents –Consolidated Financial Statements**

<b><u>Consolidated Classified Statements of Financial Position</u></b>	9
<b><u>Consolidated Statements of Income by Function</u></b>	11
<b><u>Consolidated Statements of Comprehensive Income</u></b>	13
<b><u>Consolidated Statements of Cash Flows</u></b>	14
<b><u>Consolidated Statements of Changes in Equity</u></b>	16
Note 1 <b><u>Identification and activities of the Company and Subsidiaries</u></b>	18
1.1 <b><u>Historical background</u></b>	18
1.2 <b><u>Main domicile where the Company performs its production activities</u></b>	18
1.3 <b><u>Codes of main activities</u></b>	18
1.4 <b><u>Description of the nature of operations and main activities</u></b>	18
1.5 <b><u>Other background</u></b>	20
Note 2 <b><u>Basis of presentation for the consolidated financial statements</u></b>	22
2.1 <b><u>Accounting period</u></b>	22
2.2 <b><u>Financial statements</u></b>	22
2.3 <b><u>Basis of measurement</u></b>	23
2.4 <b><u>Accounting pronouncements</u></b>	24
2.5 <b><u>Basis of consolidation</u></b>	28
2.6 <b><u>Significant accounting judgments, estimates and assumptions</u></b>	30
Note 3 <b><u>Significant accounting policies</u></b>	31
3.1 <b><u>Classification of balances as current and non-current</u></b>	31
3.2 <b><u>Functional and presentation currency</u></b>	31
3.3 <b><u>Foreign currency translation</u></b>	31
3.4 <b><u>Subsidiaries</u></b>	33
3.5 <b><u>Consolidated statement of cash flows</u></b>	33
3.6 <b><u>Financial assets</u></b>	33
3.7 <b><u>Financial liabilities</u></b>	34
3.8 <b><u>Financial instruments at fair value through profit or loss</u></b>	34
3.9 <b><u>Financial instrument offsetting</u></b>	34
3.10 <b><u>Reclassification of financial instruments</u></b>	34
3.11 <b><u>Derivative and hedging financial instruments</u></b>	34
3.12 <b><u>Derecognition of financial instruments</u></b>	36
3.13 <b><u>Derivative financial instruments</u></b>	36
3.14 <b><u>Fair value measurements</u></b>	36
3.15 <b><u>Leases</u></b>	36

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

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

3.16	<u>Deferred acquisition costs from insurance contracts</u>	37
3.17	<u>Trade and other receivables</u>	37
3.18	<u>Inventory measurement</u>	37
3.19	<u>Investments in associates and joint ventures</u>	38
3.20	<u>Transactions with non-controlling interests</u>	39
3.21	<u>Related party transactions</u>	39
3.22	<u>Property, plant and equipment</u>	39
3.23	<u>Depreciation of property, plant and equipment</u>	40
3.24	<u>Goodwill</u>	41
3.25	<u>Intangible assets other than goodwill</u>	41
3.26	<u>Research and development expenses</u>	42
3.27	<u>Prospecting expenses</u>	42
3.28	<u>Impairment of non-financial assets</u>	43
3.29	<u>Minimum dividend</u>	44
3.30	<u>Earning per share</u>	44
3.31	<u>Trade and other payables</u>	44
3.32	<u>Interest-bearing borrowings</u>	45
3.33	<u>Other provisions</u>	45
3.34	<u>Obligations related to employee termination benefits and pension commitments</u>	46
3.35	<u>Compensation plans</u>	46
3.36	<u>Revenue recognition</u>	46
3.37	<u>Finance income and finance costs</u>	47
3.38	<u>Income tax and deferred taxes</u>	48
3.39	<u>Segment reporting</u>	49
3.40	<u>Environment</u>	50
Note 4	<u>Financial risk management</u>	50
4.1	<u>Financial risk management policy</u>	50
4.2	<u>Risk factors</u>	51
4.3	<u>Risk measurement</u>	54
Note 5	<u>Changes in accounting estimates and policies (consistent presentation)</u>	54
5.1	<u>Changes in accounting estimates</u>	54
5.2	<u>Changes in accounting policies</u>	54
Note 6	<u>Background of companies included in consolidation</u>	55
6.1	<u>Parent's stand-alone assets and liabilities</u>	55
6.2	<u>Parent entity</u>	55
6.3	<u>Joint arrangements of controlling interest</u>	55

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)





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

6.4	<u>General information on consolidated subsidiaries</u>	56
6.5	<u>Information attributable to non-controlling interests</u>	59
6.6	<u>Information on consolidated subsidiaries</u>	60
6.7	<u>Detail of transactions between consolidated companies</u>	64
Note 7	<u>Cash and cash equivalents</u>	65
7.1	<u>Types of cash and cash equivalents</u>	65
7.2	<u>Short-term investments, classified as cash equivalents</u>	65
7.3	<u>Information on cash and cash equivalents by currency</u>	66
7.4	<u>Amount of significant restricted (unavailable) cash balances</u>	66
7.5	<u>Short-term deposits, classified as cash equivalents</u>	67
Note 8	<u>Inventories</u>	68
Note 9	<u>Related party disclosures</u>	69
9.1	<u>Related party disclosures</u>	69
9.2	<u>Relationships between the parent and the entity</u>	69
9.3	<u>Detailed identification of the link between the Parent and subsidiary</u>	70
9.4	<u>Detail of related parties and related party transactions</u>	72
9.5	<u>Trade receivables due from related parties, current:</u>	73
9.6	<u>Trade payables due to related parties, current:</u>	73
9.7	<u>Board of Directors and Senior Management</u>	74
9.8	<u>Key management personnel compensation</u>	77
Note 10	<u>Financial instruments</u>	78
10.1	<u>Types of other financial assets</u>	78
10.2	<u>Trade and other receivables</u>	79
10.3	<u>Hedging assets and liabilities</u>	81
10.4	<u>Financial liabilities</u>	83
10.5	<u>Trade and other payables</u>	94
10.6	<u>Financial liabilities at fair value through profit or loss</u>	95
10.7	<u>Financial asset and liability categories</u>	96
10.8	<u>Fair value measurement of assets and liabilities</u>	98
10.9	<u>Financial assets pledged as guarantee</u>	99
10.10	<u>Estimated fair value of financial instruments and financial derivatives</u>	99
10.11	<u>Nature and scope of risks arising from financing instruments</u>	101
Note 11	<u>Equity-accounted investees</u>	102
11.1	<u>Investments in associates recognized according to the equity method of accounting</u>	102
11.2	<u>Assets, liabilities, revenue and expenses of associates</u>	103
11.3	<u>Other information</u>	104

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)



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

Note 12	<u>Joint Ventures</u>	104
12.1	<u>Policy for the accounting of equity accounted investment in joint ventures</u>	104
12.2	<u>Disclosures of interest in joint ventures</u>	104
12.3	<u>Investment in joint ventures accounted for under the equity method of accounting</u>	105
12.4	<u>Assets, liabilities, revenue and expenses from joint ventures:</u>	107
12.5	<u>Other Joint Venture disclosures:</u>	108
Note 13	<u>Intangible assets and goodwill</u>	109
13.1	<u>Balances</u>	109
13.2	<u>Disclosures on intangible assets and goodwill</u>	109
Note 14	<u>Property, plant and equipment</u>	115
14.1	<u>Types of property, plant and equipment</u>	115
14.2	<u>Reconciliation of changes in property, plant and equipment by type:</u>	116
14.3	<u>Detail of property, plant and equipment pledged as guarantee</u>	120
14.4	<u>Additional information</u>	120
14.5	<u>Impairment of assets</u>	120
Note 15	<u>Employee benefits</u>	120
15.1	<u>Provisions for employee benefits</u>	120
15.2	<u>Policies on defined benefit plan</u>	121
15.3	<u>Other long-term benefits</u>	122
15.4	<u>Post-employment benefit obligations</u>	123
15.5	<u>Staff severance indemnities</u>	123
Note 16	<u>Executive compensation plan</u>	125
Note 17	<u>Disclosures on equity</u>	126
17.1	<u>Capital management</u>	126
17.2	<u>Disclosures on preferred share capital</u>	127
17.3	<u>Disclosures on reserves in equity</u>	129
17.4	<u>Dividend policies</u>	130
17.5	<u>Provisional dividends</u>	131
Note 18	<u>Provisions and other non-financial liabilities</u>	132
18.1	<u>Types of provisions</u>	132
18.2	<u>Description of other provisions</u>	133
18.3	<u>Other non-financial liabilities, current</u>	133
18.4	<u>Changes in provisions</u>	134
18.5	<u>Detail of main types of provisions</u>	135
Note 19	<u>Contingencies and restrictions</u>	136
19.1	<u>Lawsuits and other relevant events</u>	136

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)



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

19.2	<u>Restrictions to management or financial limits</u>	141
19.3	<u>Commitments</u>	142
19.4	<u>Tax contingency</u>	143
19.4	<u>Tax contingency, continued</u>	144
19.5	<u>Restricted or pledged cash</u>	144
19.6	<u>Securities obtained from third parties</u>	146
19.7	<u>Indirect guarantees</u>	147
Note 20	<u>Revenue</u>	149
Note 21	<u>Earnings per share</u>	149
Note 22	<u>Borrowing costs</u>	150
22.1	<u>Costs of capitalized interest, property, plant and equipment</u>	150
Note 23	<u>Effect of fluctuations on foreign currency exchange rates</u>	151
Note 24	<u>Environment</u>	152
24.1	<u>Disclosures of disbursements related to the environment</u>	152
24.2	<u>Detail of information on disbursements related to the environment</u>	153
24.3	<u>Description of each project, indicating whether these are in process or have been finished</u>	159
Note 25	<u>Other current and non-current non-financial assets</u>	162
Note 26	<u>Operating segments</u>	163
26.1	<u>Operating segments</u>	163
26.2	<u>Operating segment disclosures:</u>	165
26.3	<u>Statement of comprehensive income classified by operating segments based on groups of products</u>	167
26.4	<u>Revenue from transactions with other Company's operating segments</u>	169
26.5	<u>Disclosures on geographical areas</u>	169
26.6	<u>Disclosures on main customers</u>	169
26.7	<u>Segments by geographical areas as of June 30, 2016 and June 30, 2015</u>	170
	<u>Investment accounted for under the equity method</u>	170
	<u>Intangible assets other than goodwill</u>	170
	<u>Investment accounted for under the equity method</u>	170
	<u>Intangible assets other than goodwill</u>	170
26.8	<u>Property, plant and equipment classified by geographical areas</u>	171
Note 27	<u>Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature</u>	172
27.1	<u>Revenue</u>	172
27.2	<u>Cost of sales</u>	172

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

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

27.3	<u>Other income</u>	173
27.4	<u>Administrative expenses</u>	173
27.5	<u>Other expenses by function</u>	174
27.7	<u>Summary of expenses by nature</u>	175
27.8	<u>Finance expenses</u>	175
Note 28	<u>Income tax and deferred taxes</u>	176
28.1	<u>Current tax assets</u>	176
28.2	<u>Current tax liabilities</u>	177
28.3	<u>Tax earnings</u>	177
28.4	<u>Income tax and deferred taxes</u>	178
Note 29	<u>Disclosures on the effects of fluctuations in foreign currency exchange rates</u>	189
Note 30	<u>Mineral resource exploration and evaluation expenditure</u>	194
Note 31	<u>Lawsuits and complaints</u>	195
Note 32	<u>Sanction proceedings</u>	197
Note 33	<u>Potential Arbitration Proceeding for the Settlement Insurance Policy for Heavy Rains in the Atacama Saltpeter Deposit</u>	197
Note 34	<u>Closure of the Pedro de Valdivia Site</u>	198
Note 35	<u>Effects on Premises after the Rain Storms in the Tocopilla Zone</u>	198
Note 36	<u>Events occurred after the reporting date</u>	198
36.1	<u>Authorization of the financial statements</u>	198
36.2	<u>Disclosures on events occurring after the reporting date</u>	199
36.3	<u>Detail of dividends declared after the reporting date</u>	199

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Classified Statements of Financial Position**

Assets	Note	As of June 30, 2016 ThUS\$ Unaudited	As of December 31, 2015 ThUS\$ Audited
Current assets			
Cash and cash equivalents	7.1	582,991	527,259
Other current financial assets	10.1	231,622	636,325
Other current non-financial assets	25	47,105	62,006
Trade and other receivables, current	10.2	307,203	302,225
Trade receivables due from related parties, current	9.5	77,327	99,907
Current inventories	8	1,017,854	1,003,846
Current tax assets	28.1	60,613	65,277
Total current assets		2,324,715	2,696,845
Non-current assets			
Other non-current financial assets	10.1	2,741	486
Other non-current non-financial assets	25	26,103	33,526
Trade receivables, non-current	10.2	1,250	1,050
Investments in associates	11.1	56,449	49,836
Investments in joint ventures	12.3	58,694	29,466
Intangible assets other than goodwill	13.1	108,970	110,428
Goodwill	13.1	38,088	38,388
Property, plant and equipment	14.1	1,621,593	1,683,576
Deferred tax assets	28.4	643	161
Total non-current assets		1,914,531	1,946,918
Total assets		4,239,246	4,643,762

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

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000



[www.sqm.com](http://www.sqm.com)

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Classified Statements of Financial Position, (continued)**

Liabilities and Equity	Note	As of June 30, 2016 ThUS\$  Unaudited	As of December 31, 2015 ThUS\$  Audited
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other current financial liabilities	10.4	242,699	402,030
Trade and other payables, current	10.5	129,232	136,840
Trade payables due to related parties, current	9.6	-	435
Other current provisions	18.1	33,150	28,141
Current tax liabilities	28.2	40,946	52,070
Provisions for employee benefits, current	15.1	7,980	13,445
Other current non-financial liabilities	18.3	116,555	69,966
<b>Total current liabilities</b>		<b>570,562</b>	<b>702,927</b>
<b>Non-current liabilities</b>			
Other non-current financial liabilities	10.4	1,097,220	1,290,203
Other non-current provisions	18.1	8,890	8,890
Deferred tax liabilities	28.4	219,481	219,391
Provisions for employee benefits, non-current	15.1	22,188	21,995
<b>Total non-current liabilities</b>		<b>1,347,779</b>	<b>1,540,479</b>
<b>Total liabilities</b>		<b>1,918,341</b>	<b>2,243,406</b>
<b>Equity</b>			
	17		
Share capital		477,386	477,386
Retained earnings		1,803,002	1,882,196
Other reserves		(19,521)	(19,797)
Equity attributable to owners of the Parent		2,260,867	2,339,785
Non-controlling interests		60,038	60,571
<b>Total equity</b>		<b>2,320,905</b>	<b>2,400,356</b>
<b>Total liabilities and equity</b>		<b>4,239,246</b>	<b>4,643,762</b>

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

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Statements of Income by Function**

		January to June		April to June	
	Note	2016	2015	2016	2015
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
			Unaudited		
Revenue	27.1	881,459	871,768	489,614	484,249
Cost of sales	27.2	(620,967)	(576,523)	(342,682)	(319,699)
Gross profit		260,492	295,245	146,932	164,550
Other income	27.3	5,662	7,291	1,638	2,413
Administrative expenses	27.4	(40,807 )	(44,547 )	(22,716 )	(23,382 )
Other expenses by function	27.5	(9,611 )	(25,216 )	(3,167 )	(10,336 )
Other gains (losses)	27.6	755	3,895	(432 )	3,502
Profit (loss) from operating activities		216,491	236,668	122,255	136,747
Finance income		6,617	6,012	2,309	2,662
Finance costs	22	(32,421 )	(34,973 )	(14,990 )	(18,038 )
Share of profit of associates and joint ventures accounted for using the equity method	11-12	10,596	6,843	4,852	3,284
Foreign currency translation differences	23	(1,594 )	(3,209 )	2,579	(12,918 )
Profit (loss) before taxes		199,689	211,341	117,005	111,737
Income tax expense, continuing operations	28.4	(57,291 )	(55,667 )	(33,255 )	(27,875 )
Profit (loss) from continuing operations		142,398	155,674	83,750	83,862
Profit for the year		142,398	155,674	83,750	83,862
Profit attributable to					
Owners of the Parent		141,613	154,904	83,087	83,219
Non-controlling interests		785	770	663	643
Profit for the year		142,398	155,674	83,750	83,862

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

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Statements of Income by Function, (continued)**

		January to June		April to June	
		2016	2015	2016	2015
	Note	US\$	US\$	US\$	US\$
		Unaudited			
Earnings per share					
Common shares					
Basic earnings per share (US\$ per share)	21	0.5381	0.5885	0.3157	0.3161
Basic earnings per share (US\$ per share) from continuing operations		0.5381	0.5885	0.3157	0.3161
Diluted common shares					
Diluted earnings per share (US\$ per share)	21	0.5381	0.5885	0.3157	0.3161
Diluted earnings per share (US\$ per share) from continuing operations		0.5381	0.5885	0.3157	0.3161

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

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Statements of Comprehensive Income**

Statements of comprehensive income	January to June		April to June	
	2016 ThUS\$	2015 ThUS\$	2016 ThUS\$	2015 ThUS\$
	Unaudited			
Profit for the year	142,398	155,674	83,750	83,862
Components of other comprehensive income before taxes and foreign currency translation differences				
Gain (loss) from foreign currency translation differences, before taxes	1,316	(4,306 )	(146 )	(1,144 )
Other comprehensive income before taxes and foreign currency translation differences	(1,316 )	(4,306 )	(146 )	(1,144 )
Cash flow hedges				
(Gain) loss from cash flow hedges before taxes	(359 )	1,217	2,635	(2,379 )
Other comprehensive income before taxes and cash flow hedges	(359 )	1,217	2,635	(2,379 )
Other comprehensive income before taxes and actuarial gains (losses) from defined benefit plans	(1,014 )	657	(1,013 )	675
Other components of other comprehensive income before taxes	(57 )	(2,432 )	1,476	(2,848 )
Income taxes associated with components of other comprehensive income				
Income taxes associated with cash flow hedges in other comprehensive income	148	(382 )	(617 )	433
Income taxes related to defined benefit plans in other comprehensive income	197	-	197	-
Income taxes associated with components of other comprehensive income	345	(382 )	(420 )	433
Other comprehensive income	288	(2,814 )	1,056	(2,415 )
Total comprehensive income	142,686	152,860	84,806	81,447
Comprehensive income attributable to				
Owners of the Parent	141,889	152,152	84,136	80,843
Non-controlling interests	797	708	670	604
Total comprehensive income	142,686	152,860	84,806	81,447

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

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)



**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Statements of Cash Flows**

Consolidated Statements of cash flows	06/30/2016 06/30/2015	
	Note	
	ThUS\$	ThUS\$
	Unaudited	
Cash flows from (used in) operating activities		
Types of receipts from operating activities		
Cash receipts from sales of goods and rendering of services	866,528	909,875
Cash receipts from premiums and benefits, annuities and other benefits from policies entered	1,295	-
Types of payments		
Cash payments to suppliers for the provision of goods and services	(473,072)	(534,958 )
Cash payments to and on behalf of employees	(91,575 )	(24,425 )
Other payments related to operating activities	(4,920 )	(5,393 )
Dividends received	2,167	4,697
Interest paid	(1,274 )	(32,443 )
Interest received	6,617	6,012
Reimbursed (paid) income taxes	(38,263 )	(40,369 )
Other incomes (outflows) of cash	(8,503 )	9,821
Net cash generated from (used in) operating activities	259,000	292,817
Cash flows from (used in) investing activities		
Other cash payments made to acquire interest in joint ventures	(25,000 )	(59 )
Proceeds from the sale of property, plant and equipment	575	221
Acquisition of property, plant and equipment	(64,399 )	(53,392 )
Proceeds from sales of intangible assets	1,706	3,283
Cash advances and loans granted to third parties	56	755
Other incomes (outflows) of cash (*)	395,846	(61,572 )
Net cash generated from (used in) investing activities	308,784	(110,764 )

(\* Includes other cash receipts (payments), investments and redemptions of time deposits and other financial instruments, which do not qualify as cash and cash equivalents in accordance with IAS 7.7 as they record a maturity date from their date of origin greater than 90 days.

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

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Statements of Cash Flows, (continued)**

	06/30/2016	06/30/2015
Note	ThUS\$	ThUS\$
Cash flows from (used in) financing activities		
Proceeds from short-term borrowings	60,000	80,000
Total proceeds from borrowings	60,000	80,000
Repayment of borrowings	(200,000)	(100,000 )
Dividends paid	(175,111)	(39,955 )
Other cash receipts (payments)	(200,000)	-
Net cash generated from (used in) financing activities	(515,111)	(59,955 )
Net increase (decrease) in cash and cash equivalents before the effect of changes in the exchange rate	52,673	122,099
Effects of exchange rate fluctuations on cash held	3,059	(3,716 )
Net (decrease) increase in cash and cash equivalents	55,732	118,382
Cash and cash equivalents at beginning of period	527,259	354,566
Cash and cash equivalents at end of period	582,991	472,948

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

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)



**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Statements of Changes in Equity**

2016	Share capital	Foreign currency translation difference reserves	Cash flow hedge reserves	Actuarial gains (losses) from defined benefit plans	Other miscellaneous reserves	Other reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Controlling Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Equity at beginning of the year	477,386	(14,035)	(1,699)	(2,386)	(1,677)	(19,797)	1,882,196	2,339,785	60,571	2,400,356
Profit for the year	-	-	-	-	-	-	141,613	141,613	785	142,398
Other comprehensive income	-	449	(211 )	(792 )	830	276	-	276	12	288
Comprehensive income	-	449	(211 )	(792 )	830	276	141,613	141,889	797	142,686
Dividends	-	-	-	-	-	-	(220,807 )	(220,807 )	(1,330 )	(222,137 )
Increase (decrease) in equity	-	449	(211 )	(792 )	830	276	(79,194 )	(78,918 )	(533 )	(79,451 )
<b>Equity as of June 30, 2016 (Unaudited)</b>	<b>477,386</b>	<b>(13,586)</b>	<b>(1,910)</b>	<b>(3,178)</b>	<b>(847 )</b>	<b>(19,521)</b>	<b>1,803,002</b>	<b>2,260,867</b>	<b>60,038</b>	<b>2,320,905</b>

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

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)



**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Statements of Changes in Equity**

2015	Share capital	Foreign currency translation difference reserves	Cash flow hedge reserves	Actuarial gains (losses) from defined benefit plans	Other miscellaneous reserves	Other reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controlling interests	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Equity at beginning of the year	477,386	(7,701 )	(1,881)	(1,903)	(1,677)	(13,162)	1,775,612	2,239,836	59,867	2,299,703
Profit for the year	-	-	-	-	-	-	154,904	154,904	770	155,674
Other comprehensive income	-	(4,244 )	993	499	-	(2,752 )	-	(2,752 )	(62 )	(2,814 )
Comprehensive income	-	(4,244 )	993	499	-	(2,752 )	154,904	152,152	708	152,860
Dividends	-	-	-	-	-	-	(77,452 )	(77,452 )	(986 )	(78,438 )
Increase (decrease) in equity	-	(4,244 )	993	499	-	(2,752 )	77,452	74,700	(278 )	74,422
Equity as of June 30, 2015 (Unaudited)	477,386	(11,945)	(888 )	(1,404)	(1,677)	(15,914)	1,853,064	2,314,536	59,589	2,374,125

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

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)





Notes to the Interim Consolidated Financial Statements As of June 30, 2016 ( Unaudited )

## Note 1 Identification and activities of the Company and Subsidiaries

### 1.1 Historical background

Sociedad Química y Minera de Chile S.A. "SQM" is an open stock corporation organized under the laws of the Republic of Chile, Tax Identification No.93.007.000-9.

The Company was incorporated through a public deed dated June 17, 1968 by the notary public of Santiago MR. Sergio Rodríguez Garcés. Its existence was approved by Decree No. 1,164 of June 22, 1968 of the Ministry of Finance, and it was registered on June 29, 1968 in the Registry of Commerce of Santiago, on page 4,537 No. 1,992. SQM's headquarters are located at El Trovador 4285, Fl. 6, Las Condes, Santiago, Chile. The Company's telephone number is +56 2 2425-2000.

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

### 1.2 Main domicile where the Company performs its production activities

The Company's main domiciles are: Calle Dos Sur plot No. 5 - Antofagasta; Arturo Prat 1060 - Tocopilla; Administración Building w/n - Maria Elena; Administración Building w/n Pedro de Valdivia - María Elena, Anibal Pinto 3228 - Antofagasta, Kilometer 1378 Ruta 5 Norte Highway - Antofagasta, Coya Sur Plant w/n - Maria Elena, kilometer 1760 Ruta 5 Norte Highway - Pozo Almonte, Salar de Atacama (Atacama Saltpeter deposit) potassium chloride plant s/n - San Pedro de Atacama, potassium sulfate plant at Salar de Atacama s/n – San Pedro de Atacama, Minsal Mining Camp s/n CL Plant CL, Potassium– San Pedro de Atacama, formerly the Iris Saltpeter office S/N, Commune of Pozo Almonte, Iquique.

### 1.3 Codes of main activities

The codes of the main activities as established by the Chilean Superintendence of Securities and Insurance are as follows:

-1700 (Mining)

-2200 (Chemical products)

-1300 (Investment)

#### 1.4 Description of the nature of operations and main activities

Our products are mainly derived from mineral deposits found in northern Chile. We mine and process caliche ore and brine deposits. The ore deposit in northern Chile contains nitrate and iodine deposits. The brine deposits of the Salar de Atacama, in northern Chile, contain high concentrations of lithium and potassium as well as significant concentrations of sulfate.

#### **SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Interim Consolidated Financial Statements As of June 30, 2016 ( Unaudited )

## **Note 1 Identification and Activities of the Company and Subsidiaries (continued)**

### **1.4 Description of the nature of operations and main activities, continued**

From our caliche ore deposits located in the north of Chile, we produce a wide range of nitrate-based products used for specialty plant nutrients and industrial applications, as well as iodine and iodine derivatives. At the Salar de Atacama, we extract brines rich in potassium, lithium and sulfate in order to produce potassium chloride, potassium sulfate, lithium solutions, and bischofite (magnesium chloride). We produce lithium carbonate and lithium hydroxide at our plant near the city of Antofagasta, Chile, from the solutions brought from the Salar de Atacama.

We sell our products in over 100 countries worldwide through our global distribution network and generate our revenue mainly from abroad.

Our products are divided into six categories: specialty plant nutrition, iodine and its derivatives, lithium and its derivatives, industrial chemicals, potassium and other products and services, described as follows:

**Specialty plant nutrition:** SQM produces and sells four types of specialty plant nutrition in this line of business: potassium nitrate, sodium nitrate, sodium potassium nitrate, and specialty mixes. This business is characterized by being closely related to its customers for which it has specialized staff who provide expert advisory in best practices for fertilization according to each type of crop, soil and climate. Within this type of business, potassium derivative products and specially potassium nitrate have had a leading role given the contribution they make to develop crops insuring an improvement in post-crop life in addition to improving quality, flavor and fruit color. The potassium nitrate, which is sold in multiple formats and as a part of other specialty mixtures, is complemented by sodium nitrate, potassium sodium nitrate, and more than 200 fertilizing mixtures.

**Iodine:** The Company is a major producer of iodine at worldwide level. Iodine is widely used in the pharmaceutical industry, technology and nutrition. Additionally, iodine is used as X ray contrast media and polarizing film for LCD displays.

**Lithium:** the Company's lithium is mainly used for manufacturing rechargeable batteries for cell phones, cameras and notebooks. Through the manufacturing of lithium-based products, SQM provides significant materials to face great challenges such as the efficient use of energy and raw materials. Lithium is mainly not used for rechargeable batteries

for small electrical appliances such as mobile phones, tablets and laptops. It is also used in industrial applications such as the manufacturing of glass, ceramics and lubricating greases. Other uses include the pharmaceutical and chemical industries.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Interim Consolidated Financial Statements As of June 30, 2016 ( Unaudited )

## Note 1 Identification and Activities of the Company and Subsidiaries (continued)

### 1.4 Description of the nature of operations and main activities, continued

**Industrial Chemicals:** Industrial chemicals are products used as supplies for a number of production processes. SQM participates in this line of business producing sodium nitrate, potassium nitrate and potassium chloride. Industrial nitrates have increased their importance over the last few years due to their use as storage means for thermal energy at solar energy plants, which are widely used in countries as Spain and the United States in their search for decreasing CO<sub>2</sub> emissions.

**Potassium:** The potassium is a primary essential macro-nutrient, and even though does not form part of the plant's structure, has a significant role for the developing of its basic functions, validating the quality of a crop, increasing post-crop life, improving the crop flavor, its amount in vitamins and its physical appearance. Within this business line, SQM has also potassium chlorate and potassium sulfate, both extracted from the salt layer located under the Salar de Atacama (the Atacama Saltpeter Deposit).

**Other products and services:** This business line includes revenue from commodities, services, interests, royalties and dividends.

### 1.5 Other background

#### Staff

As of June 30, 2016 and December 31, 2015, staff was detailed as follows:

	06/30/2016			12/31/2015		
	SQM	Other S.A. subsidiaries	Total	SQM	Other S.A. subsidiaries	Total
Employees						
Executives	29	75	104	26	71	97
Professionals	122	875	997	116	838	954
Technicians and operators	273	2,997	3,270	256	2,741	2,997

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Foreign employees	-	201	201	-	202	202
Overall total	424	4,148	4,572	398	3,852	4,250

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Interim Consolidated Financial Statements As of June 30, 2016 ( Unaudited )

**Note 1 Identification and Activities of the Company and subsidiaries (continued)****1.5 Other background, continued****Main shareholders**

The table below establishes certain information about the beneficial property of Series A and Series B shares of SQM as of June 30, 2016 and December 31, 2015. In respect to each shareholder which has interest of more than 5% of outstanding Series A or B shares. The information below is taken from our records and reports controlled in the Central Securities Depository and reported to the Superintendence of Securities and Insurance (SVS) and the Chilean Stock Exchange, whose main shareholders are as follows:

Shareholder as of June 30, 2016	No. of Series A with ownership	% of Series A shares	No. of Series B with ownership	% of Series B shares	% of total shares
The Bank of New York Mellon, ADRs	-	-	60,146,965	49.97	22.68 %
Sociedad de Inversiones Pampa Calichera S.A.(*)	44,892,374	31.43 %	7,007,688	5.82	19.72 %
Inversiones El Bolso Limitada	29,330,326	20.54 %	17,963,546	14.92	17.97 %
Inversiones RAC Chile Limitada	19,200,242	13.44 %	2,202,773	1.83	8.13 %
Potasios de Chile S.A.(*)	18,179,147	12.73 %	-	-	6.91 %
Inversiones PCS Chile Limitada	15,526,000	10.87 %	-	-	5.90 %
Banco de Chile on behalf of non-resident third parties	-	-	8,975,261	7.46	3.41 %
Inversiones Global Mining (Chile) Limitada (*)	8,798,539	6.16 %	-	-	3.34 %
Banco Itaú on behalf of investors	20,950	0.01 %	6,158,980	5.12	2.35 %
Inversiones La Esperanza Limitada	3,711,598	2.60 %	46,500	0.04	1.43 %

(\*) **Total Pampa Group 29.97%**

Shareholder as of December 31, 2015	No. of Series A with ownership	% of Series A shares	No. of Series B with ownership	% of Series B shares	% of total shares
The Bank of New York Mellon, ADRs	-	-	59,079,533	49.08	22.45 %
Sociedad de Inversiones Pampa Calichera S.A.(*)	44,880,793	31.43 %	7,007,688	5.82	19.72 %

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Inversiones El Boldo Limitada	29,330,326	20.54	%	17,963,546	14.92	%	17.97	%
Inversiones RAC Chile Limitada	19,200,242	13.44	%	2,202,773	1.83	%	8.13	%
Potasios de Chile S.A.(*)	18,179,147	12.73	%	-	-		6.91	%
Inversiones PCS Chile Limitada	15,526,000	10.87	%	-	-		5.90	%
Inversiones Global Mining (Chile) Limitada (*)	-	-		9,055,272	7.52	%	3.44	%
Banco de Chile on behalf of non-resident third parties	8,798,539	6.16	%	-	-		3.34	%
Banco Itaú on behalf of investors	20,950	0.01	%	5,679,753	4.72	%	2.27	%
Inversiones La Esperanza Limitada	3,711,598	2.60	%	46,500	0.04		1.43	%

**(\*) Total Pampa Group 29.97%**

On June 30, 2016 the total number of shareholders had risen to 1,208.

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)



Notes to the Interim Consolidated Financial Statements As of June 30, 2016 ( Unaudited )

Note 2 Basis of presentation for the consolidated financial statements

### 2.1 Accounting period

These consolidated financial statements cover the following periods:

-Consolidated Statements of Financial Position for the periods ended June 30, 2016 and December 31, 2015.

-Consolidated Statements of Changes in Equity for the periods ended June 30, 2016 and 2015.

-Consolidated Statements of Comprehensive Income for the periods between January and June 30, 2016 and 2015.

-Statements of Direct-Method Cash Flows for the periods ended June 30, 2016 and 2015.

### 2.2 Financial statements

The consolidated financial statements of Sociedad Química y Minera de Chile S.A. and its Subsidiaries were prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) and represent the full, explicit and unreserved adoption of International Financial Reporting Standards as issued by the International Accounting Standards Board (hereinafter the “IASB”).

These consolidated financial statements fairly reflect the equity and financial position of the Company and the results of its operations, changes in statement of income recognized and cash flows occurring during the periods then ended.

IFRS establish certain alternatives for their application. Those applied by the Company are detailed in this Note.

On October 17, 2014, the Chilean Superintendence of Securities and Insurance issued Official Communication No. 856 providing instructions for inspected entities to recognize in 2014 against equity differences in deferred tax assets and liabilities resulting directly from the increase in the corporate income introduced by Law No. 20.780. Such

accounting treatment differs from that provided by International Accounting Standard 12 (IAS 12) and, accordingly, represented a change in the accounting framework for the preparation and presentation of financial information that had been adopted through such date.

Considering that indicated in the preceding paragraph, this represented a specific and temporary departure from the IFRS, starting from 2014 and in conformity with that established in paragraph 4<sup>a</sup> of IFRS 1, the Company has decided to retrospectively apply such standards (in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”) as if had never ceased their application.

Because of that indicated in the preceding paragraph it does not amend any of the accounts disclosed in the statements of financial position as of June 30, 2016 and 2015, in conformity with that indicated in paragraph 4<sup>a</sup> of IAS 1 “Presentation of Financial Statements”, the presentation of the statement of financial position as of January 1, 2015 (third column) is not necessary.

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Interim Consolidated Financial Statements As of June 30, 2016 ( Unaudited )

**Note 2 Basis of presentation for the consolidated financial (continued)**

**2.2 Financial statements, continued**

The accounting policies used for the preparation of the annual consolidated accounts comply with all IFRS in issue at the reporting date.

As explained in Note 28.4, on September 29, 2014, Law No. 20.780 was enacted, which introduces amendments to the income tax system in Chile and addresses other tax matters. On October 17, 2014, the Chilean Superintendence of Securities and Insurance (SVS) issued Circular No. 856, which establishes that the effects of changes in income tax rates on deferred tax assets and liabilities must be recognized directly in “Retained earnings” in equity instead of the statement of income, which is different from that required by IAS 12.

**Note 2 Basis of presentation for the consolidated financial statements (continued)**

**2.3 Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Inventories are recorded at the lower of cost and net realizable value.
- Other current and non-current asset and financial liabilities at amortized cost.
- Financial derivatives at fair value; and
- Staff severance indemnities and pension commitments at actuarial value.

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)



Notes to the Interim Consolidated Financial Statements As of June 30, 2016 ( Unaudited )

**Note 2 Basis of presentation for the consolidated financial statements (continued)**

2.4 Accounting pronouncements

**New accounting pronouncements**

a) The following standards, interpretations and amendments are mandatory for the first time for annual periods beginning on January 1, 2016:

<i>Amendments and improvements</i>	Mandatory for annual periods beginning on
Amendment to <i>IFRS 11 “Joint Arrangements”</i> – on the acquisition of interest in a joint operation – Issued in May 2014. This amendment includes guidance related to the method for accounting for an acquisition of an interest in a joint operation in which the activity constitutes a business, specifying the proper treatment for such acquisitions.	01/01/2016
Amendment to <i>IAS 16 “Property, Plant and Equipment”</i> and <i>IAS 38 “Intangible Assets”</i> on depreciation and amortization – Issued in May 2014. The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate because revenue generated by such an activity in general reflects other factors other than the use of the economic benefits embedded in the asset or item of property, plant and equipment. Accordingly, a rebuttable presumption exists that a revenue-based depreciation or amortization method is inappropriate.	01/01/2016
Amendment to <i>IAS 27 “Separate Financial Statements”</i> on the equity method – Issued in August 2014. This amendment allows entities to use the equity method of accounting for the recognition of investments in subsidiaries, joint ventures and associates in their separate financial statements.	01/01/2016
Amendment to <i>IFRS 10 “Consolidated Financial Statements”</i> and <i>IAS 28 “Investments in Associates and Joint Ventures”</i> . Issued in September 2014. This amendment addresses an inconsistency between the requirements of IFRS 10 and IAS 28 for the treatment of a sale or contribution of assets between an investor and its associate or joint venture. The main consequence of this amendment is the recognition of a full gain or loss when the transaction involves a business (whether or not in a subsidiary) and a partial gain or loss when the transaction involves assets that are not a business, even if such assets are in a subsidiary.	01/01/2016

Amendment to IAS 1 “Presentation of Financial Statements.” Issued in December 2014. This amendment clarifies the application guidance of IAS 1 on materiality and aggregation, presentation of subtotals, structure of the financial statements and disclosure of accounting policies. The amendments are part of the IASB’s Initiative on Disclosures.

01/01/2016

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Interim Consolidated Financial Statements As of June 30, 2016 ( Unaudited )

**Note 2 Basis of presentation for the consolidated financial statements (continued)**

**2.4 Accounting Pronouncements, continued**

*Improvements to International Financial Reporting Standards (2014) issued in September 2014* Mandatory for annual periods beginning on

*IFRS 7 "Financial Instruments: Disclosures"* It establishes two amendments to IFRS 7: (1) Service contracts: if a Company transfers a financial asset to a third party under conditions that allow the assigner to dispose of the asset, IFRS 7 requires the disclosure of any type of continued involvement that the entity may still have on transferred assets. IFRS 7 provides guidance on what is understood as continued involvement within this context. The amendment is prospective with the option of applying it retrospectively. This also affects IFRS 1 to provide the same option to the first-time adopters of IFRS 1; (2) Interim Financial Statements: The amendment clarifies that the additional disclosure required by amendments to IFRS 7 "Offsetting Financial Assets and Financial Liabilities" is not specifically required for all interim periods, unless required by IAS 34. The amendment is retrospective. 01/01/2016

*IAS 19, "Employee Benefits"* – This amendment clarifies that in order to determine the discount rate for post-employment benefit obligations, the important aspect is the currency in which liabilities are denominated, not the country where they generate. The evaluation of whether a deep market exists for high-quality corporate bonds is based on corporate bonds in such currency, not in corporate bonds of a particular country. Likewise, where there is no deep market for high-quality corporate bonuses in such currency, government bonds in the related currency have to be used. Such amendment is retrospective but limited at the beginning of the first period presented. 01/01/2016

*IAS 34, "Interim Financial Reporting"* – This amendment clarifies the meaning of disclosure of information ‘elsewhere in the interim financial report’ and amends IAS 34 to require the inclusion of a cross-reference from the interim financial statements to the location of the information. This amendment is retrospective. 01/01/2016

The adoption of the standards, amendments and interpretations indicated above has no significant impact on the Company’s consolidated financial statements.

**SQM S.A.**  
 El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

25



Notes to the Interim Consolidated Financial Statements As of June 30, 2016 ( Unaudited )

**Note 2 Basis of presentation for the consolidated financial statements (continued)**

**2.4 Accounting Pronouncements, continued**

b) Standards, interpretations and amendments issued, not effective for the financial statements beginning on January 1, 2016, which the Company has not adopted early are as follows:

*Standards and Interpretations*

Mandatory for annual periods beginning on

*IFRS 9 “Financial Instruments”* – Issued in July 2014. The IASB has issued the full version of IFRS 9, which supersedes the application guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and financial liabilities and an expected credit losses model that replaces the incurred loss impairment model used today. The final hedging accounting part of IFRS 9 was issued in November 2013. Early adoption is permitted. 01/01/2018

*IFRS 15 “Revenue from Contracts with Customers”* – Issued in May 2014. This standard establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. For such purposes, the basic principle is that an entity will recognize revenue representing the transfer of goods or services to customers in an amount that reflects the consideration that the entity expects to receive in exchange for such goods or services. The application of this standard will replace IAS 11 Construction Contracts and IAS 18 Revenue, as well as IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue-Barter Transactions Involving Advertising Services. Early application is permitted. 01/01/2018

*IFRS 16 “Leases”* – issued in January 2016 establishes the principle for the recognition, measurement, presentation and disclosure of leases. IFRS 16 supersedes the current IAS 17 and introduces a single model for accounting recognition for lessees and requires a lessee to recognize the assets and liabilities of all lease contracts over a term of more than 12 months, unless the underlying asset has a low value. The objective is ensuring that lessees and lessors provide relevant information that fairly represents transactions conducted. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, early adoption is permitted for entities applying IFRS 15 or prior to the date of initial application of IFRS 16. 01/01/2019

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Interim Consolidated Financial Statements As of June 30, 2016 ( Unaudited )

**Note 2 Basis of presentation for the consolidated financial statements (continued)**

**2.4 Accounting Pronouncements, continued**

<i>Amendments and improvements</i>	Mandatory for annual periods beginning on
Amendment to IAS 7 “ <i>Statement of Cash Flows.</i> ” – Issued in February 2016. This amendment introduces additional disclosures allowing users of financial statements to assess changes in obligations from financing activities.	01/01/2017
Amendment to IAS 12 “ <i>Income Taxes.</i> ” - Issued in February 2016. This amendment clarifies how to account for deferred tax assets related to debt securities measured at fair value.	01/01/2017

The Company's management is in the process of assessing the impacts on the consolidated financial statements of the adoption of IFRS 9, IFRS 15 and IFRS 16. However, for the remaining standards, amendments and interpretations described above, it believes they will not have any significant impact for the initial application period.

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 2 Basis of presentation for the consolidated financial statements (continued)**

2.5 Basis of consolidation

**(a) Subsidiaries**

Relate to all the entities on which Sociedad Química y Minera de Chile S.A. has control when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those variable returns through its power over the entity. Subsidiaries apply the same accounting policies of their Parent.

To account for the acquisition, the Company uses the acquisition method. Under this method the acquisition cost is the fair value of assets delivered, equity securities issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingencies assumed in a business combination are measured initially at fair value at the acquisition date. For each business combination, the Company will measure non-controlling interest of the acquiree either at fair value or as proportional share of net identifiable assets of the acquiree.

**Companies included in consolidation:**

TAX ID No	Foreign subsidiaries	Country of origin	Functional currency	Ownership interest			12/31/2015 Total
				06/30/2016 Direct	Indirect	Total	
Foreign	Nitratos Naturais Do Chile Ltda.	Brazil	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Nitrate Corporation Of Chile Ltd.	United Kingdom	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM North America Corp.	USA	US\$	40.0000	60.0000	100.0000	100.0000
Foreign	SQM Europe N.V.	Belgium	US\$	0.5800	99.4200	100.0000	100.0000
Foreign	Soquimich S.R.L. Argentina	Argentina	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Soquimich European Holding B.V.	Netherlands	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Corporation N.V.	Netherlands	US\$	0.0002	99.9998	100.0000	100.0000
Foreign	SQI Corporation N.V.	Netherlands	US\$	0.0159	99.9841	100.0000	100.0000

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Foreign	SQM Comercial De México S.A. de C.V.	Mexico	US\$	0.0100	99.9900	100.0000	100.0000
Foreign	North American Trading Company	USA	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Administración y Servicios Santiago S.A. de C.V.	Mexico	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Peru S.A.	Peru	US\$	0.9800	99.0200	100.0000	100.0000
Foreign	SQM Ecuador S.A.	Ecuador	US\$	0.0040	99.9960	100.0000	100.0000
Foreign	SQM Nitratos Mexico S.A. de C.V.	Mexico	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQMC Holding Corporation L.L.P.	USA.	US\$	0.1000	99.9000	100.0000	100.0000
Foreign	SQM Investment Corporation N.V.	Netherlands	US\$	1.0000	99.0000	100.0000	100.0000
Foreign	SQM Brasil Limitada	Brazil	US\$	1.0900	98.9100	100.0000	100.0000
Foreign	SQM France S.A.	France	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Japan Co. Ltd.	Japan	US\$	1.0000	99.0000	100.0000	100.0000
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	US\$	1.6700	98.3300	100.0000	100.0000
Foreign	SQM Oceania Pty Limited	Australia	US\$	0.0000	100.0000	100.0000	100.0000

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 2 Basis of presentation for the consolidated financial statements (continued)****2.5 Basis of consolidation, continued**

TAX ID No.	Foreign subsidiaries	Country of origin	Functional currency	Ownership interest			12/31/2015 Total
				06/30/2016		Total	
				Direct	Indirect	Total	Total
Foreign	Rs Agro-Chemical Trading Corporation A.V.V.	Aruba	US\$	98.3333	1.6667	100.0000	100.0000
Foreign	SQM Indonesia S.A.	Indonesia	US\$	0.0000	80.0000	80.0000	80.0000
Foreign	SQM Virginia L.L.C.	USA	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Italia SRL	Italy	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	Comercial Caimán Internacional S.A.	Panama	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Africa Pty.	South Africa	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Lithium Specialties LLC	USA	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Iberian S.A.	Spain	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Agro India Pvt. Ltd.	India	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Beijing Commercial Co. Ltd.	China	US\$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Thailand Limited	Thailand	US\$	0.0000	99.996	99.996	99.996
Foreign	SQM Vitas Spain	Spain	Euro	0.0000	100.0000	100.0000	-

  

TAX ID No.	Domestic subsidiaries	Country of origin	Functional currency	Ownership interest			12/31/2015 Total
				06/30/2016		Total	
				Direct	Indirect	Total	Total
96.801.610-5	Comercial Hydro S.A.	Chile	US\$	0.0000	60.6383	60.6383	60.6383
96.651.060-9	SQM Potasio S.A.	Chile	US\$	99.9999	0.0000	99.9999	99.9999
96.592.190-7	SQM Nitratos S.A.	Chile	US\$	99.9999	0.0001	100.0000	100.0000
96.592.180-K	Ajay SQM Chile S.A.	Chile	US\$	51.0000	0.0000	51.0000	51.0000
86.630.200-6	SQMC Internacional Ltda.	Chile	Ch\$	0.0000	60.6381	60.6381	60.6381
79.947.100-0	SQM Industrial S.A.	Chile	US\$	99.0470	0.9530	100.0000	100.0000
79.906.120-1	Isapre Norte Grande Ltda.	Chile	Ch\$	1.0000	99.0000	100.0000	100.0000

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

79.876.080-7	Almacenes y Depósitos Ltda.	Chile	Ch\$	1.0000	99.0000	100.0000	100.0000
79.770.780-5	Servicios Integrales de Tránsitos y Transferencias S.A.	Chile	US\$	0.0003	99.9997	100.0000	100.0000
79.768.170-9	Soquimich Comercial S.A.	Chile	US\$	0.0000	60.6383	60.6383	60.6383
79.626.800-K	SQM Salar S.A.	Chile	US\$	18.1800	81.8200	100.0000	100.0000
78.053.910-0	Proinsa Ltda.	Chile	Ch\$	0.0000	60.5800	60.5800	60.5800
76.534.490-5	Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	Chile	Ch\$	0.0000	100.0000	100.0000	100.0000
76.425.380-9	Exploraciones Mineras S.A.	Chile	US\$	0.2691	99.7309	100.0000	100.0000
76.064.419-6	Comercial Agrorama Ltda. (a)	Chile	Ch\$	0.0000	42.4468	42.4468	42.4468
76.145.229-0	Agrorama S.A.	Chile	Ch\$	0.0000	60.6377	60.6377	60.6377
76.359.919-1	Orcoma Estudios SPA	Chile	US\$	51.0000	-	51.0000	51.0000
76.360.575-2	Orcoma SPA	Chile	US\$	100.0000	-	100.0000	100.0000

(a) The Company consolidated Comercial Agrorama Ltda. as it has the control of this company's relevant activities.

Subsidiaries are consolidated using the line-by-line method, adding the items that represent assets, liabilities, revenues, and expenses of similar content, and eliminating those related to intragroup transactions.

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 2 Basis of presentation for the consolidated financial statements (continued)**

**2.5 Basis of consolidation, continued**

Profit or loss of depending companies acquired or disposed of during the year are included in profit or loss accounts consolidated from the date control is transferred to the Group, or up to the date control is lost, as applicable.

Non-controlling interest represents the equity of a subsidiary not directly or indirectly attributable to the Parent.

**2.6 Significant accounting judgments, estimates and assumptions**

Management of Sociedad Química y Minera de Chile S.A. and its subsidiaries is responsible for the information contained in these consolidated financial statements, which expressly indicate that all the principles and criteria included in IFRSs, as issued by the International Accounting Standards Board (IASB), have been applied in full.

In preparing the consolidated financial statements of Sociedad Química y Minera de Chile S.A. and its subsidiaries, Management has made judgments and estimates to quantify certain assets, liabilities, revenues, expenses and commitments included therein. Basically, these estimates refer to:

-The useful lives of property, plant and equipment, and intangible assets and their residual value;

-Impairment losses of certain assets, including trade receivables;

- Assumptions used in calculating the actuarial amount of pension-related and severance indemnity payment benefit commitments;

-Provisions for commitments assumed with third parties and contingent liabilities;

-



Provisions on the basis of technical studies that cover the different variables affecting products in stock (density and moist, among others), and allowance for slow-moving spare-parts in stock;

-Future cost for closure of mining sites;

-The determination of the fair value of certain financial assets and derivative instruments;

-The determination and assignment of fair values in business combinations.

Despite the fact that these estimates have been made on the basis of the best information available on the date of preparation of these consolidated financial statements, certain events may occur in the future and oblige their amendment (upwards or downwards) over the next few years, which would be made prospectively, recognizing the effects of the change in estimates in the related future consolidated financial statements.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies**

3.1 Classification of balances as current and non-current

In the attached consolidated statement of financial position, balances are classified in consideration of their remaining recovery (maturity) dates; i.e., those maturing on a date equal to or lower than twelve months are classified as current and those with maturity dates exceeding the aforementioned period are classified as non-current.

The exception to the foregoing relates to deferred taxes, which are classified as non-current, regardless of the maturity they have.

3.2 Functional and presentation currency

The Company's consolidated financial statements are presented in United States dollars ("U.S. dollars" or "US\$"), which is the Company's functional and presentation currency and is the currency of the main economic environment in which it operates.

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

The consolidated financial statements are presented in thousands of United States dollars without decimals.

3.3 Foreign currency translation

**(a) Group entities:**

The revenue, expenses, assets and liabilities of all entities that have a functional currency other than the presentation currency are converted to the presentation currency as follows:

- Assets and liabilities are converted at the closing exchange rate prevailing on the reporting date.

- Revenues and expenses of each profit or loss account are converted at monthly average exchange rates.

All resulting foreign currency translation gains and losses are recognized as a separate component in translation reserves.

In consolidation, foreign currency differences arising from the translation of a net investment in foreign entities are recorded in equity (other reserves). At the date of disposal, such foreign currency translation differences are recognized in the statement of income as part of the gain or loss from the sale.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

**3.3 Foreign currency translation, continued**

The main exchange rates used to translate monetary assets and liabilities, expressed in foreign currency at the end of each period in respect to U.S. dollars, are as follows:

	06/30/2016	12/31/2015
	US\$	US\$
Brazilian real	3,20	3.90
New Peruvian sol	3,29	3.41
Argentine peso	14,20	12.90
Japanese yen	102,91	120.61
Euro	1,11	0.92
Mexican peso	18,55	17.34
Australian dollar	0,74	0.73
Pound Sterling	1,34	0.67
South African rand	14,70	15.61
Ecuadorian dollar	1,00	1.00
Chilean peso	661,37	710.16
UF	39,39	36.09

**(b) Transactions and balances**

Non-monetary transactions in currencies other than the functional currency (U.S. dollar) foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. All differences are recorded in the statement of income except for all monetary item that provide effective hedge for a net investment in a foreign operation. These items are recognized in other comprehensive income on the disposal of the investment; at the time they are recognized in the statement of income. Charges and credits attributable to foreign currency translation differences on those hedge monetary item are also recognize in other comprehensive income.

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are retranslated to the functional currency at the historical exchange rate of the transaction. Non-monetary items that are measured based on

fair value in a foreign currency are translated using the exchange rate at the date on which the fair value is determined.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

3.4 Subsidiaries

SQM S.A. establishes, as basis, the control exercised in subsidiaries, to determine their share in the consolidated financial statements. Control consists of the Company's ability to exercise power in the subsidiary, exposure, or right, to variable performance from its share in the investee and the ability to use its power on the investee to have an influence on the amount of the investor's performance.

The Company prepares the consolidated financial statements using consistent accounting policies for the entire Group, the consolidation of a subsidiary commences when the Company has control over the subsidiary and stops when control ceases.

3.5 Consolidated statement of cash flows

Cash equivalents correspond to highly-liquid short-term investments that are easily convertible in known amounts of cash. They are subject to insignificant risk of changes in their value and mature in less than three months from the date of acquisition of the instrument.

For purposes of the statement of cash flows, cash and cash equivalents comprise cash and cash equivalents as defined above.

The statement of cash flows includes movements in cash performed during the year, determined using the direct method.

3.6 Financial assets

Management determines the classification of its financial assets at the time of initial recognition, on the basis of the business model for the management of financial assets and the characteristics of contractual cash flows from the financial assets. In accordance with IAS 39, financial assets are measured initially at fair value plus transaction costs

that may have been incurred and are directly attributable to the acquisition of the financial asset. Subsequently, financial assets are measured at amortized cost or fair value.

The Company assesses, at each reporting date, whether there is objective evidence that an asset or group of assets is impaired. An asset or group of financial assets is impaired if and only if there is evidence of impairment as a result of one or more events occurring after the initial recognition of the asset or group of assets. For the recognition of impairment, the loss event has to have an impact on the estimate of future cash flows from the asset or groups of financial assets.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

3.7 Financial liabilities

Management determines the classification of its financial liabilities at the time of initial recognition. As established in IAS 39, financial liabilities at the time of initial recognition are measured at fair value, less transaction costs that may have been incurred and are directly attributable to the issue of the financial liability. Subsequently, these are measured at amortized cost using the effective interest method. For financial liabilities that have been initially recognized at fair value through profit or loss, these will be measured subsequently at fair value.

3.8 Financial instruments at fair value through profit or loss

Management will irrevocably determine, at the time of initial recognition, the designation of a financial instrument at fair value through profit or loss. By doing so, this eliminates and/or significantly reduces measurement or recognition inconsistency that would otherwise have arisen from the measurement of assets or liabilities or from the recognition of gains and losses from them on different bases.

3.9 Financial instrument offsetting

The Company offsets an asset and liability if and only if it presently has a legally enforceable right of setting off the amounts recognized and has the intent of settling for the net amount of realizing the asset and settling the liability simultaneously.

3.10 Reclassification of financial instruments

At the time when the Company changes its business model for managing financial assets, it will reclassify the financial assets affected by the new business model.

For financial liabilities these could not be reclassified.



### 3.11 Derivative and hedging financial instruments

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

- (a) Fair value hedge of assets and liabilities recognized (fair value hedges);
- (b) Hedging of a single risk associated with an asset or liability recognized or a highly possible foreseen transaction (cash flow hedge).

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

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

**3.11 Derivative and hedging financial instruments, continued**

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

The fair value of derivative instruments used for hedging purposes is shown in Note 10.3 (hedging assets and liabilities). Changes in the cash flow hedge reserve are classified as a non-current asset or liability if the remaining expiration period of the hedged item is higher than 12 months, and as a current asset or liability if the remaining expiration period of the entry is lower than 12 months.

Derivatives that are not designated or do not qualify as hedging derivatives are classified as current assets or liabilities, and changes in the fair value are directly recognized through profit or loss.

*(a) Fair value hedge*

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

For fair value hedges related to items recorded at amortized cost, the adjustment of the fair value is amortized against profit or loss during the period, through maturity. Any adjustment to the carrying value of a hedged financial instrument, for which the effective rate is used, is amortized with a debit or credit to profit or loss at its fair value, attributable to the risk being covered.

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

*(b) Cash flow hedges*

The effective portion of gains or losses from the hedge instrument is initially recognized with a debit or credit to other comprehensive income, whereas any ineffective portion is immediately recognized with a debit or credit to profit or loss, as applicable.

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

Should the expected firm transaction or commitment no longer be expected to occur, the amounts previously recognized in equity are transferred to profit or loss. If a hedge instrument expires, is sold, finished, or exercised without any replacement, or if a rollover is performed or if its designation as hedging is revoked, the amounts previously recognized in other reserves are maintained in equity until the expected firm transaction or commitment occurs.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

3.12 Derecognition of financial instruments

In accordance with IAS 39, the Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred; and the control of the financial assets has not been retained.

The Company derecognizes a financial liability when its contractual obligations or a part of these are discharged, paying to the creditor or its legally extinguished entity the primary responsibility for the liability.

3.13 Derivative financial instruments

The Company maintains derivative financial instruments to hedge its exposure to foreign currencies. Derivative financial instruments are recognized initially at fair value; attributable transaction costs are recognized when incurred. Subsequent to initial recognition, changes in fair value of such derivatives are recognized in profit or loss as part of gains and losses.

The Company permanently assesses the existence of embedded derivatives, both in its contracts and financial instruments. As of June 30, 2016 and December 31, 2015, there are no embedded derivatives.

3.14 Fair value measurements

From the initial recognition, the Company measures its assets and liabilities at fair value plus or minus transaction costs incurred that are directly attributable to the acquisition of a financial asset or issuance of a financial liability.

3.15 Leases

*(a) Lease - Finance lease*

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

Each lease payment is distributed between the liability and the interest expenses to obtain ongoing interest on the pending balance of debt. The respective lease obligations, net of interest expense, are included in other non-current liabilities. The interest element of finance cost is debited in the consolidated statement of income during the lease period so that a regular ongoing interest rate is obtained on the remaining balance of the liability for each year.

*(b) Lease – Operating lease*

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

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

3.16 Deferred acquisition costs from insurance contracts

Acquisition costs from insurance contracts are classified as prepayments and correspond to insurance contracts in force, recognized using the straight-line method and on an accrual basis, and are recognized under other non-financial assets.

3.17 Trade and other receivables

Trade and other receivables relate to non-derivative financial assets with fixed and determinable payments and are not quoted in any active market. These arise from sales operations involving the products and/or services, of which the Company commercializes directly to its customers.

These assets are initially recognized at their fair value and subsequently at amortized cost according to the effective interest rate method, less a provision for impairment loss. An allowance for impairment loss is established for trade receivables when there is objective evidence that the Company will not be able to collect all the amounts which are owed to it, according to the original terms of receivables.

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

3.18 Inventory measurement

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

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

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

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

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

**3.18 Inventory measurement, continued**

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

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

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

**3.19 Investments in associates and joint ventures**

Interests in companies on which joint control is exercised (joint venture) or where an entity has significant influence (associates) are recognized using the equity method of accounting. Significant influence is presumed to exist when interest greater than 20% is held in the capital of an investee.

Under this method, the investment is recognized in the statement of financial position at cost plus changes, subsequent to the acquisition, and considering the proportional share in the equity of the associate. For such purposes, the interest percentage in the ownership of the associate is used. The associated goodwill acquired is included in the carrying amount of the investee and is not amortized. The debit or credit to profit or loss reflects the proportional share in the profit or loss of the associate.

Unrealized gains for transactions with affiliates or associates are eliminated considering the interest percentage the Company has on such entities. Unrealized losses are also eliminated, except if the transaction provides evidence of impairment loss of the transferred asset.



Changes in the equity of associates are recognized considering the proportional amounts with a charge or credit to “Other reserves” and classified considering their origin.

Reporting dates of the associate, the Company and related policies are similar for equivalent transactions and events under similar circumstances.

In the event that the significant influence is lost or the investment is sold or is held as available for sale, the equity method is discontinued, suspending the recognition of proportional share of profit or loss.

If the resulting amount according to the equity method is negative, the share of profit or loss is reflected at zero value in the consolidated financial statements, unless a commitment exists by the Company to reinstate the Company’s equity position, in which case the related provision for risks and expenses is recorded.

Dividends received by these companies are recorded by reducing the equity value, and the proportional share of profit or loss recognized in conformity with the share of equity are included in the consolidated profit or loss accounts in the caption “Equity share of profit (loss) of associates and joint ventures that are accounted for using the equity method of accounting”.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

3.20 Transactions with non-controlling interests

Non-controlling interests are recorded in the consolidated statement of financial position within equity separate from equity attributable to the owners of the Parent.

3.21 Related party transactions

Transactions between the Company and its subsidiaries are part of the Company's normal operations within its scope of business activities. Conditions for such transactions are those normally effective for those types of operations with regard to terms and market prices. Also, these transactions have been eliminated in consolidation. Expiration conditions for each case vary by virtue of the originating transaction.

3.22 Property, plant and equipment

Tangible property, plant and equipment assets are stated at acquisition cost, net of the related accumulated depreciation, amortization and impairment losses that they might have experienced.

In addition to the price paid for the acquisition of tangible property, plant and equipment, the Company has considered the following concepts as part of the acquisition cost, as applicable:

1. Accrued interest expenses during the construction period which are directly attributable to the acquisition, construction or production of qualifying assets, which are those that require a substantial period prior to being ready for use. The interest rate used is that related to the project's specific financing or, should this not exist, the average financing rate of the investor company.
2. The future costs that the Company will have to experience, related to the closure of its facilities at the end of their useful life, are included at the present value of disbursements expected to be required to settle the obligation.

Construction-in-progress is transferred to property, plant and equipment in operation once the assets are available for use and the related depreciation and amortization begins on that date.

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

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

**3.22 Property, plant and equipment, continued**

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

Gains or losses which are generated from the sale or disposal of property, plant and equipment are recognized as income (or loss) in the period, and calculated as the difference between the asset's sales value and its net carrying value.

Costs derived from daily maintenance of property, plant and equipment are recognized when incurred.

**3.23 Depreciation of property, plant and equipment**

Property, plant and equipment are depreciated through the straight-line distribution of cost over the estimated technical useful life of the asset which is the period in which the Company expects to use the asset. When components of one item of property, plant and equipment have different useful lives, they are recorded as separate assets. Useful lives are reviewed on an annual basis.

In the case of mobile equipment depreciation is performed depending on the hours of operation

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

Types of property, plant and equipment	Minimum life or rate	maximum life or rate
Buildings	2	40
Machinery	2	25

Transport equipment	3	30
Furniture and fixtures	2	18
Office equipment	1	20
Production plants	1	25
Mining assets	2	20
Other property, plant and equipment	1	30

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

3.24 Goodwill

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

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

3.25 Intangible assets other than goodwill

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

*(a) Water rights*

Water rights acquired by the Company relate to water from natural sources and are recorded at acquisition cost. Given that these assets represent legal rights granted in perpetuity to the Company, they are not amortized, but are subject to annual impairment tests.

*(b) Right of way for electric lines*

As required for the operation of industrial plants, the Company has paid rights of way in order to install wires for the different electric lines in third party land. These rights are presented under intangible assets. Amounts paid are capitalized at the date of the agreement and charged to income, according to the life of the right of way.

*(c) Computer software*

Licenses for IT programs acquired are capitalized based on costs that have been incurred to acquire them and prepare them to use the specific program. These costs are amortized over their estimated useful lives.

Expenses related to the development or maintenance of IT programs are recognized as an expense as and when incurred. Costs directly related to the production of unique and identifiable IT programs controlled by the Group, and which will probably generate economic benefits that are higher than costs during more than a year, are recognized as intangible assets. Direct costs include expenses of employees that develop information technology software and general expenses in accordance with corporate charges received.

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

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

**3.25 Intangible assets other than goodwill, continued**

*(d) Mining property and concession rights*

The Company holds mining property and concession rights from the Chilean Government. Property rights are usually obtained with no initial cost (other than the payment of mining patents and minor recording expenses) and upon obtaining rights on these concessions, these are retained by the Company while annual patents are paid. Such patents, which are paid annually, are recorded as prepaid assets and amortized over the following twelve months. Amounts attributable to mining concessions acquired from third parties that are not from the Chilean Government are recorded at acquisition cost within intangible assets.

No impairment of intangible assets exists as of June 30, 2016 and December 31, 2015.

**3.26 Research and development expenses**

Research and development expenses are charged to profit or loss in the period in which the disbursement was made.

**3.27 Prospecting expenses**

The Company has mining property and concession rights from the Chilean Government and acquired from third parties other than the Chilean Government, destined to the exploitation of caliche ore and saltpeter deposits and also the exploration of this type of deposits.

Upon obtaining these rights, the Company initially records disbursements directly associated with the exploration and evaluation of deposits (associated with small deposits with trading feasibility) as asset at cost. Such disbursements include the following concepts:



- Disbursements for geological reconnaissance evaluation
  
- Disbursements for drilling
  
- Disbursements for drilling work and sampling
  
- Disbursements for activities related to technical assessment and trading feasibility of drilling work
  
- And any disbursement directly related to specific projects where its objective is finding mining resources.

Subsequently, the Company distinguishes exploration and evaluation projects according to the economic feasibility of the mineral extracted in the area or exploration, among those that finally will deliver future benefits to the Company (profitable projects) and those projects for which it is not probable that economic benefit will flow to the Company in the future (i.e., when the mine site has low ore grade and its exploitation is not economically profitable).

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

**3.27 Prospecting expenses, continued**

If technical studies determine that the ore grade is not economically suitable for exploitation, the asset is directly expensed. Otherwise, it is held in the caption “other non-current assets”, reclassifying the portion related to the area to be exploited in the year in the caption inventories and such amount is amortized as production cost on the basis of estimated tons to be extracted.

The technical reasons for this classification correspond to the fact that this is an identifiable non-monetary asset that is owned to be used in the production of our processes as a main raw material.

For this reason and because our disbursements correspond to proven reserves with a trading feasibility and used as main raw material in our production processes, these are presented as inventories that will be exploited within the commercial year and the remainder as development expenses for small deposits and prospecting expenses in the caption “other non-current assets”.

**3.28 Impairment of non-financial assets**

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

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

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

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

To determine the fair value less costs to sell, an appropriate valuation model is used.

Impairment losses from continuing operations are recognized with a debit to profit or loss in the categories of expenses associated with the impaired asset function, except for properties reevaluated previously where the revaluation was taken to equity.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

**3.28 Impairment of non-financial assets, continued**

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

**3.29 Minimum dividend**

As required by the Shareholders' Corporations Act, unless decided otherwise by the unanimous vote by the shareholders of subscribed and paid shares, a public company must distribute dividends as agreed by the shareholders at the General Shareholders' Meeting held each year with a minimum of 30% of its profit, except when the Company records unabsorbed losses from prior years. However, the Company defines as policy the distribution of 50% of its profit for the year.

**3.30 Earnings per share**

The net basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary owners of the parent by the weighted average number of ordinary shares outstanding during the year.

The Company has not conducted any type of operation of potential dilutive effect that assumes diluted earnings per share other than the basic earnings per share.

**3.31 Trade and other payables**

Trade and other payables are measured at fair value plus all costs associated with the transaction. Subsequently, these are carried at amortized cost using the effective interest rate method.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

**3.32 Interest-bearing borrowings**

At initial recognition, interest-bearing borrowings are measured at fair value. Subsequently, they are measured at amortized cost using the effective interest rate method. Amortized cost is calculated considering any premium or discount from the acquisition and includes costs of transactions which are an integral part of the effective interest rate.

These are recorded as non-current when their expiration period exceeds twelve months and as current when the term is lower than such term. Interest expense is calculated in the year in which they are accrued following a financial criterion.

**3.33 Other provisions**

Provisions are recognized when:

- The Company has a present obligation as the result of a past event.
- It is more likely than not that certain resources must be used, including benefits, to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

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

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

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

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

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

3.34 Obligations related to employee termination benefits and pension commitments

Obligations with the Company's employees are in accordance with that established in the collective bargaining agreements in force, formalized through collective employment agreements and individual employment contracts, except for the United States that is regulated in accordance with employment plans in force up to 2002.

These obligations are valued using actuarial calculations, according to the projected unit credit method which considers such assumptions as the mortality rate, employee turnover, interest rates, retirement dates, effects related to increases in employees' salaries, as well as the effects on variations in services derived from variations in the inflation rate. This, considering criteria in force contained in the revised IAS 19.

Actuarial gains and losses that may be generated by variations in defined, pre-established obligations are directly recorded in other comprehensive income.

Actuarial losses and gains have their origin in departures between the estimate and the actual behavior of actuarial assumptions or in the reformulation of established actuarial assumptions.

The discount rate used by the Company for calculating the obligation was 4.775% and 5.5% for the periods ended June 30, 2016 and December 31, 2015, respectively.

The Company's subsidiary SQM North America has established pension plans for its retired employees that are calculated by measuring the projected obligation using a net salary progressive rate net of adjustments for inflation, mortality and turnover assumptions, deducting the resulting amounts at present value using a 5.5% interest rate for 2016 and 2015. The net balance of this obligation is presented under the non-current provisions for employee benefits.

3.35 Compensation plans



Compensation plans implemented through benefits in share-based payments settled in cash, which have been provided, are recognized in the financial statements at their fair value, in accordance with International Financial Reporting Standards No. 2 "Share-based Payments." Changes in the fair value of options granted are recognized with a charge to payroll on a straight-line basis during the period between the date on which these options are granted and the payment date (see Note 16).

### 3.36 Revenue recognition

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

#### **SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

**3.36 Revenue recognition, continued**

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

*(a) Sale of goods*

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

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

*(b) Sale of services*

Revenue associated with the rendering of services is recognized considering the degree of completion of the service as of the date of presentation of the consolidated classified statement of financial position, provided that the result from the transaction can be estimated reliably.

*(c) Interest income*

Interest income is recognized when interest is accrued in consideration of the principal pending payment using the effective interest rate method.

*(d)Income from dividends*

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

3.37 Finance income and finance costs

Finance income is mainly composed of interest income in financial instruments such as term deposits and mutual fund deposits. Interest income is recognized in profit or loss at amortized cost, using the effective interest rate method.

Finance costs are mainly composed of interest on bank borrowing expenses, interest on bonds issued and interest capitalized for borrowing costs for the acquisition, construction or production or qualifying assets.

Borrowing costs and bonds issued are recognized in profit or loss using the effective interest rate method.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

**3.37 Finance income and finance costs, continued**

For finance costs accrued during the construction period that are directly attributable to the acquisition, construction or production of qualifying assets, the effective interest rate related to the project's specific financing is used. If none exist, the average financing rate of the subsidiary that makes the investment is utilized. Borrowing and financing costs that are directly attributable to the acquisition, construction or production of an asset are capitalized as part of that asset's cost.

**3.38 Income tax and deferred taxes**

Corporate income tax for the year is determined as the sum of current taxes from the different consolidated companies.

Current taxes are based on the application of the various types of taxes attributable to taxable income for the year.

Differences between the book value of assets and liabilities and their tax basis generate the balance of deferred tax assets or liabilities, which are calculated using the tax rates expected to be applicable when the assets and liabilities are realized.

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

Tax on companies and variations in deferred tax assets or liabilities that are not the result of business combinations are recorded in statement of income accounts or equity accounts in the consolidated statement of financial position, considering the origin of the gains or losses which have generated them.

At each reporting period, the carrying amount of deferred tax assets has been reviewed and reduced to the extent there will not be sufficient taxable income to allow the recovery of all or a portion of the deferred tax assets. Likewise, as of the date of the consolidated financial statements, deferred tax assets that are not recognized were evaluated and not recognized as it was more likely than not that future taxable income will allow for recovery of the deferred tax asset.

With respect to deductible temporary differences associated with investments in subsidiaries, associated companies and interest in joint ventures, deferred tax assets are recognized solely provided that it is more likely than not that the temporary differences will be reversed in the near future and that there will be taxable income with which they may be used.

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

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

**3.38 Income tax and deferred taxes, continued**

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

**3.39 Segment reporting**

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

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

For assets and liabilities the allocation to each segment is not possible given that these are associated with more than one segment, except for depreciation, amortization and impairment of assets, which are directly allocated to the applicable segments, in accordance with the criteria established in the costing process for product inventories.

The following operating segments have been identified by the Company:

-Specialty plant nutrients

-Industrial chemicals

-Iodine and derivatives

-Lithium and derivatives

-Potassium

-Other products and services

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 3 Significant accounting policies (continued)**

3.40 Environment

In general, the Company follows the criteria of considering amounts used in environmental protection and improvement as environmental expenses. However, the cost of facilities, machinery and equipment used for the same purpose are considered property, plant and equipment, as the case may be.

**Note 4 Financial risk management**

4.1 Financial risk management policy

The Company's financial risk management policy is focused on safeguarding the stability and sustainability of Sociedad Química y Minera de Chile S.A. and its subsidiaries with regard to all such relevant financial uncertainty components.

The Company's operations are subject to certain financial risk factors that may affect its financial position or results. The most significant risk exposures are market risk, liquidity risk, currency risk, doubtful accounts risk, and interest rate risk, among others.

Potentially, additional known or unknown risks may exist, of which we currently deem not to be significant, which could also affect the Company's business operations, its business, financial position, or profit or loss.

The financial risk management structure includes identifying, determining, analyzing, quantifying, measuring and controlling these events. Management and, in particular, Finance Management, is responsible for constantly assessing the financial risk. The Company uses derivatives to hedge a significant portion of those risks.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile



Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

#### **Note 4 Financial risk management, continued**

##### 4.2 Risk factors

##### **4.2.1 Market risk**

Market risk refers to the uncertainty associated with fluctuations in market variables affecting the Company's assets and liabilities, including:

Country risk: The economic situation of the countries where the Company operates may affect its financial position. For example, sales conducted in emerging markets expose SQM to risks related to economic conditions and trends in those countries. In addition, inventories may also be affected by the economic scenario in such countries and/or the global economy, among other probable economic impacts.

Price risk: The Company's product prices are affected by the fluctuations in international prices of fertilizers and chemicals, as well as changes in productive capacities or market demand, all of which might affect the Company's business, financial position and results of operations.

Commodity price risk: The Company is exposed to changes in commodity prices and energy which may have an impact on its production costs that may cause unstable results.

As of to-date, the SQM Group incurs an annual expenditure of approximately US\$98 million associated with fuel, gas, energy and equivalents from which US\$61 million related to direct electrical supply consumption. A change of 10% in the prices of energy required for the Company's operations may involve costs of approximately US\$10 million in short-term movements.

The markets in which the Company operates are unpredictable, exposed to significant fluctuations in supply and demand, and price high volatility. Additionally, the supply of certain fertilizers or chemicals, including certain products which the Company trades, vary mainly depending on the production of top producers and their related business strategies. Accordingly, the Company cannot forecast with certainty changes in demand, responses from competitors or fluctuations in the final price of its products. These factors can lead to significant impacts on the Company's product sales volumes, financial position and share price.

Quality standards: In the markets in which we operate, customers might impose quality standards on our products and/or governments could enact more stringent standards for the distribution and/or use of our products.

- d) Consequently, we might not be able to sell our products if we are not able to meet those new standards. In addition, our production costs might increase to meet such new standards. Not being able to sell our products in one or more markets or to key customers might significantly affect our business, financial position or the results of our operations.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

#### **Note 4 Financial risk management, continued**

##### **4.2.2 Credit risk**

A contraction of the global economy and the potentially adverse effects in the financial position of our customers may extend the receivables recovery period for SQM, increasing its exposure to doubtful account risk. While measures have been taken to minimize such risk, the global economic situation may result in losses that might have a material adverse effect on the Company's business, financial position or results of operations.

To mitigate these risks, SQM actively controls debt collection and has established certain safeguards which include loan insurance, letters of credit, and prepayments for a portion of receivables.

Financial investments correspond to time deposits with maturities exceeding 90 days and less than 360 days from the investment date, so they are not exposed to significant market risks.

##### **4.2.3 Currency risk**

As a result of its influence on price level determination as well as its relationship with cost of sales, and since a significant portion of the Company's business transactions are performed in that foreign currency, the functional currency of SQM is the United States dollar. However, the global business activities of the Company expose it to the foreign exchange fluctuations of several currencies with respect to the value of the U.S. dollar. Accordingly, SQM has entered into hedge contracts to mitigate the exposure generated by its main mismatches (assets, net of liabilities) in currencies other than the U.S. dollar against the foreign exchange fluctuation. These contracts are periodically updated depending on the mismatch amount to be hedged in such currencies. Occasionally, and subject to the Board of Directors' approval, in the short-term the Company insures cash flows from certain specific items in currencies other than the U.S. dollar.

A significant portion of the Company's costs, particularly payroll, is denominated in Chilean pesos. Accordingly, an increase or decrease in the exchange rate against the U.S. dollar would affect the Company's profit for the period. Approximately US\$ 318 million of the Company's costs are denominated in Chilean pesos. A significant portion of the effect of such obligations on the statement of financial position is hedged by derivative instrument transactions on the balance mismatch in such currency.

As of June 30, 2016, the Company recorded derivative instruments classified as currency and interest rate hedges associated with all the bonds payable, denominated in UF, with a fair value of US\$53 million against SQM. As of December 31, 2015, this amounts to US\$75 million in against SQM.

As of June 30, 2016, the Chilean peso to U.S. dollar exchange rate was Ch\$661.37 per US\$1.00 (Ch\$ 710.16 per US\$ 1.00 as of December 31, 2015).

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

#### **Note 4 Financial risk management, continued**

##### **4.2.4 Interest rate risk**

Interest rate fluctuations, primarily due to the uncertain future behavior of markets, may have a material impact on the financial results of the Company.

The Company has current and non-current debts valued at LIBOR, plus a spread. The Company is partially exposed to fluctuations in such rate, as SQM currently holds hedging derivative instruments to hedge a portion of its liabilities subject to the LIBOR rate fluctuations.

As of June 30, 2016, approximately 4% of the Company's financial liabilities are measured at LIBOR. Accordingly, any significant increase in this rate may have an impact on the Company's financial position. A 100 basic point variation in this rate may trigger variations in financial expenses of close to US\$ 0.07 million. However, this effect is significantly counterbalanced by the returns of the Company's investments that are also strongly related to LIBOR.

In addition, as of June 30, 2016, the Company's financial liabilities are mainly concentrated in the long-term and approximately 16% have maturities of less than 12 months, decreasing in the process the exposure to changes in interest rates.

##### **4.2.5 Liquidity risk**

Liquidity risk relates to the funds needed to comply with payment obligations. The Company's objective is to maintain financial flexibility through a comfortable balance between fund requirements and cash flows from regular business operations, bank borrowings, bonds, short term investments, and marketable securities, among others.

The Company has an important capital expense program which is subject to change over time.

On the other hand, world financial markets go through periods of contraction and expansion that are unforeseeable in the long-term and may affect SQM's access to financial resources. Such factors may have a material adverse impact on the Company's business, financial position and results of operations.

SQM constantly monitors the matching of its obligations with its investments, taking due care of maturities of both, from a conservative perspective, as part of this financial risk management strategy. As of June 30, 2016, the Company had unused, available revolving credit facilities with banks, for a total of approximately US\$388 million.

The position in other cash and cash equivalents generated by the Company are invested in highly liquid mutual funds with an AAA risk rating.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 4 Financial risk management, continued**

4.3 Risk measurement

The Company has methods to measure the effectiveness and efficiency of financial risk hedging strategies, both prospectively and retrospectively. These methods are consistent with the risk management profile of the Group.

**Note 5 Changes in accounting estimates and policies (consistent presentation)**

5.1 Changes in accounting estimates

The Company had no changes in the determination of accounting estimates at the closing date of the consolidated financial statements.

5.2 Changes in accounting policies

As of June 30, 2016, the Company's consolidated financial statements present no changes in accounting policies or estimates compared to the prior period.

The consolidated statements of financial position as of June 30, 2016 and December 31, 2015 and the statements of comprehensive income, changes in equity and cash flows for the periods ended June 30, 2016 and 2015, have been prepared in accordance with the Standards issued by the Chilean Superintendence of Securities and Insurance (SVS), which consider the International Financial Reporting Standards (IFRS), except for that indicated in Note 2.2, and the accounting principles and criteria have been applied consistently.

The accounting principles and criteria were applied consistently.

**SQM S.A.**  
El Trovador 4285



Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

Note 6 Background of companies included in consolidation

6.1 Parent's stand-alone assets and liabilities

	06/30/2016	12/31/2015
	ThUS\$	ThUS\$
Assets	3,685,710	4,012,556
Liabilities	(1,424,844)	(1,672,771)
Equity	2,260,866	2,339,785

6.2 Parent entity

As provided in the Company's by-laws, no shareholder can concentrate more than 32% of the Company's voting right shares and therefore there is no controlling entity.

6.3 Joint arrangements of controlling interest

Sociedad de Inversiones Pampa Calichera S.A., Potasios de Chile S.A., and Inversiones Global Mining (Chile) Limitada, collectively the Pampa Group, are the owners of a number of shares that are equivalent to 29.97% as of June 30, 2016 of the current total amount of shares issued, subscribed and fully-paid of the Company. In addition, Kowa Company Ltd., Inversiones La Esperanza (Chile) Limitada, Kochi S.A. and La Esperanza Delaware Corporation, collectively the Kowa Group, are the owners of a number of shares equivalent to 2.12% of the total amount of issued, subscribed and fully-paid shares of SQM S.A.

The Pampa Group and the Kowa Group have informed SQM S.A., the Chilean SVS and the relevant stock exchanges in Chile and abroad that they are not and have never been related parties between them. In addition, this is regardless of the fact that both Groups on December 21, 2006 have entered into a Joint Action Agreement (JAA) related to those shares. Consequently, the Pampa Group, by itself, does not concentrate more than 32% of the voting right capital of SQM S.A., and the Kowa Group does not concentrate by itself more than 32% of the voting right capital of SQM S.A.

Likewise, the Joint Action Agreement has not transformed the Pampa and Kowa Groups into related parties between them. The Joint Action Agreement has only transformed the current controller of SQM S.A., composed of the Pampa

Group, and the Kowa Group into related parties of SQM S.A.

**Detail of effective concentration**

Tax ID No.	Name	Ownership interest %
96.511.530-7	Sociedad de Inversiones Pampa Calichera S.A.	19.72
76.165.311-5	Potasios de Chile S.A.	6.91
96.863.960-9	Inversiones Global Mining (Chile) Limitada	3.34
Total Pampa Group		29.97
79.798.650-k	Inversiones la Esperanza (Chile) Ltda.	1.43
59.046.730-8	Kowa Co Ltd.	0.30
96.518.570-4	Kochi S.A.	0.30
59.023.690-k	La Esperanza Delaware Corporation	0.09
Total Kowa Group		2.12

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 6 Background of companies included in consolidation (continued)**

## 6.4 General information on consolidated subsidiaries

As of June 30, 2016 and December 31, 2015, the general information of the companies on which the Company exercises control and significant influence is as follows:

Subsidiary	Tax ID	Address	Country of incorporation	Functional currency	Ownership interest		Total
					Direct	Indirect	
SQM Nitratos S.A.	96.592.190-7	El Trovador 4285 Las Condes	Chile	US\$	99.9999	0.0001	100.0000
Proinsa Ltda.	78.053.910-0	El Trovador 4285 Las Condes	Chile	Ch\$	-	60.5800	60.5800
SQMC Internacional Ltda.	86.630.200-6	El Trovador 4285 Las Condes	Chile	Ch\$	-	60.6381	60.6381
SQM Potasio S.A.	96.651.060-9	El Trovador 4285 Las Condes	Chile	US\$	99.9999	-	99.9999
Serv. Integrales de Tránsito y Transf. S.A.	79.770.780-5	Arturo Prat 1060, Tocopilla	Chile	US\$	0.0003	99.9997	100.0000
Isapre Norte Grande Ltda.	79.906.120-1	Anibal Pinto 3228, Antofagasta	Chile	Ch\$	1.0000	99.0000	100.0000
Ajay SQM Chile S.A.	96.592.180-K	Av. Pdte. Eduardo Frei 4900, Santiago	Chile	US\$	51.0000	-	51.0000
Almacenes y Depósitos Ltda.	79.876.080-7	El Trovador 4285 Las Condes	Chile	Ch\$	1.0000	99.0000	100.0000
SQM Salar S.A.	79.626.800-K	El Trovador 4285 Las Condes	Chile	US\$	18.1800	81.8200	100.0000
SQM Industrial S.A.	79.947.100-0	El Trovador 4285 Las Condes	Chile	US\$	99.0470	0.9530	100.0000
Exploraciones Mineras S.A. Sociedad	76.425.380-9	El Trovador 4285 Las Condes	Chile	US\$	0.2691	99.7309	100.0000
Prestadora de Servicios de Salud Cruz del	76.534.490-5	Anibal Pinto 3228, Antofagasta	Chile	Ch\$	-	100.0000	100.0000

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Norte S.A. Soquimich Comercial S.A.	79.768.170-9	El Trovador 4285 Las Condes	Chile	US\$	-	60.6383	60.6383
Comercial Agrorama Ltda.	76.064.419-6	El Trovador 4285 Las Condes	Chile	Ch\$	-	42.4468	42.4468
Comercial Hydro S.A.	96.801.610-5	El Trovador 4285 Las Condes	Chile	Ch\$	-	60.6383	60.6383
Agrorama S.A.	76.145.229-0	El Trovador 4285 Las Condes	Chile	Ch\$	-	60.6377	60.6377
Orcoma Estudios SPA	76.359.919-1	Apoquindo 3721 Of.131 Las Condes	Chile	US\$	51.0000	-	51.0000
Orcoma SPA	76.360.575-2	Apoquindo 3721 Of.131 Las Condes	Chile	US\$	100.0000	-	100.0000
SQM North America Corp.	Foreign	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA	United States	US\$	40.0000	60.0000	100.0000
RS Agro Chemical Trading Corporation A.V.V.	Foreign	Caya Ernesto O. Petronia 17, Orangestad	Aruba	US\$	98.3333	1.6667	100.0000
Nitratos Naturais do Chile Ltda.	Foreign	Al. Tocantis 75, 6° Andar, Conunto 608 Edif. West Gate, Alphaville Barueri, CEP 06455-020, Sao Paulo	Brazil	US\$	-	100.0000	100.0000
Nitrate Corporation of Chile Ltd.	Foreign	1 More London Place London SE1 2AF	United Kingdom	US\$	-	100.0000	100.0000
SQM Corporation N.V.	Foreign	Pietermaai 123, P.O. Box 897, Willemstad, Curacao	Netherlands	US\$	0.0002	99.9998	100.0000
SQM Peru S.A.	Foreign	Avenida Camino Real N° 348 of. 702, San Isidro, Lima Av. José Orrantia y Av. Juan Tanca	Peru	US\$	0.9800	99.0200	100.0000
SQM Ecuador S.A.	Foreign	Marengo Edificio Executive Center Piso 2 Oficina 211 Al. Tocantis 75, 6° Andar, Conunto 608	Ecuador	US\$	0.0040	99.9960	100.0000
SQM Brasil Ltda.	Foreign	Edif. West Gate, Alphaville Barueri, CEP 06455-020, Sao Paulo	Brazil	US\$	1.0900	98.9100	100.0000

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 6 Background of companies included in consolidation (continued)****6.4 General information on consolidated subsidiaries, continued**

Subsidiary	Tax ID	Address	Country of incorporation	Functional currency	Ownership interest		Total
					Direct	Indirect	
SQI Corporation N.V.	Foreign	Pietermaai 123, P.O. Box 897, Willemstad, Curacao	Netherlands	US\$	0.0159	99.9841	100.0000
SQMC Holding Corporation L.L.P.	Foreign	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta	United States	US\$	0.1000	99.9000	100.0000
SQM Japan Co. Ltd.	Foreign	From 1 <sup>st</sup> Bldg 207, 5-3-10 Minami- Aoyama, Minato-ku, Tokyo	Japan	US\$	1.0000	99.0000	100.0000
SQM Europe N.V.	Foreign	Houtdok-Noordkaai 25a B-2030 Antwerp, Belgium	Belgium	US\$	0.5800	99.4200	100.0000
SQM Italia SRL	Foreign	Via A. Meucci, 5 500 15 Grassina Firenze	Italy	US\$	-	100.0000	100.0000
SQM Indonesia S.A.	Foreign	Perumahan Bumi Dirgantara Permai, Jl Suryadarma Blok Aw No 15 Rt 01/09 17436 Jatisari Pondok Gede	Indonesia	US\$	-	80.0000	80.0000
North American Trading Company	Foreign	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA	United States	US\$	-	100.0000	100.0000
SQM Virginia LLC	Foreign	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA	United States	US\$	-	100.0000	100.0000
SQM Comercial de México S.A. de C.V.	Foreign	Av. Moctezuma 144-4 Ciudad del Sol. CP 45050, Zapopan, Jalisco México	Mexico	US\$	0.0010	99.9900	100.0000
SQM Investment Corporation N.V.	Foreign	Pietermaai 123, P.O. Box 897, Willemstad, Curacao	Netherlands	US\$	1.0000	99.0000	100.0000
	Foreign		Aruba	US\$	1.6700	98.3300	100.0000

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Royal Seed Trading Corporation A.V.V.		Caya Ernesto O. Petronia 17, Orangestad						
SQM Lithium Specialties LLP	Foreign	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA	United States	US\$	-	100.0000	100.0000	
Soquimich SRL Argentina Comercial	Foreign	Espejo 65 Oficina 6 – 5500 Mendoza	Argentina	US\$	-	100.0000	100.0000	
Caimán Internacional S.A.	Foreign	Edificio Plaza Bancomer Calle 50	Panama	US\$	-	100.0000	100.0000	
SQM France S.A.	Foreign	ZAC des Pommiers 27930 FAUVILLE	France	US\$	-	100.0000	100.0000	
Administración y Servicios Santiago S.A. de C.V.	Foreign	Av. Moctezuma 144-4 Ciudad del Sol. CP 45050, Zapopan, Jalisco México	Mexico	US\$	-	100.0000	100.0000	
SQM Nitratos México S.A. de C.V.	Foreign	Av. Moctezuma 144-4 Ciudad del Sol. CP 45050, Zapopan, Jalisco México	Mexico	US\$	-	100.0000	100.0000	

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)



Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 6 Background of companies included in consolidation (continued)****6.4 General information on consolidated subsidiaries, continued**

Subsidiary	Tax ID	Address	Country of incorporation	Functional currency	Ownership interest	
					Direct	Total
Soquimich European Holding B.V.	Foreign	Loacalellikade 1 Parnassustoren 1076 AZ Amsterdam	Netherlands	US\$	- 100.0000	100.0000
SQM Iberian S.A	Foreign	Provenza 251 Principal 1a CP 08008, Barcelona	Spain	US\$	- 100.0000	100.0000
SQM Africa Pty Ltd.	Foreign	Tramore House, 3 Wterford Office Park, Waterford Drive, 2191 Fourways, Johannesburg	South Africa	US\$	- 100.0000	100.0000
SQM Oceania Pty Ltd.	Foreign	Level 9, 50 Park Street, Sydney NSW 2000, Sydney	Australia	US\$	- 100.0000	100.0000
SQM Agro India Pvt. Ltd.	Foreign	C 30 Chiragh Enclave New Delhi, 110048	India	US\$	- 100.0000	100.0000
SQM Beijing Commercial Co. Ltd.	Foreign	Room 1001C, CBD International Mansion N 16 Yong An Dong Li, Jian Wai Ave Beijing 100022, P.R.	China	US\$	- 100.0000	100.0000
SQM Thailand Limited	Foreign	Unit 2962, Level 29, N° 388, Exchange Tower Sukhumvit Road, Klongtoey Bangkok	Thailand	US\$	- 99.996	99.996
SQM Vitas Spain	Foreign	C/Manuel Echeverria Manzana 2 Muelle de la Cab (Puerto Real)	Spain	Euro	- 100.0000	100.0000

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 6 Background of companies included in consolidation (continued)**

## 6.5 Information attributable to non-controlling interests

Subsidiary	% of interests in the ownership held by non-controlling interests.	Profit (loss) attributable to non-controlling interests		Equity, non-controlling interests		Dividends paid to non-controlling interests	
		06/30/2016 ThUS\$	12/31/2015 ThUS\$	06/30/2016 ThUS\$	12/31/2015 ThUS\$	06/30/2016 ThUS\$	12/31/2015 ThUS\$
Proinsa Ltda.	0.1	%	-	-	-	-	-
SQM Potasio S.A.	0.0000001	%	-	-	-	-	-
Ajay SQM Chile S.A.	49	%	733	1,551	8,258	8,107	582
SQM Indonesia S.A.	20	%	-	-	1	1	-
Soquimich Comercial S.A.	39.3616784	%	174	2,605	49,317	49,897	87
Comercial Agrorama Ltda.	30	%	(123 )	3	187	292	-
Agrorama S.A.	0.001	%	-	-	-	-	-
Orcoma Estudios SPA	49	%	1	5	2,275	2,274	-
SQM (Thailand) Limited.	0.004	%	-	-	-	-	-
Total			785	4,164	60,038	60,571	669

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 6 Background of companies included in consolidation (continued)**

## 6.6 Information on consolidated subsidiaries

Subsidiary	06/30/2016						
	Assets		Liabilities		Revenue	Profit (loss)	Comprehensive income (loss)
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$	ThUS\$	ThUS\$	ThUS\$
SQM Nitratos S.A.	587,538	59,549	586,990	6,708	44,927	2,979	2,992
Proinsa Ltda.	156	1	-	-	-	(4)	(4)
SQMC Internacional Ltda.	207	-	-	-	-	(2)	(2)
SQM Potasio S.A.	131,955	949,295	34,626	24,101	4,534	119,383	119,636
Serv. Integrales de Tránsito y Transf. S.A.	56,899	62,058	92,340	6,221	11,504	(1,763)	(1,878)
Isapre Norte Grande Ltda.	560	733	544	149	1,537	38	55
Ajay SQM Chile S.A.	17,291	946	979	405	15,770	1,496	1,496
Almacenes y Depósitos Ltda.	283	45	1	-	-	(6)	95
SQM Salar S.A.	892,922	831,816	579,801	206,632	432,761	146,980	147,062
SQM Industrial S.A.	1,125,426	676,494	812,791	80,452	318,647	(760)	1,119
Exploraciones Mineras S.A.	517	31,493	5,820	-	-	(176)	(175)
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	345	587	464	397	972	9	12
Soquimich Comercial S.A.	150,445	21,282	45,366	1,070	45,622	443	428
Comercial Agrorama Ltda.	8,720	1,685	9,749	32	5,905	(411)	(398)
Comercial Hydro S.A.	9,162	68	42	14	23	195	194
Agrorama S.A.	10,283	862	12,060	34	5,147	(599)	(603)
Orcoma SpA	-	2,356	13	-	-	(5)	(5)
Orcoma Estudio SpA	1,081	3,582	18	1	-	1	1
SQM North America Corp.	186,814	15,589	204,275	485	131,806	(16,946)	(18,207)
RS Agro Chemical Trading Corporation A.V.V.	5,182	-	-	-	-	(13)	(13)
Nitratos Naturais do Chile Ltda.	3	254	3,457	-	-	(176)	(176)
Nitrate Corporation of Chile Ltd.	5,076	-	-	-	-	-	-
SQM Corporation N.V.	668	110,483	3,549	-	-	(5,503)	(5,126)
SQM Peru S.A.	356	1	1,174	-	-	(63)	(63)
SQM Ecuador S.A.	16,721	136	15,727	35	11,935	205	205

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

SQM Brasil Ltda.	179	1	724	2,267	116	(205	)	(205	)
SQI Corporation N.V.	-	22	45	-	-	(8	)	(8	)
SQMC Holding Corporation L.L.P.	22,532	14,409	1,000	-	-	1,848		1,848	
SQM Japan Co. Ltd.	2,952	247	341	580	1,569	474		474	

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 6 Background of companies included in consolidation (continued)****6.6 Information on consolidated subsidiaries, continued**

Subsidiary	06/30/2016				Revenue ThUS\$	Profit (loss) ThUS\$	Comprehensive income (loss) ThUS\$
	Assets		Liabilities				
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$			
SQM Europe N.V.	331,742	2,359	293,350	-	333,889	(3,895 )	(3,895 )
SQM Italia SRL	1,141	-	14	-	-	-	-
SQM Indonesia S.A.	4	-	1	-	-	-	-
North American Trading Company	158	145	39	-	-	-	-
SQM Virginia LLC	14,814	14,360	14,814	-	-	-	-
SQM Comercial de México S.A. de C.V.	94,944	1,988	69,814	-	96,490	(1,582 )	(1,582 )
SQM Investment Corporation N.V.	74,316	125	27,024	861	-	(4,986 )	(4,986 )
Royal Seed Trading Corporation A.V.V.	52,854	-	73,245	-	-	(118 )	15
SQM Lithium Specialties LLP	15,766	3	1,264	-	-	-	-
Soquimich SRL Argentina	214	-	175	-	-	(5 )	(5 )
Comercial Caimán Internacional S.A.	262	-	1,122	-	-	-	-
SQM France S.A. Administración y Servicios Santiago S.A. de C.V.	345	6	114	-	-	-	-
SQM Nitratos México S.A. de C.V.	234	120	688	97	1,314	264	264
Soquimich European Holding B.V.	35	2	19	7	126	(2 )	(2 )
SQM Iberian S.A.	63,440	106,104	71,565	212	-	(6,237 )	(5,152 )
SQM Africa Pty Ltd.	77,713	1,675	73,166	162	71,273	720	747
SQM Oceania Pty Ltd.	95,340	1,323	88,837	-	27,014	(6,535 )	(6,535 )
SQM Agro India Pvt, Ltd.	2,334	-	400	-	1,266	18	18
	1	-	1	-	-	(3 )	(3 )
	4,329	34	18	-	4,384	2,167	2,167

**SQM Beijing**

Commercial Co. Ltd.

SQM Thailand Limited	9,075	6	6,463	-	1,930	(9	)	(9	)
SQM Vitas Spain S.A.	3,112	728	2,234		6,520	373		373	
Total	4,076,446	2,912,972	3,136,263	330,922	1,576,981	227,581		230,169	

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 6 Background of companies included in consolidation (continued)****6.6 Information on consolidated subsidiaries, continued**

Subsidiary	12/31/2015				Revenue ThUS\$	Profit (loss) ThUS\$	Comprehensive income (loss) ThUS\$
	Assets		Liabilities				
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$			
SQM Nitratos S.A.	521,948	69,159	531,903	7,913	146,731	(715 )	(739 )
Proinsa Ltda.	149	-	-	-	-	-	-
SQMC Internacional Ltda.	195	-	-	-	-	(1 )	(1 )
SQM Potasio S.A.	90,230	843,842	7,748	23,438	10,785	184,315	184,533
Serv. Integrales de Tránsito y Transf. S.A.	46,646	63,973	81,703	6,642	44,045	(12,450 )	(12,316 )
Isapre Norte Grande Ltda.	791	540	664	143	3,883	-	6
Ajay SQM Chile S.A.	17,044	942	879	563	38,414	3,165	3,165
Almacenes y Depósitos Ltda.	264	41	-	-	-	(12 )	(77 )
SQM Salar S.A.	639,804	871,339	474,225	201,581	762,058	193,367	193,300
SQM Industrial S.A.	1,030,937	702,192	741,820	83,751	685,634	19,144	11,224
Exploraciones Mineras S.A.	482	31,443	5,560	-	-	(666 )	(666 )
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	296	550	423	364	2,299	(130 )	12
Soquimich Comercial S.A.	138,413	22,447	33,058	1,037	162,582	6,618	6,301
Comercial Agrorama Ltda.	10,231	1,554	10,796	16	13,806	11	12
Comercial Hydro S.A.	9,014	87	122	-	50	460	460
Agrorama S.A.	12,848	595	13,759	16	15,131	(380 )	(380 )
Orcoma SpA	-	2,356	9	-	-	(8 )	(8 )
Orcoma Estudio SpA	2,059	2,931	347	-	-	9	9
SQM North America Corp.	200,156	16,348	201,343	-	255,455	(12,774 )	(12,774 )
RS Agro Chemical Trading Corporation A.V.V.	5,194	-	-	-	-	(7 )	(7 )
Nitratos Naturais do Chile Ltda.	2	229	3,255	-	-	618	618
Nitrate Corporation of Chile Ltd.	5,076	-	-	-	-	-	-
SQM Corporation N.V.	668	115,720	3,539	-	-	4,882	303
SQM Peru S.A.	421	1	1,176	-	22	(104 )	(104 )

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

SQM Ecuador S.A.	19,660	147	18,883	35	16,778	447	447
SQM Brasil Ltda.	121	1	585	2,142	375	(2,694 )	(2,694 )
SQI Corporation N.V.	-	23	38	-	-	53	52
SQMC Holding Corporation L.L.P.	21,296	13,873	1,000	-	-	2,044	2,044
SQM Japan Co. Ltd.	2,327	211	239	495	2,861	159	159

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)



Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 6 Background of companies included in consolidation (continued)****6.6 Information on consolidated subsidiaries, continued**

Subsidiary	12/31/2015				Revenue ThUS\$	Profit (loss) ThUS\$	Comprehensive income (loss) ThUS\$
	Assets		Liabilities				
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$			
SQM Europe N.V.	315,642	2,111	273,123	-	530,912	(5,536 )	(5,536 )
SQM Italia SRL	1,124	-	14	-	-	-	-
SQM Indonesia S.A.	3	-	1	-	-	-	-
North American Trading Company	158	145	39	-	-	(1 )	(1 )
SQM Virginia LLC	14,814	14,360	14,814	-	-	(7 )	(7 )
SQM Comercial de México S.A. de C.V.	87,686	1,710	61,589	-	183,374	(3,399 )	(3,399 )
SQM Investment Corporation N.V.	81,328	130	29,054	861	-	17,865	17,865
Royal Seed Trading Corporation A.V.V.	72,828	-	93,235	-	-	(3,490 )	(3,089 )
SQM Lithium Specialties LLP	15,766	3	1,264	-	-	(7 )	(7 )
Soquimich SRL Argentina	243	-	199	-	-	(135 )	(135 )
Comercial Caimán Internacional S.A.	261	-	1,122	-	-	(5 )	(5 )
SQM France S.A.	345	6	114	-	-	-	-
Administración y Servicios Santiago S.A. de C.V.	167	-	635	227	3,094	(90 )	(90 )
SQM Nitratos México S.A. de C.V.	40	4	25	6	291	4	4
Soquimich European Holding B.V.	71,166	112,488	79,906	-	-	3,245	(1,881 )
SQM Iberian S.A.	55,444	65	50,169	-	137,869	11	11
SQM Africa Pty Ltd.	94,508	1,372	81,552	-	88,247	4,945	4,945
SQM Oceania Pty Ltd.	2,357	-	440	-	2,378	(192 )	(192 )
SQM Agro India Pvt, Ltd.	3	-	-	-	-	(1 )	(1 )
	2,827	43	608	-	5,373	(58 )	(58 )

**SQM Beijing**

Commercial Co. Ltd.

SQM Thailand Limited	9,765	27	6,991	-	11,539	125	125
Total	3,602,747	2,893,008	2,827,968	329,230	3,123,986	398,625	381,428

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 6 Background of companies included in consolidation (continued)**

6.7 Detail of transactions between consolidated companies

**a) Transactions conducted in 2016**

On May 12, 2016, the subsidiary SQM Iberian S.A. acquired 100% of interest in SQM Vitas Spain for ThUS\$ 1,710, generating a loss of ThUS\$104.

**b) Transactions conducted in 2015**

On August 5, 2015, the subsidiary SQM Brasil Ltda. made a capital contribution of ThUS\$572 in its subsidiary Nitratos Naturais do Chile Ltda. As a result of such transaction, SQM Brasil Ltda. increased its interest from 0.001% to 70.82% in such company. SQM Industrial S.A. was not involved in such capital increase, decreasing its interest from 99.99% to 29.18%. This generated no effects on the consolidated profit or loss of SQM S.A.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

Note 7 Cash and cash equivalents

7.1 Types of cash and cash equivalents

As of June 30, 2016 and December 31, 2015, cash and cash equivalents are detailed as follows:

	06/30/2016	12/31/2015
a) Cash	ThUS\$	ThUS\$
Cash on hand	90	87
Cash in banks	64,518	31,977
Other demand deposits	4,282	9,042
Total cash	68,890	41,106
	06/30/2016	12/31/2015
b) Cash equivalents	ThUS\$	ThUS\$
Short-term deposits, classified as cash equivalents	196,209	84,662
Short-term investments, classified as cash equivalents	317,892	401,491
Total cash equivalents	514,101	486,153
Total cash and cash equivalents	582,991	527,259

7.2 Short-term investments, classified as cash equivalents

As of June 30, 2016 and December 31, 2015, short-term investments, classified as cash and cash equivalents relate to mutual funds (investment liquidity funds) for investments in:

Institution	06/30/2016	12/31/2015
	MUS\$	MUS\$
Legg Mason - Western Asset Institutional Cash Reserves	162,960	204,082
JP Morgan US dollar Liquidity Fund Institutional	154,932	197,409
Total	317,892	401,491

Short-term investments are highly liquid fund manager accounts that are basically invested in short-term fixed rate notes in the U.S. market.

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 7 Cash and cash equivalents (continued)**

7.3 Information on cash and cash equivalents by currency

As of June 30, 2016 and December 31, 2015, information on cash and cash equivalents by currency is detailed as follows:

	06/30/2016	12/31/2015
Original currency	MUS\$	MUS\$
Chilean Peso (*)	1,413	2,656
US Dollar	564,105	512,809
Euro	13,098	4,245
Mexican Peso	173	1,439
South African Rand	1,426	4,123
Japanese Yen	1,951	1,690
Peruvian Sol	2	1
Brazilian Real	20	8
Chinese Yuan	765	272
Indian Rupee	9	14
Thai Baht	1	1
Argentine Peso	4	1
Pound Sterling	24	-
Total	582,991	527,259

(\*) The Company maintains financial derivative policies which allow dollarizing these term deposits in Chilean pesos.

7.4 Amount of significant restricted (unavailable) cash balances

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

As of June 30, 2016 and December 31, 2015, restricted cash balances are presented in Note 10.9.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 7 Cash and cash equivalents (continued)**

## 7.5 Short-term deposits, classified as cash equivalents

The detail at the end of each period is as follows:

<b>2016</b>						<b>Principal</b>	<b>Interest</b>	
<b>Receiver of the deposit</b>	Type of deposit	Original Currency	Interest rate	Placement date	Expiration date	<b>ThUS\$</b>	<b>accrued to-date</b>	<b>06/30/16</b>
							<b>ThUS\$</b>	<b>ThUS\$</b>
Scotiabank	Fixed term	US\$	0,55	06/08/2016	07/13/2016	20,000	7	20,000
Corpbanca	Fixed term	US\$	0,72	06/09/2016	07/28/2016	20,176	8	20,180
Corpbanca	Fixed term	US\$	0,60	06/16/2016	08/03/2016	20,111	5	20,111
Corpbanca	Fixed term	Ch\$	0,35	05/31/2016	07/05/2016	20,903	73	20,976
Banco Crédito e Inversiones	Fixed term	US\$	0,65	06/08/2016	07/20/2016	20,011	8	20,011
HSBC	Fixed term	US\$	0,95	06/24/2016	08/03/2016	8,000	1	8,001
Banco Crédito e Inversiones	Fixed term	US\$	0,65	06/08/2016	07/20/2016	20,011	8	20,011
Banco Santander Santiago	Fixed term	US\$	0,73	06/09/2016	07/28/2016	10,006	4	10,010
Banco Santander Santiago	Fixed term	US\$	0,65	06/22/2016	08/10/2016	20,008	3	20,011
Banco Santander Santiago	Fixed term	US\$	0,58	06/30/2016	07/07/2016	550	-	550
Banco Santander Santiago	Fixed term	US\$	0,60	06/30/2016	07/15/2016	5,100	-	5,100
Banco Santander Santiago	Fixed term	US\$	0,62	06/30/2016	07/22/2016	3,100	-	3,100
Banco Santander Santiago	Fixed term	US\$	0,65	06/30/2016	08/01/2016	587	-	587
Banco de Chile	Fixed term	US\$	0,60	06/30/2016	08/01/2016	4,250	-	4,250
Banco Crédito e Inversiones	Fixed term	US\$	0,70	06/30/2016	08/01/2016	5,000	-	5,000
Corpbanca	Fixed term	US\$	0,70	06/30/2016	08/01/2016	7,000	-	7,000
Corpbanca	Fixed term	US\$	0,75	06/30/2016	08/01/2016	2,000	-	2,000
Citibank New York	Overnight	US\$	0,01	06/30/2016	07/01/2016	1,025	-	1,025
Citibank New York	Overnight	US\$	0,01	06/30/2016	07/01/2016	4,671	-	4,671
BBVA Banco Francés	Fixed term	US\$	0,28	06/06/2016	07/11/2016	205	-	205



Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Nedbank	On demand	US\$	-	06/30/2016	07/01/2016	3,378	-	3,378
Total						196,092	117	196,2

2015 Receiver of the deposit	Type of deposit	Original Currency	Interest rate	Placement date	Expiration date	Interest		
						Principal	accrued	12/31/2015
						ThUS\$	ThUS\$	ThUS\$
Banco Crédito e Inversiones	Fixed term	US\$	0.50	12/23/2015	1/27/2016	50,000	6	50,006
Corpbanca	Fixed term	US\$	0.65	12/22/2015	1/21/2016	25,000	4	25,004
Banco Crédito e Inversiones	Fixed term	Ch\$	0.32	12/30/2015	1/14/2016	1,338	-	1,338
Banco Santander Santiago	Fixed term	Ch\$	0.31	12/30/2015	1/14/2016	704	-	704
Banco Crédito e Inversiones	Fixed term	US\$	0.30	12/11/2015	1/11/2016	1,000		1,000
Citibank New York	Overnight	US\$	0.01	12/31/2015	1/2/2016	225	-	225
Citibank New York	Overnight	US\$	0.01	12/31/2015	1/2/2016	614	-	614
BBVA Banco Francés	Fixed term	US\$	19.00	12/2/2015	1/4/2016	236	-	236
ABN Amro Bank	On demand	Euro	-	12/31/2015	1/2/2016	1,240	-	1,240
Nedbank	On demand	US\$	-	12/31/2015	1/2/2016	4,295	-	4,295
Total						84,652	10	84,662

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

Note 8 Inventories

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

Type of inventory	<b>06/30/2016</b>	<b>12/31/2015</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Raw material reserves	7,849	4,844
Supplies for production reserves	29,738	29,353
Products-in-progress reserves	469,304	478,627
Finished product reserves	510,963	491,022
Total	1,017,854	1,003,846

As of June 30, 2016, the Company maintained inventories of caliche ore available for treatment for an amount of ThUS\$ 35,036 and of ThUS\$ 32,203 as of December 31, 2015.

As of June 30, 2016, the sum registered as cost of sale related to inventory in the statement of income amounts to ThUS\$528,331 and to ThUS\$507,546 as of June 30, 2015.

Inventory reserves recognized as of June 30, 2016 amount to ThUS\$78,981, and ThUS\$80,369 as of December 31, 2015. Inventory reserves have been made based on a technical study that covers the different variables affecting products in stock (density and humidity, among others). Additionally, reserves are recognized if goods are sold cheaper than the related cost, and for differences that arise from inventory counts.

The breakdown of inventory reserves is detailed as follows:

Type of inventory	<b>06/30/2016</b>	<b>12/31/2015</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Raw material reserves	93	93

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Supplies for production reserves	920	920
Products-in-progress reserves	53,306	53,187
Finished product reserves	24,662	26,169
Total	78,981	80,369

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

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

Note 9 Related party disclosures

9.1 Related party disclosures

Balances pending at period-end are not guaranteed, accrue no interest and are settled in cash. No guarantees have been delivered or received for trade and other receivables due from related parties or trade and other payables due to related parties. For the period ended June 30, 2016, the Company has not recorded any impairment in accounts receivable related to amounts owed by related parties. This evaluation is conducted every year through an examination of the financial position of the related party in the market in which it operates.

9.2 Relationships between the parent and the entity

According to the Company's by-laws, no shareholder can own more than 32% of the Company's voting right shares.

Sociedad de Inversiones Pampa Calichera S.A., Potasios de Chile S.A., and Inversiones Global Mining (Chile) Ltda., collectively the Pampa Group, are the owners of a number of shares that are equivalent to 29.97% as of June 30, 2016 of the current total amount of shares issued, subscribed and fully-paid of the Company. In addition, Kowa Company Ltd., Inversiones La Esperanza (Chile) Limitada, Kochi S.A. and La Esperanza Delaware Corporation, collectively the Kowa Group, are the owners of a number of shares equivalent to 2.12% of the total amount of shares of SQM S.A. issued, subscribed and fully-paid.

The Pampa Group and the Kowa Group have informed SQM S.A., the Chilean SVS and the relevant stock exchanges in Chile and abroad that they are not and have never been related parties between them. In addition, this is regardless of the fact that both Groups on December 21, 2006 have entered into a Joint Action Agreement (JAA) related to those shares. Consequently, the Pampa Group, by itself, does not concentrate more than 32% of the voting right capital of SQM S.A., and the Kowa Group does not concentrate by itself more than 32% of the voting right capital of SQM S.A.

Likewise, the Joint Action Agreement has not transformed the Pampa and Kowa Groups into related parties between them. The Joint Action Agreement has only transformed the current controller of SQM S.A., composed of the Pampa Group, and the Kowa Group into related parties of SQM S.A.

**Detail of effective concentration**

Tax ID No.	Name	Ownership interest %
96.511.530-7	Sociedad de Inversiones Pampa Calichera S.A.	19.72
76.165.311-5	Potasios de Chile S.A.	6.91
96.863.960-9	Inversiones Global Mining (Chile) Ltda.	3.34
Total Pampa Group		29.97
79.798.650-k	Inversiones la Esperanza (Chile) Ltda.	1.43
59.046.730-8	Kowa Co Ltd.	0.30
96.518.570-4	Kochi S.A.	0.30
59.023.690-k	La Esperanza Delaware Corporation	0.09
Total Kowa Group		2.12

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 9 Related party disclosures (continued)**

9.3 Detailed identification of the link between the Parent and subsidiary

As of June 30, 2016 and December 31, 2015, the detail of entities that are related parties of the SQM S.A. Group is as follows:

<b>Tax ID No.</b>	<b>Name</b>	<b>Country of origin</b>	<b>Functional currency</b>	<b>Nature</b>
Foreign	Nitratos Naturais Do Chile Ltda.	Brazil	US\$	Subsidiary
Foreign	Nitrate Corporation Of Chile Ltd.	United Kingdom	US\$	Subsidiary
Foreign	SQM North America Corp.	United States	US\$	Subsidiary
Foreign	SQM Europe N.V.	Belgium	US\$	Subsidiary
Foreign	Soquimich S.R.L. Argentina	Argentina	US\$	Subsidiary
Foreign	Soquimich European Holding B.V.	The Netherlands	US\$	Subsidiary
Foreign	SQM Corporation N.V.	The Netherlands	US\$	Subsidiary
Foreign	SQI Corporation N.V.	The Netherlands	US\$	Subsidiary
Foreign	SQM Comercial De México S.A. de C.V.	Mexico	US\$	Subsidiary
Foreign	North American Trading Company	United States	US\$	Subsidiary
Foreign	Administración y Servicios Santiago S.A. de C.V.	Mexico	US\$	Subsidiary
Foreign	SQM Peru S.A.	Peru	US\$	Subsidiary
Foreign	SQM Ecuador S.A.	Ecuador	US\$	Subsidiary
Foreign	SQM Nitratos Mexico S.A. de C.V.	Mexico	US\$	Subsidiary
Foreign	SQMC Holding Corporation L.L.P.	United States	US\$	Subsidiary
Foreign	SQM Investment Corporation N.V.	The Netherlands	US\$	Subsidiary
Foreign	SQM Brasil Limitada	Brazil	US\$	Subsidiary
Foreign	SQM France S.A.	France	US\$	Subsidiary
Foreign	SQM Japan Co. Ltd.	Japan	US\$	Subsidiary
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	US\$	Subsidiary
Foreign	SQM Oceania Pty Limited	Australia	US\$	Subsidiary
Foreign	Rs Agro-Chemical Trading Corporation A.V.V.	Aruba	US\$	Subsidiary
Foreign	SQM Indonesia S.A.	Indonesia	US\$	Subsidiary
Foreign	SQM Virginia L.L.C.	United States	US\$	Subsidiary
Foreign	SQM Italia SRL	Italy	US\$	Subsidiary
Foreign	Comercial Caiman Internacional S.A.	Panamá	US\$	Subsidiary
Foreign	SQM Africa Pty. Ltd.	South Africa	US\$	Subsidiary
Foreign	SQM Lithium Specialties LLC	United States	US\$	Subsidiary
Foreign	SQM Iberian S.A.	Spain	US\$	Subsidiary
Foreign	SQM Agro India Pvt. Ltd.	India	US\$	Subsidiary
Foreign	SQM Beijing Commercial Co. Ltd.	China	US\$	Subsidiary

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Foreign	SQM Thailand Limited	Thailand	US\$	Subsidiary
Foreign	SQM Vitas Spain (2)	Spain	US\$	Subsidiary
96.801.610-5	Comercial Hydro S.A.	Chile	Chilean peso	Subsidiary
96.651.060-9	SQM Potasio S.A.	Chile	US\$	Subsidiary
96.592.190-7	SQM Nitratos S.A.	Chile	US\$	Subsidiary
96.592.180-K	Ajay SQM Chile S.A.	Chile	US\$	Subsidiary

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 9 Related party disclosures (continued)****9.3 Detailed identification of the link between the Parent and subsidiary, continued**

As of June 30, 2016 and December 31, 2015, the detail of entities that are a related parties of the SQM S.A: Group is as follows:

<b>Tax ID No.</b>	<b>Name</b>	<b>Country of origin</b>	<b>Functional currency</b>	<b>Nature</b>
86.630.200-6	SQMC Internacional Ltda.	Chile	Chilean peso	Subsidiary
79.947.100-0	SQM Industrial S.A.	Chile	US\$	Subsidiary
79.906.120-1	Isapre Norte Grande Ltda.	Chile	Chilean peso	Subsidiary
79.876.080-7	Almacenes y Depósitos Ltda.	Chile	Chilean peso	Subsidiary
79.770.780-5	Servicios Integrales de Tránsitos y Transferencias S.A.	Chile	US\$	Subsidiary
79.768.170-9	Soquimich Comercial S.A.	Chile	US\$	Subsidiary
79.626.800-K	SQM Salar S.A.	Chile	US\$	Subsidiary
78.053.910-0	Proinsa Ltda.	Chile	Chilean peso	Subsidiary
76.534.490-5	Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	Chile	Chilean peso	Subsidiary
76.425.380-9	Exploraciones Mineras S.A.	Chile	US\$	Subsidiary
76.064.419-6	Comercial Agrorama Ltda.	Chile	Chilean peso	Subsidiary
76.145.229-0	Agrorama S.A.	Chile	Chilean peso	Subsidiary
76.359.919-1	Orcoma Estudios SPA	Chile	US\$	Subsidiary
76.360.575-2	Orcoma SPA	Chile	US\$	Subsidiary
77.557.430-5	Sales de Magnesio Ltda.	Chile	Chilean peso	Associate
Foreign	Abu Dhabi Fertilizer Industries WWL	Arab Emirates	Arab Emirates dirham	Associate
Foreign	Doktor Tarsa Tarim Sanayi AS	Turkey	Turkish lira	Associate
Foreign	Ajay North America	United States	US\$	Associate
Foreign	Ajay Europe SARL	France	Euro	Associate
Foreign	SQM Eastmed Turkey	Turkey	Euro	Associate
Foreign	Charlee SQM Thailand Co. Ltd.	Thailand	Thai baht	Associate
Foreign	Sichuan SQM Migao Chemical Fertilizers Co Ltda.	China	US\$	Joint venture
Foreign	Coromandel SQM India	India	Indian rupee	Joint venture
Foreign	SQM Vitas Fzco.	Arab Emirates	Arab Emirates dirham	Joint venture
Foreign		China	US\$	Joint venture



SQM Star Qingdao Corp Nutrition Co.,  
Ltd.

Foreign	SQM Vitas Holland B.V	Dutch Antilles	Euro	Joint venture
Foreign	Kowa Company Ltd.	Japan	US\$	Joint control
96.511.530-7	Sociedad de Inversiones Pampa Calichera	Chile	US\$	Joint control
96.529.340-k	Norte Grande S.A.	Chile	Chilean peso	Other related parties
79.049.778-9	Callegari Agricola S.A.	Chile	Chilean peso	Other related parties
Foreign	Coromandel Internacional	India	Indian rupee	Other related parties
Foreign	Vitas Roullier SAS	France	Euro	Other related parties
Foreign	SQM Vitas Brazil Agroindustria	Brazil	US\$	Joint control or significant influence
Foreign	SQM Vitas Peru S.A.C.	Peru	US\$	Joint control or significant influence
Foreign	SQM Vitas Plantacote B.V	Dutch Antilles	Euro	Joint control or significant influence
Foreign	Minera Exar S.A.	Argentina	US\$	Joint venture
Foreign	SQM Vitas Southern Africa Pty.(1)	South Africa	US\$	Joint control or significant influence

(1) During June 2015, SQM Vitas Fzco. sold the ownership it had in SQM Vitas Southern Africa Pty., generating a loss of ThUS\$450.

During May 2016, SQM Vitas Holland B.V. sold the interest it had in SQM Vitas Spain, to SQM Iberian S.A. (2)resulting in the latter obtaining 100% of the interest through such transaction, which generated a loss of ThUS\$ 104.

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 9 Related party disclosures (continued)**

9.4 Detail of related parties and related party transactions

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

Maturity terms for each case vary by virtue of the transaction giving rise to them.

As of June 30, 2016 and December 31, 2015, there are no allowances for doubtful accounts related to balances pending of transactions with related parties as there is no impairment in them.

As of June 30, 2016 and December 31, 2015, the detail of significant transactions with related parties is as follows:

Tax ID No.	Company	Nature	Country of origin	Transaction	06/30/2016 ThUS\$	12/31/2015 ThUS\$
Foreign	Doktor Tarsa Tarim Sanayi As	Associate	Turkey	Sale of products	11,619	17,842
Foreign	Ajay Europe S.A.R.L.	Associate	France	Sale of products	10,480	23,545
Foreign	Ajay Europe S.A.R.L.	Associate	France	Dividends	658	1,748
Foreign	Ajay North America LLC.	Associate	United States	Sale of products	7,821	15,618
Foreign	Ajay North America LLC.	Associate	United States	Dividends	1,303	5,185
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	Sale of products	2,186	7,902
Foreign	Charlee SQM Thailand Co. Ltd.	Associate	Thailand	Sale of products	2,412	5,557
Foreign	Charlee SQM Thailand Co. Ltd.	Associate	Thailand	Dividends	-	296
77.557.430-5	Sales de Magnesio Ltda.	Associate	Chile	Sale of products	740	1,187

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

77.557.430-5	Sales de Magnesio Ltda.	Associate	Chile	Dividends	206	286
77.557.430-5	Sales de Magnesio Ltda.	Associate	Chile	Sale of services	-	34
Foreign	Kowa Company Ltd.	Other related parties	Japan	Sale of products	36,877	62,543
Foreign	Kowa Company Ltd.	Other related parties	Japan	Services received	(1,217 )	(933 )
Foreign	SQM Vitas Brasil Agroindustria	Joint control or significant influence	Brazil	Sale of products	8,410	32,019
Foreign	SQM Vitas Peru S.A.C.	Joint control or significant influence	Peru	Sale of products	11,707	34,586
Foreign	SQM Vitas Southern Africa Pty.	Joint control or significant influence	South Africa	Sale of products	-	2,187
Foreign	SQM Vitas Fzco.	Joint venture	United Arab Emirates	Sale of products	965	1,060
Foreign	Sichuan SQM Migao Chemical Fertilizers Co Ltda.	Joint venture	China	Sale of products	-	22,624
Foreign	Coromandel SQM India	Joint venture	India	Sale of products	2,977	4,012
Foreign	SQM Vitas Spain	Joint venture	Spain	Sale of products	6,956	8,587
Foreign	SQM Vitas Plantacote B.V.	Joint venture	Netherlands	Sale of products	-	27

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 9 Related party disclosures (continued)**

## 9.5 Trade receivables due from related parties, current:

Tax ID N°	Company	Nature	Country of origin	Currency	06/30/2016	12/31/2015
					ThUS\$	ThUS\$
77.557.430-5	Sales de Magnesio Ltda.	Associate	Chile	Ch\$	743	377
Foreign	Charlee SQM Thailand Co. Ltd.	Associate	Thailand	US\$	2,420	2,338
Foreign	Ajay Europe S.A.R.L.	Associate	France	Euro	4,100	3,031
Foreign	Ajay North America LLC.	Associate	United States	US\$	2,755	2,538
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	Arab Emirates dirham	779	772
Foreign	Doktor Tarsa Tarim Sanayi AS	Associate	Turkey	YTL	88	9,314
Foreign	Kowa Company Ltd.	Jointly controlled entity	Japan	US\$	22,482	23,465
96.511.530-7	Soc.de Inversiones Pampa Calichera	Jointly controlled entity	Chile	US\$	6	6
Foreign	SQM Vitas Brasil Agroindustria	Joint venture	Brazil	US\$	9,379	19,156
Foreign	SQM Vitas Peru S.A.C.	Joint venture	Peru	US\$	14,452	16,026
Foreign	Coromandel SQM India Sichuan SQM Migao	Joint venture	India	Indian rupee	2,390	750
Foreign	Chemical Fertilizers Co Ltda.	Joint venture	China	US\$	17,043	21,464
79.049.778-9	Callegari Agrícola S.A.	Other related parties	Chile	Ch\$	34	52
Foreign	SQM Vitas Fzco.	Joint venture	United Arab Emirates	Arab Emirates dirham	157	-
Foreign	SQM Vitas Spain	Joint venture	Spain	Euro	-	566
Foreign	SQM Vitas Plantacote B.V.	Joint venture	Holland	Euro	404	-
Foreign	SQM Star Qingdao Corp Nutrition Co., Ltd.	Joint venture	China	US\$	45	52
Foreign	SQM Vitas Holland	Joint venture	Holland	Euro	50	-
Total					77,327	99,907

9.6 Trade payables due to related parties, current:

Tax ID No.	Company.	Nature	Country of origin	Currency	06/30/2016	12/31/2015
					ThUS\$	ThUS\$
Foreign	SQM Vitas Fzco.	Joint venture	Arab Emirates	Arab Emirates dirham	-	251
Foreign	SQM Vitas Plantacote B.V.	Joint venture	Holland	Euro	-	184
Total as of to-date					-	435

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 9 Related party disclosures (continued)**

9.7 Board of Directors and Senior Management

1) Board of directors

SQM S.A. is managed by a Board of Directors which is composed of 8 regular directors, 2 of which are independent directors, who are elected for a three-year period. The present Board of Directors was elected by the shareholders at the Ordinary Shareholders' Meeting of April 26, 2016.

As of June 30, 2016, the Company has the following Committees:

Directors' Committee: composed of Hans Dieter Linneberg A. and Edward J. Waitzer, Julio Rebolledo D. Such Committee performs the duties contained in Article 50 bis of Law No. 18.046, the Chilean "Securities Act".

- Audit Committee: composed of Hans Dieter Linneberg A. and Edward J. Waitzer, Julio Rebolledo D.

Health, Safety and Environmental Matters Committee: composed of Mrs. Joanne L. Boyes, Gonzalo Guerrero Y. and Arnfinn F. Prugger.

Corporate Governance Committee: composed of Edward J. Waitzer, Robert A. Kirkpatrick, and Hans Dieter Linneberg A.

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

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 9 Related party disclosures (continued)**

**9.7 Board of Directors and Senior Management, continued**

2) Directors' Compensation

Directors' compensation is detailed as follows:

The payment of a fixed, gross and monthly amount of three hundred Unidades de Fomento (inflation-adjusted units) in favor the Chairman of the Board of Directors of SQM S.A. and of two hundred Unidades de Fomento in favor of each of the remaining seven directors of SQM S.A. regardless of the number of Meetings held or not held during the related month and for the periods between May 1, 2016 and April 30, 2017.

A payment in domestic currency in favor of the Chairman of the Company's Board of Directors consisting of a variable and gross amount equivalent to 0.135% of profit for the period effectively earned by the Company during fiscal year 2016.

A payment in domestic currency in favor of each Company's directors excluding the Chairman of the Board, consisting of a variable and gross amount equivalent to 0.06% of profit for the period effectively earned by the Company during fiscal years 2016.

The fixed and variable amounts indicated above will not be subject to any challenge between them and those expressed in percentages will be paid after the related General Shareholders' Meeting of SQM S.A. approves the Balance Sheet, Financial Statements, Annual Report, the Account Inspectors' Report and Independent Auditor's Report of SQM S.A. for the commercial year ended December 31, 2016.

The amounts expressed in UF will be paid in accordance with the value determined by the Chilean Superintendence of Banks and Financial Institutions (SBIF), the Central Bank of Chile (Banco Central de Chile) or another relevant institution replacing them during the last day of the calendar year applicable. The amounts reflected in or referred to in U.S. dollars will be converted to Chilean pesos and paid in Chilean pesos in accordance with the exchange rate with which the dividend declared for the commercial year 2016 is paid.

Therefore, the remunerations and profit sharing paid to members of the Board of Directors and Audit Committee during 2016 amount to ThUS\$1.943 (ThUS\$ 2,769 as of December 31, 2015).



3) Audit Committee

The remuneration of Directors Committee is composed of:

The payment of a fixed, gross and monthly amount of three seventy-five Unidades de Fomento (inflation-adjusted a) units) in favor the three Directors that are members of the Director's Committee regardless of the number of Meetings held or not held during the related month and for the periods between May 1, 2016 and April 30, 2017.

A payment in domestic currency in favor of each of the three Directors consisting of a variable and gross amount equivalent to 0.02% of profit for the period effectively earned by the Company during fiscal year 2016 resulting b) after deducting the relevant amount for the concept of the amortization of gain from bargain purchase and regardless of the number of Meetings held or not held by the Directors' Committee during such year.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 9 Related party disclosures (continued)**

**9.7 Board of Directors and Senior Management, continued**

The fixed and variable amounts indicated above will not be subject to any challenge between them and those expressed in percentages will be paid after the related General Shareholders' Meeting of SQM S.A. approves the Balance Sheet, Financial Statements, Annual Report, the Account Inspectors' Report and Independent Auditor's Report of SQM S.A. for the commercial year ended December 31, 2016.

The amounts expressed in UF will be paid in accordance with the value determined by the Chilean Superintendence of Banks and Financial Institutions (SBIF), the Central Bank of Chile (Banco Central de Chile) or another relevant institution replacing them during the last day of the calendar year applicable. The amounts reflected in or referred to in U.S. dollars will be converted to Chilean pesos and paid in Chilean pesos in accordance with the exchange rate with which the dividend declared for the commercial year 2016 is paid.

4) Corporate Governance Committee, Health, Safety and Environmental Matters Committee and other Company's Committees

Remuneration of such committees is composed of the payment of a fixed, gross, monthly amount of UF 50 for each director comprising such committees, regardless of the number of meetings held or not held during the related month or year.

5) No guarantees have been constituted in favor of the directors.

6) Senior management compensation:

As of June 30, 2016, the global compensation paid to the 104 main executives amounts to ThUS\$12,157 and the global compensation paid to the 103 main executives as of December 31, 2015 amounted to ThUS\$19,355. This includes monthly fixed salary and variable performance bonuses.

The Company has a bonuses intermediate and biannual plan for compliance target and level of individual contribution to the Company's profit or loss. These benefits are structured in a minimum and maximum of gross remunerations which are paid once a year or every two years.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 9 Related party disclosures (continued)**

**9.7 Board of Directors and Senior Management, continued**

7) Additionally, the Company has retention bonuses for the Company's executives. The amount of these bonuses is linked to the price of the Company's share and is payable in cash between 2012 and 2016 (see Note 16).

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

9) The Company's Managers and Directors do not receive or have not received any benefit during the period ended June 30, 2016 and the year ended December 31, 2015 or compensation for the concept of pensions, life insurance, paid time off, profit sharing, incentives, or benefits due to disability other than those mentioned in the preceding points.

**9.8 Key management personnel compensation**

	06/30/2016	12/31/2015
	ThUS\$	ThUS\$
Key management personnel compensation	12,157	19,355

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

Note 10 Financial instruments

Financial instruments in accordance with IAS 39 are detailed as follows:

10.1 Types of other financial assets

Description of other financial assets	<b>06/30/2016</b>	<b>12/31/2015</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Other current financial assets (1)	221,421	617,267
Derivatives (2)	9,548	19,058
Hedging assets	653	-
Total other current financial assets	231,622	636,325
Other non-current financial assets (3)	2,741	486
Total other non-current financial assets	2,741	486

(1) Relates to term deposits with maturities exceeding 90 days and less than 360 days from the investment date.

(2) Relate to forwards and options that were not classified as hedging instruments (see detail in Note 10.3).

(3) The detail of other financial assets, non-current is as follows:

	<b>06/30/2016</b>	<b>12/31/2015</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Non-current investments not accounted for using the equity method of accounting	2,695	444
Other financial assets, non-current	46	42
Total other financial assets, non-current	2,741	486

**Detail of other current financial assets**

Institution	06/30/2016	12/31/2015
	ThUS\$	ThUS\$
Banco Santander	52,294	175,433
Banco de Crédito e Inversiones	650	97,739
Banco de Chile	-	20,049
Corpbanca	81,644	122,951
Banco Itaú	81,463	80,830
Banco Security	-	24,861
Morgan Stanley	5,370	8,200
Scotiabank Sud Americano	-	78,180
HSBC Bank Chile	-	9,024
Total	221,421	617,267

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments, (continued)**

## 10.2 Trade and other receivables

	06/30/2016			12/31/2015		
	Current ThUS\$	Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Non-current ThUS\$	Total ThUS\$
Trade receivables	281,048	-	281,048	279,590	-	279,590
Prepayments	15,730	-	15,730	9,155	-	9,155
Other receivables	10,425	1,250	11,675	13,480	1,050	14,530
Total trade and other receivables	307,203	1,250	308,453	302,225	1,050	303,275

	06/30/2016			12/31/2015		
	Assets before allowance ThUS\$	Allowance for doubtful trade receivables ThUS\$	Assets for trade receivables, net ThUS\$	Assets before allowance ThUS\$	Allowance for doubtful trade receivables ThUS\$	Assets for trade receivables, net ThUS\$
Receivables related to credit operations, current	296,254	(15,206 )	281,048	294,525	(14,935 )	279,590
Trade receivables, current	296,254	(15,206 )	281,048	294,525	(14,935 )	279,590
Prepayments, current	18,530	(2,800 )	15,730	11,955	(2,800 )	9,155
Other receivables, current	12,439	(2,014 )	10,425	15,476	(1,996 )	13,480
Current trade and other receivables	327,223	(20,020 )	307,203	321,956	(19,731 )	302,225
Other receivables, non-current	1,250	-	1,250	1,050	-	1,050
Non-current receivables	1,250	-	1,250	1,050	-	1,050
Total trade and other receivables	328,473	(20,020 )	308,453	323,006	(19,731 )	303,275

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments, (continued)**

**10.2 Trade and other receivables, continued**

**Portfolio stratification, continued**

The Company's policy is to require guarantees (such as letters of credit, guarantee clauses and others) and/or maintaining insurance policies for certain accounts as deemed necessary by management.

**Unsecuritized portfolio**

As of June 30, 2016 and December 31, 2015, the detail of the unsecuritized portfolio is as follows:

06/30/2016

	Not overdue	1 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 150 days	151 - 180 days	181 - 210 days	211 - 250 days	Over 250 days	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Number of customers, portfolio under no renegotiated terms	3,556	1,359	1,024	858	766	280	277	241	264	1,907	10,532
Portfolio under no renegotiated terms	232,124	18,732	9,531	10,450	7,474	1,878	301	115	199	9,815	290,619
Number of customers under renegotiated terms portfolio	10	242	77	48	26	15	9	9	18	368	822
Portfolio under renegotiated	174	1,463	795	222	132	68	57	5	96	2,623	5,635



Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

terms, gross											
Total gross portfolio	232,298	20,195	10,326	10,672	7,606	1,946	358	120	295	12,438	296,254
12/31/2015											
	Not overdue	1 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 150 days	151 - 180 days	181 - 210 days	211 - 250 days	Over 250 days	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Number of customers, portfolio under no renegotiated terms	3,653	698	388	2,617	565	241	253	667	311	1,836	11,229
Portfolio under no renegotiated terms	249,892	13,268	1,484	9,572	2,720	19	264	6,159	1,067	6,340	290,785
Number of customers under renegotiated terms portfolio	17	1	551	38	8	1	3	7	6	235	867
Portfolio under renegotiated terms, gross	540	10	625	13	170	15	259	35	293	1,780	3,740
Total gross portfolio	250,432	13,278	2,109	9,585	2,890	34	523	6,194	1,360	8,120	294,525

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments, (continued)**

**10.2 Trade and other receivables, continued**

The detail of allowances is as follows:

	<b>06/30/2016</b>	<b>12/31/2015</b>
Provision and write-offs		
	<b>MUS\$</b>	<b>MUS\$</b>
Allowance for portfolio under no renegotiated terms	17,584	18,980
Allowance for portfolio with renegotiated terms	2,442	2,356
Write-offs for the period	(6 )	(1,605 )
Total	20,020	19,731

**Credit risk concentration**

Credit risk concentration with respect to trade receivables is reduced due to the great number of entities included in the Company's client database and their distribution throughout the world.

**10.3**

**Hedging assets and liabilities**

The balance represents derivative instruments measured at fair value which have been classified as hedges from exchange and interest rate risks related to the total obligations associated with bonds of the Company in Chilean pesos and UF (and the exchange risk in Chilean pesos of the Company's investment plans). As of June 30, 2016, the face value of cash flows in Cross Currency Swap contracts agreed upon in US dollars amounted to ThUS\$325,972 and as of December 31, 2015 such contracts amounted to ThUS\$331,853.

		<b>Effect on profit or</b>			
<b>Hedging assets with underlying debt</b>	Derivative instruments (Fwds)	<b>loss for the period</b>	Hedging reserve in gross equity	Deferred tax hedging reserve in equity	Hedging reserve in equity
		<b>Derivative instruments</b>			

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

June 30, 2016	ThUS\$ 653	ThUS\$ 706	ThUS\$ (54 )	ThUS\$ -	ThUS\$ (54 )
---------------	---------------	---------------	-----------------	-------------	-----------------

Hedging liabilities with underlying debt	Derivative instruments (CCS)	Effect on profit or loss for the period Derivative instruments	Hedging reserve in gross equity	Deferred tax hedging reserve in equity	Hedging reserve in equity
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
June 30, 2016	52,425	20,652	(1,816 )	510	(1,306 )

Hedging liabilities with underlying investments	Derivative instruments (CCS)	Effect on profit or loss for the period Derivative instruments	Hedging reserve in gross equity	Deferred tax hedging reserve in equity	Hedging reserve in equity
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
June 30, 2016	3,009	(2,404 )	(606 )	701	95

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)**

**10.3 Hedging assets and liabilities, continued**

Hedging liabilities	Derivative instruments (CCS) ThUS\$	Effect on profit or loss for the period Derivative instruments ThUS\$	Hedging reserve in gross equity ThUS\$	Deferred tax hedging reserve in equity ThUS\$	Hedging reserve in equity ThUS\$
December 31, 2015	74,786	(29,245 )	86	96	182

The balances in the “effect on profit or loss” column consider the interim effects of the contracts in force As of June 30, 2016 and December 31, 2015.

Derivative contract maturities are detailed as follows:

Series	Contract amount ThUS\$	Currency	Maturity date
C	53,881	UF	12/01/2026
H	191,638	UF	01/05/2018
M	46,463	UF	02/01/2017
O	68,339	UF	02/01/2017

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

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

## **Hedge Accounting**

The Company classifies derivative instruments as hedging that may include derivative or embedded derivatives either as fair value hedge derivative instruments, cash flow hedge derivative instruments, or hedge derivative instruments for net investment in a business abroad.

### **a) Fair value hedge**

Changes in fair values of derivative instruments classified as fair value hedge derivative instruments are accounted for in gains and losses immediately along with any change in the fair value of the hedged item that is attributable to the risk being hedged.

#### **SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

## Note 10 Financial instruments (continued)

### 10.3 Hedging assets and liabilities, continued

The Company documents the relationship between hedge instruments and the hedged item along with the objectives of its risk management and strategy to carry out different hedging transactions. In addition, upon commencement of the period hedged and then on a quarterly basis the Company documents whether hedge instruments have been efficient and met the objective of hedging market fluctuations for the purpose of which we use the effectiveness test. A hedge instrument is deemed effective if the effectiveness test result is between 80% and 125%.

The hedge instruments are classified as effective or not effective on the basis of the effectiveness test results. As of to date, hedges are classified as effective on the basis of the effectiveness tests. This note includes the detail of fair values of derivatives classified as hedging instruments.

#### b) Cash flow hedges

Cash flow hedges cover exposure to the cash flow variations attributable to a risk associated with a specific transaction that is very likely to be executed, that may have material effects on the results of the Company.

### 10.4 Financial liabilities

#### Other current and non-current financial liabilities

As of June 30, 2016 and December 31, 2015, the detail is as follows:

	06/30/2016			12/31/2015		
	Current ThUS\$	Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Non-current ThUS\$	Total ThUS\$
Bank borrowings	158,011	-	158,011	178,183	140,000	318,183

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Obligations with the public	58,824	1,062,078	1,120,902	221,092	1,077,172	1,298,264
Derivatives	5,460	-	5,460	981	-	981
Hedging liabilities	20,404	35,142	55,546	1,774	73,031	74,805
Total	242,699	1,097,220	1,339,919	402,030	1,290,203	1,692,233

**Current and non-current borrowings**

As of June 30, 2016 and December 31, 2015, the detail is as follows:

	06/30/2016	12/31/2015
	ThUS\$	ThUS\$
Long-term borrowings	-	140,000
Short-term borrowings	97,866	97,079
Current portion of long-term borrowings	60,145	81,104
Short-term loans and current portion of long-term borrowings	158,011	178,183
Total borrowings assumed	158,011	318,183

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)****10.4 Financial liabilities, continued**

a) Bank loans, current:

As of June 30, 2016 and December 31, 2015, the detail of this caption is as follows:

Debtor		Country		Creditor		Currency or adjustment		Repayment	Effective	Nominal
Tax ID No	Company		Tax ID No.	Financial institution	Country	index		Rate	rate	rate
93.007.000-9	SQM.S.A.	Chile	97.018.000-1	Scotiabank Sud Americano	Chile	US\$	Upon maturity	0.82 %		0.82 %
93.007.000-9	SQM.S.A.	Chile	97.030.000-7	Banco Estado	Chile	US\$	Upon maturity	4.3 %		4.3 %
93.007.000-9	SQM.S.A.	Chile	97.018.000-1	Scotiabank Sud Americano	Chile	US\$	Upon maturity	0.85 %		0.85 %
79.626.800-K	SQM Salar S.A.	Chile	97.018.000-1	Scotiabank Sud Americano	Chile	US\$	Upon maturity	0.84 %		0.84 %
79.947.100-0	SQM Industrial S.A.	Chile	97.030.000-7	Banco Estado	Chile	US\$	Upon maturity	1.20 %		1.20 %
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Bank of America	United States	US\$	Upon maturity	0.74 %		1.80 %
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	The Bank of Tokyo-Mitsubishi UFJ, Lda. (New York)	United States	US\$	Upon maturity	1.64 %		1.54 %
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Export Development Canada	Canada	US\$	Upon maturity	1.55 %		1.87 %
Debtor Company	Creditor Financial institution		06/30/2016 Nominal amounts		06/30/2016 Current amounts					



Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

		<b>Up to 90 days ThUS\$</b>	<b>90 days to 1 year ThUS\$</b>	<b>Total ThUS\$</b>	<b>Up to 90 days ThUS\$</b>	<b>90 days to 1 year ThUS\$</b>	<b>Subtotal ThUS\$</b>	<b>Borrowing costs ThUS\$</b>	<b>Total ThUS\$</b>
SQM.S.A.	Scotiabank Sud Americano	20,000	-	20,000	20,020	-	20,020	-	20,020
SQM.S.A.	Banco Estado	-	20,662	20,662	-	20,721	20,721	-	20,721
SQM.S.A.	Scotiabank Sud Americano	17,000	-	17,000	17,012	-	17,012	-	17,012
SQM Salar S.A.	Scotiabank Sud Americano	-	20,000	20,000	24	20,000	20,024	-	20,024
SQM Industrial S.A.	Banco Estado	-	20,000	20,000		20,089	20,089	-	20,089
Royal Seed Trading Corporation A.V.V.	Bank of America	-	40,000	40,000	-	40,170	40,170	(16 )	40,154
Royal Seed Trading Corporation A.V.V.	The Bank of Tokyo-Mitsubishi UFJ, Lda. (New York)	-	10,000	10,000	-	10,034	10,034	(19 )	10,015
Royal Seed Trading Corporation A.V.V.	Export Development Canada	-	10,000	10,000	-	10,005	10,005	(29 )	9,976
<b>Total</b>		<b>37,000</b>	<b>120,662</b>	<b>157,662</b>	<b>37,056</b>	<b>121,019</b>	<b>158,075</b>	<b>(64 )</b>	<b>158,011</b>

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)**

**10.4 Financial liabilities, continued**

Debtor			Creditor			Currency or adjustment	Repayment	Effective	Nominal
Tax ID No	Company	Country	Tax ID No.	Financial institution	Country	index	Rate	Rate	rate
93.007.000-9	SQM.S.A.	Chile	97.018.000-1	Scotiabank Sud Americano	Chile	US\$	Upon maturity	0.57 %	0.57 %
93.007.000-9	SQM.S.A.	Chile	97.030.000-7	Banco Estado	Chile	US\$	Upon maturity	0.70 %	0.70 %
93.007.000-9	SQM.S.A.	Chile	97.018.000-1	Scotiabank Sud Americano	Chile	US\$	Upon maturity	0.58 %	0.58 %
93.007.000-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	US\$	Upon maturity	1.94 %	2.54 %
79.626.800-K	SQM Salar S.A.	Chile	97.018.000-1	Scotiabank Sud Americano	Chile	US\$	Upon maturity	0.57 %	0.57 %
79.947.100-0	SQM Industrial S.A.	Chile	97.030.000-7	Banco Estado	Chile	US\$	Upon maturity	0.44 %	0.44 %
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Bank of America	United States	US\$	Upon maturity	1.43 %	1.30 %
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	The Bank of Tokyo-Mitsubishi UFJ, Lda. (New York)	United States	US\$	Upon maturity	1.18 %	1.05 %
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Export Development Canada	Canada	US\$	Upon maturity	1.75 %	1.39 %

Debtor	Creditor	12/31/2015			12/31/2015			Subtotal	Borrowing costs	Total
		Nominal amounts	Current amounts		Current amounts		Total			
Company	Financial institution	Up to 90 days	90 days to 1 year	Total	Up to 90 days	90 days to 1 year	ThUS\$	ThUS\$	ThUS\$	ThUS\$
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$				
SQM.S.A.	Scotiabank Sud Americano	-	20,000	20,000	13	20,000	20,013	-	-	20,013

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

SQM.S.A.	Banco Estado	-	20,000	20,000	9	20,000	20,009	-	20,009
SQM.S.A.	Scotiabank Sud Americano	-	17,000	17,000	8	17,000	17,008	-	17,008
SQM S.A.	Banco Estado NY Branch	-	-	-	1,067	-	1,067	-	1,067
SQM Salar S.A.	Scotiabank Sud Americano	-	20,000	20,000	16	20,000	20,016	-	20,016
SQM Industrial S.A.	Banco Estado	20,000	-	20,000	20,032	-	20,032	-	20,032
Royal Seed Trading Corporation A.V.V.	Bank of America	-	40,000	40,000	-	40,137	40,137	(49 )	40,088
Royal Seed Trading Corporation A.V.V.	The Bank of Tokyo-Mitsubishi UFJ, Lda. (New York)	-	20,000	20,000	-	20,052	20,052	(54 )	19,998
Royal Seed Trading Corporation A.V.V.	Export Development Canada	-	20,000	20,000	-	20,010	20,010	(58 )	19,952
Total		20,000	157,000	177,000	21,145	157,199	178,344	(161 )	178,183

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)****10.4 Financial liabilities, continued**

b) Unsecured obligations, current:

As of June 30, 2016 and December 31, 2015, the detail of current unsecured interest-bearing obligations is composed of promissory notes and bonds, as follows:

**Bonds**

Debtor	Number of registration or ID of the instrument	Series	Maturity date	Currency or adjustment index	Periodicity	Effect rate		
<b>Tax ID No.</b>	<b>Company</b>	<b>País</b>			<b>Payment of interest</b>	<b>Repaymnet</b>		
93.007.000-9	SQM S.A.	Chile -	ThUS\$250,000	4/21/2016	US\$	Semiannual	Upon maturity	5.94%
93.007.000-9	SQM S.A.	Chile -	ThUS\$250,000	7/28/2016	US\$	Semiannual	Upon maturity	4.62%
93.007.000-9	SQM S.A.	Chile -	ThUS\$300,000	4/3/2016	US\$	Semiannual	Upon maturity	3.95%
93.007.000-9	SQM S.A.	Chile 446	C	6/1/2016	UF	Semiannual	Semiannual	5.57%
93.007.000-9	SQM S.A.	Chile 564	H	7/5/2016	UF	Semiannual	Semiannual	5.22%
93.007.000-9	SQM S.A.	Chile 700	M	8/1/2016	UF	Semiannual	Upon maturity	4.83%
93.007.000-9	SQM S.A.	Chile 699	O	8/1/2016	UF	Semiannual	Upon maturity	3.97%

Company	Country	Series	06/30/2016 Nominal maturities Up to 91 days to 1 year	Total	06/30/2016 Current maturities Up to 90 days	91 days to 1 year	Subtotal	Bond issuance costs	Total
---------	---------	--------	---	-------	---	-------------------	----------	---------------------	-------

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
SQM S,A, Chile	ThUS\$250,000	-	-	-	2,635	2,635	(386 )	2,249
SQM S,A, Chile	ThUS\$250,000	-	-	-	4,618	4,618	(433 )	4,185
SQM S,A, Chile	ThUS\$300,000	-	-	-	2,628	2,628	(615 )	2,013
SQM S,A, Chile	C	-	5,909	5,909	-	6,107	-	6,107
SQM S,A, Chile	H	-	-	-	3,708	-	3,708	(139 )
SQM S,A, Chile	M	-	38,537	38,537	534	39,391	39,925	(79 )
SQM S,A, Chile	O	-	-	-	921	-	921	(66 )
Total		-	44,446	44,446	5,163	55,379	60,542	(1,718 )

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

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)****10.4 Financial liabilities, continued**

Debtor		Number of registration or ID of the instrument	Series	Maturity date	Currency or adjustment index	Periodicity	Effective rate
Tax ID No.	Company País					Payment of interest	Repayment
93.007.000-9	SQM S.A. Chile -		ThUS\$200,000	4/15/2016	US\$	Semiannual	Upon maturity 9.19 %
93.007.000-9	SQM S.A. Chile -		ThUS\$250,000	4/21/2016	US\$	Semiannual	Upon maturity 5.89 %
93.007.000-9	SQM S.A. Chile -		ThUS\$250,000	1/28/2016	US\$	Semiannual	Upon maturity 4.61 %
93.007.000-9	SQM S.A. Chile -		ThUS\$300,000	4/3/2016	US\$	Semiannual	Upon maturity 3.93 %
93.007.000-9	SQM S.A. Chile 446		C	6/1/2016	UF	Semiannual	Semiannual 6.52 %
93.007.000-9	SQM S.A. Chile 564		H	1/5/2016	UF	Semiannual	Semiannual 5.20 %
93.007.000-9	SQM S.A. Chile 700		M	2/1/2016	UF	Semiannual	Upon maturity 4.32 %
93.007.000-9	SQM S.A. Chile 699		O	2/1/2016	UF	Semiannual	Upon maturity 3.97 %

Company	Country	Series	12/31/2015 Nominal maturities		12/31/2015 Current maturities		Subtotal	Bond issuance costs	Total
			Up to 90 days	91 days to 1 year	Up to 90 days	91 days to 1 year			
			ThUS\$	US\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
SQM S,A, Chile		ThUS\$200,000	-	200,000	200,000	-	202,586	202,586	(73 ) 202,513
SQM S,A, Chile		ThUS\$250,000	-	-	-	-	2,674	2,674	(386 ) 2,288
SQM S,A, Chile		ThUS\$250,000	-	-	-	4,648	-	4,648	(433 ) 4,215
SQM S,A, Chile		ThUS\$300,000	-	-	-	-	2,658	2,658	(614 ) 2,044
SQM S,A, Chile		C	-	5,413	5,413	-	5,610	5,610	- 5,610
SQM S,A, Chile		H	-	-	-	3,417	-	3,417	(139 ) 3,278
SQM S,A, Chile		M	-	-	-	492	-	492	(130 ) 362

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

SQM S,A, Chile	O	-	-	-	849	-	849	(67 )	782
Total		-	205,413	205,413	9,406	213,528	222,934	(1,842 )	221,092

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

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)**

**10.4 Financial liabilities, continued**

c) Types of interest-bearing borrowings, non-current

Non-current interest-bearing borrowings as of June 30, 2016 and December 31, 2015 are detailed as follows:

Debtor		Creditor			Currency or adjustment index	Repayment	Effective rate	Nominal rate				
Tax ID No.	Company	Country	Tax ID No.	Financial institution	Country							
93.007.000-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	US\$	Upon maturity	1.94 % 2.54 %				
Company		Financial institution	Nominal non-current maturities 12/31/2015			Non-current maturities 12/31/2015			Borrowings costs			
			Over 1 years	Over 2 years	Over 3 years	Total	Over 1 years	Over 2 years	Over 3 years	Subtotal	Total	
			to 2	to 3	to 4		to 2	to 3	to 4			
			ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
SQM S.A.	Banco Estado NY Branch		140,000	-	-	140,000	140,000	-	-	140,000	-	140,000
Total			140,000	-	-	140,000	140,000	-	-	140,000	-	140,000

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)





Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)****10.4 Financial liabilities, continued**

## d) Non-current unsecured interest-bearing bonds

The breakdown of non-current unsecured interest-bearing bonds as of June 30, 2016 and December 31, 2015 is detailed as follows:

Tax ID No.	Company	Country	Number of registration or ID of the instrument	Series	Maturity date	Currency or adjustment index	Periodicity	Payment of interest	Repayment
93.007.000-9	SQM S.A.	Chile	-	ThUS\$250,000	04/21/2020	US\$	Semiannual		Upon maturity
93.007.000-9	SQM S.A.	Chile	-	ThUS\$250,000	01/28/2025	US\$	Semiannual		Upon maturity
93.007.000-9	SQM S.A.	Chile	-	ThUS\$300,000	04/03/2023	US\$	Semiannual		Upon maturity
93.007.000-9	SQM S.A.	Chile	446	C	12/01/2026	UF	Semiannual		Semiannual
93.007.000-9	SQM S.A.	Chile	564	H	01/05/2030	UF	Semiannual		Semiannual
93.007.000-9	SQM S.A.	Chile	699	O	02/01/2033	UF	Semiannual		Upon maturity

Nominal non-current maturities  
06/30/2016

Series	Nominal non-current maturities 06/30/2016						Non-current maturities 06/30/2016						Subtotal
	Over 1 year to 2	Over 2 years to 3	Over 3 Years to 4	Over 4 Years to 5	Over 5 years	Total	Over 1 year to 2	Over 2 years to 3	Over 3 Years to 4	Over 4 Years to 5	Over 5 years		
MMUS\$250	-	250,000	-	-	-	250,000	-	250,000	-	-	-	250,000	
MMUS\$250	-	-	-	-	250,000	250,000	-	-	-	-	250,000	250,000	
MMUS\$300	-	-	-	-	300,000	300,000	-	-	-	-	300,000	300,000	
C	5,909	5,909	5,909	5,909	32,496	56,132	5,909	5,909	5,909	5,909	32,496	56,132	
H	-	-	-	-	157,564	157,564	-	-	-	-	157,564	157,564	

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

O	-	-	-	-	59,087	59,087	-	-	-	-	59,087	59,087
Total	5,909	255,909	5,909	5,909	799,147	1,072,783	5,909	255,909	5,909	5,909	799,147	1,072,783

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)****10.4 Financial liabilities, continued**

## d) Non-current unsecured interest-bearing bonds, continued

As of June 30, 2016 and December 31, 2015, the breakdown of unsecured interest-bearing liabilities, non-current is as follows:

Tax ID No.	Company	Country	Number of registration or ID of the instrument	Series	Maturity date	Currency or adjustment index	Periodicity	Payment of interest	Repayment
93.007.000-9	SQM S.A.	Chile	-	ThUS\$200,000	04/15/2016	US\$	Semiannual		Upon maturity
93.007.000-9	SQM S.A.	Chile	-	ThUS\$250,000	04/21/2020	US\$	Semiannual		Upon maturity
93.007.000-9	SQM S.A.	Chile	-	ThUS\$250,000	01/28/2025	US\$	Semiannual		Upon maturity
93.007.000-9	SQM S.A.	Chile	-	ThUS\$300,000	04/03/2023	US\$	Semiannual		Upon maturity
93.007.000-9	SQM S.A.	Chile	446	C	12/01/2026	UF	Semiannual		Semiannual
93.007.000-9	SQM S.A.	Chile	564	H	01/05/2030	UF	Semiannual		Semiannual
93.007.000-9	SQM S.A.	Chile	700	M	02/01/2017	UF	Semiannual		Upon maturity
93.007.000-9	SQM S.A.	Chile	699	O	02/01/2033	UF	Semiannual		Upon maturity

**Nominal non-current maturities****Non-current maturities****12/31/2015****12/31/2015**

Series	Over 1 year to 2	Over 2 years to 3	Over 3 Years to 4	Over 4 Years to 5	Over 5 years	Total	Over 1 year to 2	Over 2 years to 3	Over 3 Years to 4	Over 4 Years to 5	Over 5 years	Sub
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThU

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

MMUS\$250	-	-	250,000	-	-	250,000	-	-	250,000	-	-	250,000
MMUS\$250	-	-	-	-	250,000	250,000	-	-	-	-	250,000	250,000
MMUS\$300	-	-	-	-	300,000	300,000	-	-	-	-	300,000	300,000
C	5,413	5,413	5,413	5,413	32,482	54,134	5,413	5,413	5,413	5,413	32,482	54,134
H	-	-	-	-	144,357	144,357	-	-	-	-	144,357	144,357
M	36,089	-	-	-	-	36,089	36,089	-	-	-	-	36,089
O	-	-	-	-	54,134	54,134	-	-	-	-	54,134	54,134
Total	41,502	5,413	255,413	5,413	780,973	1,088,714	41,502	5,413	255,413	5,413	780,973	1,088,714

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)**

**10.4 Financial liabilities, continued**

e) Additional information

**Bonds**

On the 30 of June 2016 and the 31st of December 2015, short term bonds of MUS\$58,824 and MUS\$221,092 respectively were classified as short-term, consisting of the current portion due plus accrued interest to date, excluding bond issue costs. The non-current portion consisted of MUS\$1,062,078 on the 30 of June 2016 and MUS\$1,077,172 on the 31<sup>st</sup> December 2015, corresponding to the issuance of series C bonds, Single series bonds (ThUS\$200), series H bonds second issue single series bonds (ThUS\$250), series M bonds, series O bonds, third issue single series bonds (ThUS\$300) and fourth issue single series bonds (ThUS\$250) excluding debt issue costs.

As of June 30, 2016 and December 31, 2015, the details of each issuance are as follows:

**Series “C” bonds**

On January 24, 2006, the Company placed Series C bonds for UF 3,000,000 (ThUS\$101,918) at an annual rate of 4.00%.

As of June 30, 2016 and December 31, 2015, the Company has made the following payments with a charge to the Series C bonds:

Payments made	06/30/2016	12/31/2015
	MUS\$	MUS\$
Principal payment	2,826	5,729
Interest payment	1,676	3,570

**Single series first issue ThUS\$200,000**

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

As of June 30, 2016 and December 31, 2015, the Company has made the following payments with a charge to the Single series bonds:

	06/30/2016	12/31/2015
	ThUS\$	ThUS\$
Payments made		
Payments of principal owed	200,000	-
Payments of interest	6,125	12,250

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)**

**10.4 Financial liabilities, continued**

**Series “G” and “H” bonds**

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

As of June 30, 2016 and December 31, 2015, the Company has made the following payments with a charge to the Series G and H bonds:

	06/30/2016	12/31/2015
	ThUS\$	ThUS\$
Payments made		
Payments of interest, Series H bonds	3,461	7,696

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)



Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)**

**10.4 Financial liabilities, continued**

**Single series bonds, second issue ThUS\$250,000**

On April 21, 2010, the Company informed the Chilean Superintendence of Securities and Insurance of its placement in international markets of an unsecured bond of ThUS\$250,000 with a maturity of 10 years beginning on the aforementioned date with an annual interest rate of 5.5% and destined to refinance long-term liabilities.

As of June 30, 2016 and December 31, 2015, the detail of payments charged to the line of single series bonds, second issue is as follows:

	06/30/2016	12/31/2015
Payments made	ThUS\$	ThUS\$
Interest payment	6,875	13,750

**Series “M” and “O” bonds**

On April 4, 2012, the Company placed two bond series in the domestic market. Series M for UF 1,000,000 (ThUS\$46,601) was placed at a term of 5 years with a single payment at the maturity of the term and an annual interest rate of 3.3%, and Series O for UF 1,500,000 (ThUS\$69,901) was placed at a term of 21 years with a single payment at the maturity of the term and an annual interest rate of 3.80%

As of June 30, 2016, and December 31, 2015 the Company has made the following payments with a charge to the Series M and O bonds:

	06/30/2016	12/31/2015
Payments made	ThUS\$	ThUS\$

Payment of interest, Series M bonds	590	1,248
Payment of interest, Series O bonds	1,019	2,153

**Single series bonds, third issue ThUS\$300,000**

On April 3, 2013 in the United States, the Company issued a non-guaranteed bond with a value of US\$ 300 million. The bond is for a 10 year term with an annual coupon rate of 3.625% and an annual yield of 3.716%. This rate equates to a difference of 180 basis points to comparable US Treasury bonds. The funds raised will be used to refinance long term liabilities and finance general corporate objectives.

As of June 30, 2016 and December 31, 2015, the following payments have been made with a debit to the line of single-series bonds, third issue:

	06/30/2016	12/31/2015
Payments made	ThUS\$	ThUS\$
Payment of interest	5,438	10,875

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

## Note 10 Financial instruments (continued)

### 10.4 Financial liabilities, continued

#### Single series bonds, fourth issuance ThUS\$ 250

On October 23, 2014, the Company informed the Chilean Superintendence of Securities and Insurance that Sociedad Química y Minera de Chile S.A. agreed to issue and place unsecured bonds of ThUS\$ 250,000 in international markets. This, essentially, maturing in 2025 with a cover annual interest rate of 4.375% equivalent to a spread of 215 basis points on comparable US Treasury bonds, which were offered to the investors at a price of 99.410% with respect to capital. The aforementioned agreement was agreed on October 23, 2014 and the issuance and placement of such bonds was performed in conformity with the provisions of Rule 144A of the US Securities Act of 1933 and these bonds will not be publicly offered in Chile.

As of June 30, 2016 and December 31, 2015, the following payments have been made.

Payments made	06/30/2016	12/31/2015
	ThUS\$	ThUS\$
Payment of interest	5,469	8,203

### 10.5 Trade and other payables

	06/30/2016			12/31/2015		
	Current	Non-current	Total	Current	Non-current	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Accounts payable	128,962	-	128,962	136,668	-	136,668
Other accounts payable	270	-	270	172	-	172
Total	129,232	-	129,232	136,840	-	136,840

Purchase commitments held by the Company are recognized as liabilities when the goods and services are received by the Company. As of June 30, 2016, the Company has purchase orders amounting to ThUS\$28,022 (ThUS\$15,888 as of December 31, 2015).

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)**

10.6 Financial liabilities at fair value through profit or loss

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

Financial liabilities at fair value through profit or loss	06/30/2016 ThUS\$	Effect on profit or loss as of 06/30/2016 ThUS\$	12/31/2015 ThUS\$	Effect on profit or loss as of 12/31/2015 ThUS\$
Current				
Derivative instruments (IRS)	113	(168 )	283	(242 )
	113	(168 )	283	(242 )

Balances in the column effect on profit or loss consider the effects of agreements which were in force as of June 30, 2016, including derivatives, received during the year.

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)**

## 10.7 Financial asset and liability categories

## a) Financial Assets

Description of financial assets	06/30/2016			12/31/2015		
	Current Amount ThUS\$	Non-current Amount ThUS\$	Total Amount ThUS\$	Current Amount ThUS\$	Non-current Amount ThUS\$	Total Amount ThUS\$
Financial assets measured at amortized cost	221,421	-	221,421	617,267	-	617,267
Investments held-to-maturity measured at amortized cost	-	2,741	2,741	-	486	486
Loans and receivables measured at amortized cost	307,203	1,250	308,453	302,225	1,050	303,275
Total financial assets measured at amortized cost	528,624	3,991	532,615	919,492	1,536	921,028
Financial assets at fair value through profit or loss	10,201	-	10,201	19,058	-	19,058
Total financial assets at fair value	10,201	-	10,201	19,058	-	19,058
Total financial assets	538,825	3,991	542,816	938,550	1,536	940,086

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)****10.7 Financial asset and liability categories (continued)**

## b) Financial liabilities

Description of financial liabilities	06/30/2016			12/31/2015		
	Current Amount ThUS\$	Non-current Amount ThUS\$	Total Amount ThUS\$	Current Amount ThUS\$	Non-current Amount ThUS\$	Total Amount ThUS\$
Financial liabilities at fair value through profit or loss	25,864	35,142	61,006	2,755	73,031	75,786
Financial liabilities at fair value through profit or loss	25,864	35,142	61,006	2,755	73,031	75,786
Financial liabilities measured at amortized cost	344,525	1,062,207	1,406,732	536,115	1,217,172	1,753,287
Total financial liabilities measured at amortized cost	344,525	1,062,207	1,406,732	536,115	1,217,172	1,753,287
Total financial liabilities	370,389	1,097,349	1,467,738	538,870	1,290,203	1,829,073

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)**

10.8 Fair value measurement of assets and liabilities

Financial assets and liabilities measured at fair value consist of Options and Forwards hedging the mismatch in the balance sheet and cash flows, Cross Currency Swaps (CCS) to hedge bonds issued in local currency (\$/UF), and Interest Rate Swaps (IRS) to hedge LIBOR rate debt issued.

The value of the Company's assets and liabilities recognized by CCS contracts is calculated as the difference between the present value of discounted cash flows of the asset (pesos/UF) and liability (US\$) parts of the derivative. In the case of the IRS, the asset value recognized is calculated as the difference between the discounted cash flows of the asset (variable rate) and liability (fixed rate) parts of the derivative. Forwards: Are calculated as the difference between the strike price of the contract and the spot price plus the forwards points at the date of the contract. Options: The value recognized is calculated using the Black-Scholes method.

In the case of CCS, the entry data used for the valuation models are UF, peso, and basis swap rates. In the case of fair value calculations for IRS, the FRA (Forward Rate Agreement) rate and ICVS 23 Curve (Bloomberg: cash/deposits rates, futures, swaps). In the case of forwards, the forwards curve for the currency in question is used. Finally, with options, the spot price, risk-free rate and volatility of exchange rate are used, all in accordance with the currencies used in each valuation. The financial information used as entry data for the Company's valuation models is obtained from Bloomberg, the well-known financial software company. Conversely, the fair value provided by the counterparties of derivatives contracts is used only as a control and not for valuation.

The effects on profit or loss of movements in these amounts may be recognized in the caption Finance costs, foreign currency translation gain (loss) or cash flow hedges in the statement of comprehensive income, depending on each particular case.

The fair value measurement of debt is only performed to determine the present market value of secured and unsecured long-term obligations; bonds denominated in local currency (Ch\$/UF) and foreign currency (US\$), credits denominated in foreign currency (US\$), which is classified under Level 2 in the fair value hierarchy established by IFRS.



The value of the Company's reported liabilities is calculated as the present value of discounted cash flows at market rates at the time of valuation, taking into account the maturity date and exchange rate. The entry data used for the model includes the UF and peso rates, which are obtained using Bloomberg, the well-known financial software company and the 'Asociación de Bancos e Instituciones Financieras' (ABIF) (Association of Banks and Financial Institutions').

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)**

10.9 Financial assets pledged as guarantee

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

As of June 30, 2016 and December 31, 2015, assets pledged as guarantees are as follows:

	06/30/2016	12/31/2015
	ThUS\$	ThUS\$
Restricted cash		
Isapre Norte Grande Ltda.	678	496
Total	678	496

10.10 Estimated fair value of financial instruments and financial derivatives

As required by IFRS 7, the following information is presented for the disclosure of the estimated fair value of financial assets and liabilities.

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

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

- Cash equivalent approximates fair value due to the short-term maturities of these instruments.

The fair value of trade receivables, current is considered to be equal to the carrying amount due to the maturity of such accounts at short-term.

- Other current financial liabilities are considered at fair value equal to their carrying values.

For interest-bearing liabilities with original maturity of more than a year, fair values are calculated at discounting contractual cash flows at their original current market with similar terms.

- The fair value of debt is considered in Level 2.

For forward and swap contracts, fair value is determined using quoted market prices of financial instruments with similar characteristics.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)****10.10 Estimated fair value of financial instruments and financial derivatives, continued**

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

	06/30/2016		12/31/2015	
	Carrying value	Fair value	Carrying value	Fair value
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cash and cash equivalents	582,991	582,991	527,259	527,259
Current trade and other receivables	307,203	307,203	302,225	302,225
Receivables due from related parties, current	77,327	77,327	99,907	99,907
Other financial assets, current:				
- Time deposits	221,491	221,491	617,267	617,267
- Derivative instruments	9,548	9,548	19,058	19,058
- Hedging assets	653	653	-	-
<b>Total other current financial assets</b>	<b>231,692</b>	<b>231,692</b>	<b>636,325</b>	<b>636,325</b>
Non-Current Trade Receivables	1,250	1,250	1,050	1,050
Other non-current financial assets:	2,741	2,741	486	486
<b>Other non-current financial assets:</b>	<b>2,741</b>	<b>2,741</b>	<b>486</b>	<b>486</b>
Other financial liabilities, current:				
- Bank loans	158,011	158,011	178,183	178,183
- Derivative instruments	5,460	5,460	981	981
- Hedging liabilities	20,404	20,404	1,774	1,774
- Unsecured obligations	58,824	58,824	221,092	221,092
<b>Other financial liabilities, current</b>	<b>242,699</b>	<b>242,699</b>	<b>402,030</b>	<b>402,030</b>
Current and non-current accounts payable	129,232	129,232	136,840	136,840
Payables due to related parties, non-current	-	-	435	435
Other non-current financial liabilities:				
- Bank loans	-	-	140,000	160,265
- Unsecured obligations	1,062,078	1,253,245	1,077,172	1,221,002
- Non-current hedging liabilities	35,142	35,142	73,031	73,031
<b>Other non-current financial liabilities:</b>	<b>1,097,220</b>	<b>1,288,387</b>	<b>1,290,203</b>	<b>1,454,298</b>

**Fair value hierarchy**

Fair value hierarchies are as follows:

- a) Level 1: When only quoted (unadjusted) prices have been used in active markets.
- b) Level 2: When in a phase in the valuation process variable other than prices quoted in Level 1 have been used which are directly observable in markets.
- c) Level 3: When in a phase in the valuation process variable which are not based in observable market data have been used.

The valuation technique used to determine the fair value of our hedging instruments is that indicated for Level 2.

**SQM S.A.**  
El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 10 Financial instruments (continued)**

10.11 Nature and scope of risks arising from financing instruments

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

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

## Note 11 Equity-accounted investees

## 11.1 Investments in associates recognized according to the equity method of accounting

As of June 30, 2016 and December 31, 2015, in accordance with criteria established in Note 3.19, investment in associates recognized according to the equity method of accounting and joint ventures are as follows:

Associates	Equity-accounted investees		Share on profit (loss) of associates and joint ventures accounted for using the equity method		Share on other comprehensive income of associates and joint ventures accounted for using the equity method, net of tax		Share on total other comprehensive income of associates and joint ventures accounted for using the equity method	
	06/30/2016	12/31/2015	06/30/2016	12/31/2015	06/30/2016	12/31/2015	06/30/2016	12/31/2015
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sales de Magnesio Ltda.	1,840	1,535	374	819	-	-	374	819
Abu Dhabi Fertilizer Industries WWL	12,641	11,766	744	1,455	-	455	744	1,910
Doktor Tarsa Tarim Sanayi AS	18,725	15,032	4,190	2,505	371	-	4,561	2,505
Ajay North America	13,691	12,913	1,965	3,600	-	-	1,965	3,600
Ajay Europe SARL	8,025	7,202	660	1,732	3	(21)	663	1,711
SQM Eastmed Turkey	67	70	-	(4)	-	-	-	(4)
Charlee SQM Thailand Co. Ltd,	1,460	1,318	82	122	2	89	84	210
Total	56,449	49,836	8,015	10,229	376	523	8,391	10,751

Associate	Description of the nature of the Relationship	Domicile	Country of incorporation	Share of ownership in associates	Dividends received	
					06/30/2016 ThUS\$	12/31/2015 ThUS\$
Sales de Magnesio	Commercialization of magnesium salts.	El Trovador 4285, Chile Las Condes		50 %	206	286

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Ltda. Abu Dhabi Fertilizer Industries WWL	Distribution and commercialization of specialty plant nutrients in the Middle East.	PO Box 71871, Abu Dhabi	United Arab Emirates	37	%	-	-
Doktor Tarsa Tarim Sanayi AS	Distribution and commercialization of specialty plant nutrients in Turkey.	Organize Sanayi Bolgesi, Ikinci Kisim, 22 cadde TR07100 Antalya 1400 Industry RD	Turkey	50	%	-	-
Ajay North America	Production and distribution of iodine derivatives.	Power Springs GA 30129 Z.I. du Grand	United States	49	%	1.303	5,185
Ajay Europe SARL	Production and commercialization of iodine derivatives.	Verger BP 227 53602 Evron Cedex	France	50	%	658	1,748
SQM Eastmed Turkey	Production and commercialization of specialty products.	Organize Sanayi Bolgesi, Ikinci Kisim, 22 cadde TR07100 Antalya 31 Soi 138 (Meesuk)	Turkey	50	%	-	-
Charlee SQM Thailand Co. Ltd.	Distribution and commercialization of specialty plant nutrients.	LLapdrawrd, Bangkapi, 10240 Bangkok	Thailand	40	%	-	296

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)



Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 11 Equity-accounted investees (continued)**

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

06/30/2016

	Assets		Liabilities		Revenue ThUS\$	Gain (loss) from	Other	Comprehensive income ThUS\$
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$		continuing operations ThUS\$	comprehensive income ThUS\$	
Sales de Magnesio Ltda.	4,736	1,153	2,168	41	6,641	749	-	749
Abu Dhabi Fertilizer Industries WWL	35,555	2,337	3,729	-	22,208	2,010	-	2,010
Doktor Tarsa Tarim Sanayi AS	86,597	8,509	57,655	-	60,090	8,381	741	9,122
Ajay North America	20,566	10,847	3,471	-	19,791	4,010	-	4,010
Ajay Europe SARL	20,607	1,611	6,169	-	19,605	1,320	6	1,326
SQM Eastmed Turkey	924	360	26	1,125	-	-	-	-
Charlee SQM Thailand Co. Ltd.	7,400	551	4,299	-	5,786	205	6	211
Total	176,385	25,368	77,517	1,166	134,121	16,675	753	17,428

12/31/2015

	Assets		Liabilities		Revenue ThUS\$	Gain (loss) from	Other	Comprehensive income ThUS\$
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$		continuing operations ThUS\$	comprehensive income ThUS\$	
Sales de Magnesio Ltda.	4,141	825	1,881	16	11,982	1,638	-	1,638
Abu Dhabi Fertilizer Industries WWL	33,770	2,529	4,499	-	46,609	3,932	1,230	5,162
Doktor Tarsa Tarim Sanayi AS	103,099	7,555	80,588	-	64,374	5,009	-	5,009
Ajay North America	18,651	10,619	2,917	-	43,453	7,347	-	7,347
Ajay Europe SARL	18,979	1,661	6,239	-	40,484	3,464	(42 )	3,422

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

SQM Eastmed Turkey	976	380	27	1,189	-	(8	)	-	(8	)
Charlee SQM Thailand Co. Ltd.	7,418	566	4,687	-	12,524	304	222		526	
Total	187,034	24,135	100,838	1,205	219,516	21,686	1,410		23,096	

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 11 Investment in Associates (continued)**

11.3 Other information

The Company has no participation in unrecognized losses in investments in associates.

The Company presents no investments unaccounted for according to the equity method of accounting.

The equity method was applied to the Statement of Financial Position as of June 30, 2016 and December 31, 2015.

The basis of preparation of the financial information of associates corresponds to the amounts included in the financial statements in conformity with the entity's IFRS.

**Note 12 Joint Ventures**

12.1 Policy for the accounting of equity accounted investment in joint ventures

The method for the recognition of joint ventures is that in which participation is initially recorded at cost, and subsequently adjusted, considering changes after the acquisition in the portion of the entity's net assets of the entity which correspond to the investor. Profit or loss for the period of the investor will collect the portion which belongs to it in the results of the controlled entity as a whole.

12.2 Disclosures of interest in joint ventures

a) Operations conducted in 2016

On March 28, 2016, Sociedad Química y Minera de Chile S.A. entered into an agreement to enter a joint venture with Lithium Americas Corp to develop the Cauchari-Olaroz lithium project in Argentina.

SQM S.A. made a capital contribution of ThUS\$25,000 in exchange for 50% of the ownership of Minera Exar S.A.

During May 2016, SQM Vitas Holland B.V. sold its interest in SQM Vitas Spain, to SQM Iberian S.A. resulting in the latter obtaining 100% in this transaction generating a loss of ThUS\$ 104.

b) Operations conducted in 2015

During June 2015, SQM Vitas Fzco. sold the ownership it had in SQM Vitas Southern Africa Pty., generating a loss of ThUS\$450.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 12 Joint Ventures (continued)**

## 12.3 Investment in joint ventures accounted for under the equity method of accounting

Joint venture	Description of the nature of the relationship	Domicile	Country of incorporation	Share of interest in ownership		Dividends received	
						06/30/2016	06/30/2015
						ThUS\$	ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co. Ltda.	Production and distribution of soluble fertilizers.	Huangjing Road, Dawan Town, Qingbaijiang District, Chengdu Municipality, Sichuan Province	China	50	%	-	-
Coromandel SQM India	Production and distribution of potassium nitrate.	1-2-10, Sardar Patel Road, Secunderabad – 500003 Andhra Pradesh	India	50	%	-	-
SQM Vitas Fzco.	Production and commercialization of specialty plant and animal nutrition and industrial hygiene.	Jebel ALI Free Zone P.O. Box 18222, Dubai	United Arab Emirates	50	%	-	-
SQM Star Qingdao Corp Nutrition. Co. Ltd.	Production and distribution of nutrient plant solutions with specialties NPK soluble	Longquan Town, Jimo City, Qingdao Municipality, Shangdong Province	China	50	%	-	-
SQM Vitas Brazil Agroindustria	Production and commercialization of specialty plant and animal nutrition and industrial hygiene.	Via Cndeias, Km. 01 Sem Numero, Lote 4, Bairro Cia Norte, Candeias, Bahia.	Brazil	49.99	%	-	-
SQM Vitas Southern Africa Pty.	Production and commercialization of specialty plant and animal nutrition and industrial hygiene	33 Waterford Office Park Waterford Drive Fourways, 2055 South Africa	South Africa	50	%	-	-

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

SQM Vitas Peru S.A.C.	Production and commercialization of specialty plant and animal nutrition and industrial hygiene	Av. Juan de Arona 187, Torre B, Oficina 301-II, San Isidro, Lima C/Manuel Echeverria	Peru	50	%	-	-
SQM Vitas Spain(1)	Production and commercialization of specialty plant nutrition	Manzana 2 Muelle de la Cab ( Puerto Real )	Spain	50	%	-	-
SQM Vitas Holland B.V	Without information	Herikerbergweg 238, 1101 CM Amsterdam Zuidoost	Holland	50	%	-	-
SQM Vitas Plantacote B.V.	Production and commercialization of controlled-released fertilizers	Herikerbergweg 238, 1101 CM Amsterdam Zuidoost	Holland	50	%	-	-
Minera Exar S.A.	Exploration and exploitation of minerals, processing and trading of such minerals	Dr. Sabín 1082 Ciudad de Nieva – San Salvador de Jujuy- Jujuy- República Argentina	Argentina	50	%	-	-

- (1) During May 2016, SQM Vitas Holland B.V. sold its interest in SQM Vitas Spain, to SQM Iberian S.A. resulting in the latter obtaining 100% in this transaction generating a loss of ThUS\$ 104.

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 12 Joint Ventures (continued)****12.3 Investment in joint ventures accounted for under the equity method of accounting, continued:**

Joint Venture	Equity-accounted investees		Share on profit (loss) of associates and joint ventures accounted for using the equity method		Share on other comprehensive income of associates and joint ventures accounted for using the equity method, net of tax		Share on total other comprehensive income of associates and joint ventures accounted for using the equity method	
	06/30/2016 ThUS\$	12/31/2015 ThUS\$	06/30/2016 ThUS\$	12/31/2015 ThUS\$	06/30/2016 ThUS\$	12/31/2015 ThUS\$	06/30/2016 ThUS\$	12/31/2015 ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co. Ltd.	12,679	13,257	(672 )	(845 )	-	(12 )	(672 )	(857 )
Coromandel SQM India	974	962	-	88	-	-	-	88
SQM Vitas Fzco,	16,057	11,604	2,879	369	510	9,686	3,389	10,055
SQM Star Qingdao Corp. Nutrition Co. Ltd.	2,596	2,462	139	495	-	-	139	495
SQM Vitas Holland	1,388	1,181	235	(10 )	-	-	235	(11 )
Minera Exar S.A.	25,000	-	-	-	-	-	-	-
Total	58,694	29,466	2,581	97	510	9,674	3,091	9,770

  

Joint Venture	Equity-accounted investees		Share on profit (loss) of associates and joint ventures accounted for using the equity method		Share on other comprehensive income of associates and joint ventures accounted for using the equity method, net of tax		Share on total other comprehensive income of associates and joint ventures accounted for using the equity method	
	06/30/2016 ThUS\$	12/31/2015 ThUS\$	06/30/2016 ThUS\$	12/31/2015 ThUS\$	06/30/2016 ThUS\$	12/31/2015 ThUS\$	06/30/2016 ThUS\$	12/31/2015 ThUS\$
SQM Vitas Brazil Agroindustria(1)	8,746	3,722	4,000	(72 )	2,839	-	4,839	(36 )
SQM Vitas Peru S.A.C (1)	6,452	5,061	1,253	786	-	-	627	393

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

SQM Vitas Spain (2)	-	1,182	-	(251 )	-	-	-	109
SQM Vitas Plantacote B.V. (2)	721	3,598	(63 )	215	-	-	(32 )	(125 )
Total	15,919	13,563	5,190	678	2,839	-	5,434	341

The following companies are subsidiaries of

(1)  
(2)

SQM Vitas Fzco.  
SQM Vitas Holland

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)



Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 12 Joint Ventures (continued)**

## 12.4 Assets, liabilities, revenue and expenses from joint ventures:

Joint Venture	06/30/2016					Revenue ThUS\$	Gain (loss) from operations continuing ThUS\$	Other comprehensive income ThUS\$	Comprehensive income ThUS\$
	Assets		Liabilities		Revenue ThUS\$				
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$					
Sichuan SQM Migao Chemical Fertilizers Co. Ltda.	51,510	7,659	33,810	-	10,310	(1,344 )	-	(1,344 )	
Coromandel SQM India	3,320	924	2,226	70	-	-	-	-	
SQM Vitas Fzco,	18,565	16,722	3,174	-	4,700	5,758	1,019	6,777	
SQM Star Qingdao Corp. Nutrition Co. Ltd.	5,621	213	642	-	4,272	278	-	278	
SQM Vitas Brazil Agroindustria	29,691	8,589	29,533	-	31,683	4,000	5,678	9,678	
SQM Vitas Peru S.A.C	23,870	8,732	21,554	4,594	8,758	1,253	-	1,253	
SQM Vitas Holland B.V	2,075	721	19	-	-	471	-	471	
SQM Vitas Plantacote B.V.	763	-	42	-	-	(63 )	-	(63 )	
Total	135,415	43,560	91,000	4,664	59,723	10,353	6,697	17,050	

Joint Venture	12/31/2015					Revenue ThUS\$	Gain (loss) from operations continuing ThUS\$	Other comprehensive income ThUS\$	Comprehensive income ThUS\$
	Assets		Liabilities		Revenue ThUS\$				
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$					
Sichuan SQM Migao Chemical Fertilizers Co. Ltda.	56,053	8,023	37,563	-	65,929	(1,689 )	(24 )	(1,713 )	
Coromandel SQM India	3,738	924	2,668	70	5,816	176	-	176	
SQM Vitas Fzco.	14,096	10,575	1,464	-	17,893	738	19,371	20,109	
	5,100	202	377	-	10,539	990	-	990	

SQM Star Qingdao Corp.  
Nutrition Co. Ltd.

SQM Vitas Brazil Agroindustria	32,449	6,638	35,365	-	67,870	(72 )	-	(72 )
SQM Vitas Peru S.A.C	24,432	6,562	25,933	-	45,739	786	-	786
SQM Vitas Spain	1,662	729	1,208	-	11,875	218	-	218
SQM Vitas Holland B.V	428	1,955	18	-	-	(21 )	-	(21 )
SQM Vitas Plantacote B.V.	802	-	30	-	-	(250 )	-	(250 )
Total	138,760	35,608	104,626	70	225,661	876	19,347	20,223

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 12 Joint Ventures (continued)**

## 12.5 Other Joint Venture disclosures:

	Cash and cash equivalents		Other current financial liabilities		Other non-current financial liabilities	
	06/30/2016	12/31/2015	06/30/2016	12/31/2015	06/30/2016	12/31/2015
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co. Ltda.	6,198	737	13,727	13,955	-	-
Coromandel SQM India	63	63	1,027	1,027	-	-
SQM Vitas Fzco,	7,673	7,574	-	-	-	-
SQM Star Qingdao Corp. Nutrition Co. Ltd.	2,796	3,870	-	-	-	-
SQM Vitas Brazil Agroindustria	1,282	827	10,351	11,215	-	-
SQM Vitas Peru S.A.C.	159	160	-	-	-	-
SQM Vitas Spain	-	272	-	-	-	-
SQM Vitas Holland B.V	2,075	428	-	-	-	-
SQM Vitas Plantacote B.V.	763	802	-	-	-	-
Total	21,009	14,733	25,105	26,197	-	-

	Depreciation and amortization expense		Interest expense		Income tax expense, continuing operations	
	06/30/2016	12/31/2015	06/30/2016	12/31/2015	06/30/2016	12/31/2015
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co. Ltda.	(344 )	(687 )	(2 )	(241 )	79	233
Coromandel SQM India	-	(69 )	-	(73 )	-	(89 )
SQM Vitas Fzco.	(269 )	(1,067 )	(5 )	(10 )	-	-
SQM Star Qingdao Corp. Nutrition Co. Ltd.	(31 )	(66 )	-	(2 )	(122 )	(378 )
SQM Vitas Brazil Agroindustria	(220 )	(29 )	(1,009 )	(1,651 )	(51 )	(49 )
SQM Vitas Peru S.A.C.	(16 )	(29 )	(1 )	-	(38 )	(370 )
SQM Vitas Spain	-	(116 )	-	(4 )	-	(73 )
SQM Vitas Holland B.V	-	-	-	(2 )	-	-
SQM Vitas Plantacote B.V.	-	-	-	(3 )	-	-
Total	(880 )	(2,063 )	(1,017 )	(1,986 )	(132 )	(726 )

The basis of preparation of the financial information of joint ventures corresponds to the amounts included in the financial statements in conformity with the entity's IFRS.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

Note 13 Intangible assets and goodwill

13.1 Balances

	06/30/2016	12/31/2015
	ThUS\$	ThUS\$
Intangible assets other than goodwill	108,970	110,428
Goodwill (1)	38,088	38,388
Total	147,058	148,816

(1) The recoverable amount of the cash-generating unit has been determined based on a calculation of the value in use which used cash flow projections for a 5-year period.

The present value of the future cash flows generated by these assets has been estimated given a variance in sales volumes, market prices and costs, discounted at weighted average cost of capital (WACC).

13.2 Disclosures on intangible assets and goodwill

Intangible assets relate to goodwill, water rights, trademarks, industrial patents, rights of way, software, and mining claims which correspond to exploitation rights acquired from third-parties.

Balances and movements in the main classes of intangible assets as of June 30, 2016 and December 31, 2015 are detailed as follows:

		06/30/2016		
	Useful life	Gross amount ThUS\$	Accumulated Amortization ThUS\$	Net Value ThUS\$
Intangible assets and goodwill				
Software	Finite	23,258	(14,919 )	8,339
Intellectual property rights, patents and other industrial property rights, service	Finite	1,482	(1,005 )	477
	Indefinite	96,503	-	96,503

Intellectual property rights, patents and other industrial property rights, service

Other intangible assets	Indefinite	3,651	-		3,651
Intangible assets other than goodwill		124,894	(15,924	)	108,970
Goodwill	Indefinite	38,088	-		38,088
Total intangible assets and goodwill		162,982	(15,924	)	147,058

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 13 Intangible assets and goodwill (continued)**

**13.2 Disclosures on intangible assets and goodwill, continued**

Intangible assets and goodwill	Useful life	12/31/2015		Net Value ThUS\$
		Gross amount ThUS\$	Accumulated Amortization ThUS\$	
Trademarks	Finite	3,821	(3,821 )	-
Software	Finite	23,251	(13,438 )	9,813
Intellectual property rights, patents and other industrial property rights, service	Finite	1,448	(984 )	464
Intellectual property rights, patents and other industrial property rights, service	Indefinite	96,500	-	96,500
Other intangible assets	Indefinite	3,651	-	3,651
Intangible assets other than goodwill		128,671	(18,243 )	110,428
Goodwill	Indefinite	38,388	-	38,388
Total intangible assets and goodwill		167,059	(18,243 )	148,816

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

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

The estimated useful life for software is 3 and 6 years, for other finite useful life assets the period in which they are amortized relates to periods defined by contracts or rights which generate them.

Intellectual property rights, patents and other industrial property rights, service and exploitation rights, mainly relate to water rights and are obtained as indefinite.

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

The method used to express the amortization is useful life, and estimated tons to be extracted in the case of mining claims.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)



Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 13 Intangible assets and goodwill (continued)**

**13.2 Disclosures on intangible assets and goodwill, continued**

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

Estimated useful lives or amortization rate	Minimum life or rate	Maximum life or rate
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	Indefinite	Indefinite
Intangible assets other than goodwill	Indefinite	Indefinite
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	1 year	16 years
Trademarks	1 year	5 years
Software	2 years	6 years

**d) Information to be disclosed on assets generated internally**

The Company has no intangible assets generated internally.

**e) Other information to disclose on intangible assets**

SQM has property rights and mining concessions of the Chilean Government, intended for the exploration and exploitation of saltpeter and brine. Such rights, have had no initial cost over registration costs, which are insignificant.

Also, SQM has acquired from third-parties other than the Chilean Government, mining concessions, which have been recognized at acquisition cost, which are amortized as the corresponding area is exploited based on the tons estimated to be extracted.

Expenses prior to obtaining the mining concessions are recognized in profit or loss for the year as incurred.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 13 Intangible assets and goodwill (continued)****13.2 Disclosures on intangible assets and goodwill, continued****f) Movements in identifiable intangible assets as of June 30, 2016:**

Movements in identifiable intangible assets, gross	Trademarks	Software	Intellectual	Intellectual	Other	Goodwill	Identifiable
			property rights, patents and other industrial property rights, service, rights of way	property rights, patents and other industrial property rights, service, rights of way			
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	3,821	23,251	1,448	96,500	3,651	38,388	167,059
Additions	-	88	19	-	-	-	107
Other increases (decreases)	(3,821)	(81)	15	3	-	(300)	(4,184)
Final balance	-	23,258	1,482	96,503	3,651	38,088	162,982

Movements in identifiable intangible assets, accumulated amortization	Trademarks	Software	Intellectual	Intellectual	Other	Goodwill	Identifiable
			property rights, patents and other industrial property rights, service, rights of way	property rights, patents and other industrial property rights, service, rights of way			
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	(3,821)	(13,438)	(984)	-	-	-	(18,243)
Additions	-	-	-	-	-	-	-
Amortization	-	(1,476)	(20)	-	-	-	(1,496)

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Other increases (decreases)	3,821	(5 )	(1 )	-	-	-	3,815
Final balance	-	(14,919)	(1,005 )	-	-	-	(15,924 )

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 13 Intangible assets and goodwill (continued)****13.2 Disclosures on intangible assets and goodwill, continued****f) Movements in identifiable intangible assets as of June 30, 2016, continued**

Movements in identifiable intangible assets, net	Trademarks	Software	Intellectual property rights, patents and other industrial property rights, service, rights of way	Intellectual property rights, patents and other industrial property rights, service, rights of way	Other intangible assets	Goodwill	Identifiable intangible assets
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	-	9,813	464	96,500	3,651	38,388	148,816
Additions	-	88	19	-	-	-	107
Amortization	-	(1,476)	(20)	-	-	-	(1,496)
Other increases (decreases)	-	(86)	14	3	-	(300)	(369)
Final balance	-	8,339	477	96,503	3,651	38,088	147,058

**g) Movements in identifiable intangible assets as of December 31, 2015:**

Movements in identifiable intangible assets, gross	Trademarks	Software	Intellectual property rights, patents and other industrial property rights, service, rights of way	Intellectual property rights, patents and other industrial property rights, service, rights of way	Other intangible assets	Goodwill	Identifiable intangible assets
--	------------	----------	--	--	-------------------------	----------	--------------------------------

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

	ThUS\$	ThUS\$	of way ThUS\$	way ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	3,821	23,062	1,524	97,386	3,698	38,388	167,879
Additions	-	189	15	-	-	-	204
Other increases (decreases)	-	-	(91 )	(886 )	(47 )	-	(1,024 )
Final balance	3,821	23,251	1,448	96,500	3,651	38,388	167,059

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 13 Intangible assets and goodwill (continued)****13.2 Disclosures on intangible assets and goodwill, continued****g) Movements in identifiable intangible assets as of December 31, 2015:**

Movements in identifiable intangible assets, accumulated amortization	Trademarks	Software	Intellectual	Intellectual	Other intangible assets	Goodwill	Identifiable intangible assets
			property rights, patents and other industrial property rights, service, rights of way	property rights, patents and other industrial property rights, service, rights of way			
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	(3,821 )	(9,996 )	(939 )	-	-	-	(14,756 )
Additions	-	-	-	-	-	-	-
Amortization	-	(3,432 )	(45 )	-	-	-	(3,477 )
Other increases (decreases)	-	(10 )	-	-	-	-	(10 )
Final balance	(3,821 )	(13,438 )	(984 )	-	-	-	(18,243 )

Movements in identifiable intangible assets, net	Trademarks	Software	Intellectual	Intellectual	Other intangible assets	Goodwill	Identifiable intangible assets
			property rights, patents and other industrial property rights, service rights of way	property rights, patents and other industrial property rights, service rights of way			
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	-	13,066	585	97,386	3,698	38,388	153,123
Additions	-	189	15	-	-	-	204

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Amortization	-	(3,432 )	(45 )	-	-	-	(3,477 )
Other increases (decreases)	-	(10 )	(91 )	(886 )	(47 )	-	(1,034 )
Final balance	-	9,813	464	96,500	3,651	38,388	148,816

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)



Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

Note 14 Property, plant and equipment

As of June 30, 2016 and December 31, 2015, the detail of property, plant and equipment is as follows:

14.1 Types of property, plant and equipment

	06/30/2016	12/31/2015
	MUS\$	MUS\$
<b>Description of types of property, plant and equipment</b>		
Property, plant and equipment, net		
Land	34,624	34,589
Buildings	119,031	128,375
Machinery	346,669	393,461
Transport equipment	15,756	14,766
Furniture and fixtures	6,996	8,516
Office equipment	5,895	6,168
Production plants	85,764	80,027
Mining assets	33,813	41,392
Constructions in progress	191,964	151,831
Other property, plant and equipment (1)	781,081	824,451
Total	1,621,593	1,683,576
Property, plant and equipment, gross		
Land	34,624	34,589
Buildings	266,939	264,645
Machinery	1,216,175	1,211,927
Transport equipment	79,978	79,979
Furniture and fixtures	37,592	37,492
Office equipment	38,963	38,285
Production plants	185,687	171,769
Mining assets	228,240	228,240
Constructions in progress	191,964	151,831
Other property, plant and equipment	1,806,636	1,804,515
Total	4,086,798	4,023,272
Accumulated depreciation and value impairment of property, plant and equipment, total		
Accumulated depreciation and impairment of buildings	147,908	136,270
Accumulated depreciation and impairment of machinery	869,506	818,466
Accumulated depreciation and impairment of transport equipment	64,222	65,213
Accumulated depreciation and impairment of furniture and fixtures	30,596	28,976
Accumulated depreciation and impairment of office equipment	33,068	32,117

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Accumulated depreciation and impairment of production plants	99,923	91,742
Accumulated depreciation and impairment of mining assets	194,427	186,848
Accumulated depreciation and impairment of other property, plant and equipment	1,025,555	980,064
Total	2,465,205	2,339,696

(1) The detail of other property, plant and equipment is as follows:

	06/30/2016	31/12/2015
	MUS\$	MUS\$
Other property, plant and equipment, net		
Conveyor belt	36,533	39,666
Tank (TK)	21,486	26,046
Geomembrane/liner	148,369	155,409
Electric facilities	50,400	56,600
Lights	1,451	2,252
Other constructions	112,600	109,478
Piping	15,368	17,174
Pool	152,602	160,869
Well (water)	40,991	44,432
Pipes/HD lines	119,448	131,431
Railroad track	15,222	11,001
Other property, plant and equipment	66,611	70,093
Total	781,081	824,451

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 14 Property, plant and equipment (continued)**

## 14.2 Reconciliation of changes in property, plant and equipment by type:

Reconciliation entries of changes in property, plant and equipment by type as of June 30, 2016, gross	Land	Buildings	Machinery	Transport equipment	Furniture and fixtures	Office equipment	Production plants	Mining assets
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	34,589	264,645	1,211,927	79,979	37,492	38,285	171,769	228,240
Changes								
Additions	-	-	464	-	-	423	-	-
Divestitures	-	-	(623 )	-	-	(1 )	-	-
Increase(decrease) in foreign currency exchange	35	7	23	10	-	68	-	-
Reclassification	-	2,287	-	-	216	598	13,918	-
Other increases (decreases) (*)	-	-	4,384	(11 )	(116 )	(410 )	-	-
Total changes	35	2,294	4,248	(1 )	100	678	13,918	-
Final balance	34,624	266,939	1,216,175	79,978	37,592	38,963	185,687	228,240

Reconciliation entries of changes in property, plant and equipment by type as of June 30, 2016, Accumulated depreciation	Land	Buildings	Machinery	Transport equipment	Furniture and fixtures	Office equipment	Production plants	Mining assets
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	-	(136,270)	(818,466)	(65,213)	(28,976)	(32,117)	(91,742)	(186,848)
Changes								
Divestitures	-	-	230	-	-	-	-	-
Depreciation expense	-	(11,064 )	(44,866 )	(3,504 )	(1,585 )	(1,261 )	(8,184 )	(7,579 )
Increase(decrease) in foreign currency exchange	-	(12 )	-	(8 )	-	(33 )	-	-
Reclassification	-	-	(202 )	-	-	-	-	-
Other increases (decreases) (*)	-	(562 )	(6,202 )	4,503	(35 )	343	3	-
Total changes	-	(11,638 )	(51,040 )	991	(1,620 )	(951 )	(8,181 )	(7,579 )
Final balance	-	(147,908)	(869,506)	(64,222)	(30,596)	(33,068)	(99,923)	(194,427)

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 14 Property, plant and equipment (continued)****14.2 Reconciliation of changes in property, plant and equipment by type, continued:**

Reconciliation entries of changes in property, plant and equipment by type as of June 30, 2016, net	Land	Buildings	Machinery	Transport equipment	Furniture and fixtures	Office equipment	Production plants	Mining assets	Co in pro
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	Th
Opening balance	34,589	128,375	393,461	14,766	8,516	6,168	80,027	41,392	15
Changes									
Additions	-	-	464	-	-	423	-	-	73
Divestitures	-	-	(393 )	-	-	(1 )	-	-	(2
Depreciation expense	-	(11,064 )	(44,866 )	(3,504 )	(1,585)	(1,261)	(8,184 )	(7,579 )	-
Increase(decrease) in foreign currency exchange	35	(5 )	23	2	-	35	-	-	-
Reclassification	-	2,287	(202 )	-	216	598	13,918	-	(2
Other increases (decreases) (*)	-	(562 )	(1,818 )	4,492	(151 )	(67 )	3	-	(1
Total changes	35	(9,344 )	(46,792 )	990	(1,520)	(273 )	5,737	(7,579 )	40
Final balance	34,624	119,031	346,669	15,756	6,996	5,895	85,764	33,813	19

(\*) The net balance of other increases (decreases) corresponds to: 1) investment plan expenses which are expensed to profit or loss (forming part of cost of sales and other expenses per function, as appropriate), 2) the variation representing the purchase and use of materials and spare parts and 3) projects corresponding mainly to exploration expenditures and stain development.

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 14 Property, plant and equipment (continued)****14.2 Reconciliation of changes in property, plant and equipment by type, continued:**

Reconciliation entries of changes in property, plant and equipment by type as of December 31, 2015, gross	Land	Buildings	Machinery	Transport equipment	Furniture and fixtures	Office equipment	Production plants	Mining assets
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	34,622	240,356	1,145,426	78,402	32,082	35,512	171,277	225,91
Changes								
Additions	49	933	1,109	32	28	1,338	-	-
Divestitures	-	-	(13 )	(5 )	-	(1 )	-	-
Increase(decrease) in foreign currency exchange	(82 )	-	(53 )	(23 )	-	(104 )	-	-
Reclassification	-	23,355	68,187	3,742	5,382	1,585	491	2,324
Other increases (decreases) (*)	-	1	(2,729 )	(2,169 )	-	(45 )	1	(1
Total changes	(33 )	24,289	66,501	1,577	5,410	2,773	492	2,323
Final balance	34,589	264,645	1,211,927	79,979	37,492	38,285	171,7689	228,24

Reconciliation entries of changes in property, plant and equipment by type as of December 31, 2015, Accumulated depreciation	Land	Buildings	Machinery	Transport equipment	Furniture and fixtures	Office equipment	Production plants	Mining assets
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	-	(115,954)	(791,878)	(64,227)	(23,066)	(29,147)	(62,504)	(142,585)
Changes								
Divestitures	-	-	-	-	-	-	-	-
Depreciation expense	-	(13,945 )	(94,006 )	(15,575)	(4,250 )	(3,051 )	(7,594 )	(15,236 )
Increase(decrease) in foreign currency exchange	-	1	-	16	-	66	-	-
Reclassification	-	(5,348 )	70,419	24,887	(433 )	2	(21,644)	(29,027 )
Other increases (decreases) (*)	-	(1,024 )	(3,001 )	(10,314)	(1,227 )	13	-	-
Total changes	-	(20,316 )	(26,588 )	(986 )	(5,910 )	(2,970 )	(29,238)	(44,263 )
Final balance	-	(136,270)	(818,466)	(65,213)	(28,976)	(32,117)	(91,742)	(186,848)

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 14 Property, plant and equipment (continued)****14.2 Reconciliation of changes in property, plant and equipment by type, continued:**

Reconciliation entries of changes in property, plant and equipment by type as of December 31, 2015, net	Land	Buildings	Machinery	Transport equipment	Furniture and fixtures	Office equipment	Production plants	Mining assets
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	34,622	124,402	353,548	14,175	9,016	6,365	108,773	83,332
Changes								
Additions	49	933	1,109	32	28	1,338	-	-
Divestitures	-	-	(13 )	(5 )	-	(1 )	-	-
Depreciation expense	-	(13,945 )	(94,006 )	(15,575)	(4,250)	(3,051)	(7,594 )	(15,236)
Increase(decrease) in foreign currency exchange	(82 )	1	(53 )	(7 )	-	(38 )	-	-
Reclassification	-	18,007	138,606	28,629	4,949	1,587	(21,153 )	(26,703)
Other increases (decreases) (*)	-	(1,023 )	(5,730 )	(12,483)	(1,227)	(32 )	1	(1 )
Total changes	(33 )	3,973	39,913	591	(500 )	(197 )	(28,746 )	(41,940)
Final balance	34,589	128,375	393,461	14,766	8,516	6,168	80,027	41,392

(\*) The net balance of other increases (decreases) corresponds to: 1) investment plan expenses which are expensed to profit or loss (forming part of cost of sales and other expenses per function, as appropriate), 2) the variation representing the purchase and use of materials and spare parts 3) projects corresponding mainly to exploration expenditures and stain development and 4) impairment costs associated with the closure of the operations in the Pedro de Valdivia site, which are recognized in the caption Other expenses per function. The impairment amounted to ThUS\$ 36,823 (see Note 27.5 and Note 34).

**SQM S.A.**

El Trovador 4285  
Las Condes, Santiago, Chile  
Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)





Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 14 Property, plant and equipment (continued)**

14.3 Detail of property, plant and equipment pledged as guarantee

There are no restrictions in title or guarantees for the compliance with obligations which affect property, plant and equipment.

14.4 Additional information

Interest capitalized in construction-in-progress:

The amount capitalized for this concept amounted to ThUS\$2,453 as of June 30, 2016 and ThUS\$ 4,466 as of December 31, 2015.

Financing costs are not capitalized for periods which exceed the normal term of acquisition, construction or installation of the asset, such as the case of delays, interruptions or temporary suspension of the project due to technical, financial or other issues, which prevent that the asset is maintained in good conditions for its use.

14.5 Impairment of assets

As stated in Note 3.28, the recoverable amount of property, plant and equipment is measured whenever there is an indication that the asset may be impaired. As of June 30, 2016 and December 31, 2015, no impairment adjustments were generated, except for that indicated in Note 34.

Note 15 Employee benefits

15.1 Provisions for employee benefits

Edgar Filing: CHEMICAL & MINING CO OF CHILE INC - Form 6-K

Classes of benefits and expenses by employee	06/30/2016	12/31/2015
	MUS\$	MUS\$
Current		
Profit sharing and bonuses	7,980	13,445
Total	7,980	13,445
Non-current		
Profit sharing and bonuses	-	-
Severance indemnity payments	22,188	21,995
Total	22,188	21,995

**SQM S.A.**

El Trovador 4285  
 Las Condes, Santiago, Chile  
 Tel: (56 2) 2425 2000  
[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 15 Employee benefits (continued)**

15.2 Policies on defined benefit plan

This policy is applied to all benefits received for services provided by the Company's employees.

Short-term benefits for active employees are represented by salaries, social welfare benefits, paid time-off, sickness leaves and other leaves, profit sharing and incentives and non-monetary benefits; e.g., healthcare service, housing, subsidized or free goods or services. These will be paid in a term which does not exceed twelve months.

The Company only provides compensation and benefits to active employees, with the exemption of SQM North America which applies the definitions under 15.4 below.

SQM maintains incentive programs for its employees based on the personal performance, the Company's performance and other short-term, mid-term and long-term indicators.

For each incentive bonus delivered to the Company's employees, there will be a disbursement in the first quarter of the following year and this will be calculated based on profit for the period at the end of each period applying a factor obtained subsequent to the employee appraisal process.

Employee benefits include retention bonuses for the Company's executives, which are linked to the Company's share price and it is paid in cash. The short-term portion is presented as provision for current employee benefits and the long-term portion as non-current.

The bonus provided to the Company's directors is calculated based on Profit for the period at each year-end and will consider the application of a percentage factor.

The benefit related to vacations (short-term benefits to employees, current), which is provided in the Labor Code which indicates that employees with more than a year of service will be entitled to annual holidays for a period not lower than fifteen paid business days. The Company provides the benefit of two additional vacation days.

Staff severance indemnities are agreed and payable based on the last salary for each year of service for the Company or with certain maximum limits in respect to the number of years to be considered or in respect to monetary terms. In general, this benefit is payable when the employee or worker ceases to provide his/her services to the Company and the right for its collection can be acquired because of different causes, as indicated in the respective agreements; e.g., retirement, dismissal, voluntary retirement, incapacity or disability, death, etc..

Law No. 19,728 published on May 14, 2001 which became effective on October 1, 2002 required “Compulsory Unemployment Insurance” in favor of all depending employees regulated by the Chilean Labor Code. Article 5 of this law provided the financing of this insurance through monthly contribution payments by both the employee and the employer.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 15 Employee benefits (continued)**

15.3 Other long-term benefits

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

Staff severance indemnities at actuarial value	06/30/2016	12/31/2015
	ThUS\$	ThUS\$
Staff severance indemnities, Chile	20,984	20,883
Other obligations in companies elsewhere	1,204	1,112
Total other non-current liabilities	22,188	21,995

Staff severance indemnities have been calculated under the actuarial assessment method of the Company's obligations with respect to staff severance indemnities, which relate to defined benefit plans which consist of days of remuneration per year served at the time of retirement under conditions agreed in the respective agreements established between the Company and its employees.

Under this benefit plan, the Company retains the obligation for the payment of staff severance indemnities related to retirements, without establishing a separate fund with specific assets, which is referred to as not funded. The discount interest rate of expected flows to be used was 4.775%.

*Benefit payment conditions*

The staff severance indemnity benefit relates to remuneration days for year worked for the Company with no limit of salary or years of services for the Company, when employees cease to work for the Company due to turnover or death. In this case, the maximum age for men is 65 years and 60 years old for women, which are the usual ages for retirement due to achieving the senior citizen age according to the Chilean pensions system provided in Decree Law 3,500 of 1,980.

*Methodology*

The determination of the obligation for benefits under IAS 19 Projected Benefit Obligation (PBO) is described as follows:

To determine the Company's total liability, we used a mathematical simulation model which was programmed using a computer and which processed the situation of each employee on an individual basis.

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

Notes to the Consolidated Financial Statements as of June 30, 2016 ( Unaudited )

**Note 15 Employee benefits (continued)**

**15.3 Other long-term benefits, continued**

This model considered months as discrete time; i.e., the Company determined the age of each person and his/her salary on a monthly basis according to the growth rate. Thus, information on each person was simulated from the beginning of the life of his/her employment contract or when he/she started earning benefits up to the month in which it reaches the normal retirement age, generating in each period the possible retirement according to the Company's turnover rate and the mortality rate according to the age reached. When he/she reaches the retirement age, the employee finishes his/her service for the Company and receives indemnity related to retirement due to old age.

The methodology followed to determine the accrual for all the employees adhered to agreements has considered turnover rates and the mortality rate RV-2009 established by the Chilean Superintendence of Securities and Insurance to calculate pension-related life insurance reserves in Chile according to the Accumulated Benefit Valuation or Accrued Cost of Benefit Method. This methodology is established in IAS 19 on Retirement Benefit Costs.

**15.4 Post-employment benefit obligations**

Our subsidiary SQM North America, has established with its employees, a pension plan until 2002 called "SQM North America Retirement Income Plan", whereby obligation is calculated measuring the expected future forecasted staff severance indemnity obligation using a net salary gradual rate of restatements for inflation, mortality and turnover assumptions discounting the resulting amounts at present value using the interest rate defined by the authorities.

Since 2003, SQM North America offers to its employee benefits related to pension plans based on the 401-K system, which do not generate obligations for the Company.

**15.5 Staff severance indemnities**

As of June 30, 2016 and December 31, 2015, severance indemnities calculated at the actuarial value are as follows:



**06/30/2016 12/31/2015**

	<b>ThUS\$</b>		<b>ThUS\$</b>
Opening balance	(21,995 )	(30,952 )	
Current cost of service	(495 )	(898 )	
Interest cost	(711 )	(1,588 )	
Actuarial gain/loss	(462 )	1,242	
Exchange rate difference	(1,466 )	3,582	
Benefits paid during the year	2,941	6,619	
Balance	(22,188 )	(21,995 )	

**SQM S.A.**

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

[www.sqm.com](http://www.sqm.com)

