

CHEMICAL & MINING CO OF CHILE INC

Form 6-K

September 10, 2004

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 6-K**

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

For the six month period ended on June 30, 2004.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

(Exact name of registrant as specified in its charter)

CHEMICAL AND MINING COMPANY OF CHILE INC.

(Translation of registrant's name into English)

El Trovador 4285, 6th Floor, Santiago, Chile (562) 425-2000

(Address and phone number of principal executive offices)

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

Form 20-F

Form 40-F

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

Yes

No

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

On August 17, 2004, the Registrant filed with the Superintendencia de Valores y Seguros of Chile (the "SVS") a report that included information as to the Registrant's consolidated financial condition and results of operations for the six-month period ended on June 30, 2004. Attached is a summary of such consolidated financial information included in the summary and in the report filed with the Superintendencia de Valores y Seguros of Chile. This financial information was prepared on the basis of accounting principles generally accepted in Chile and does not include a reconciliation of such information to accounting principles generally accepted in the United States of America.

THIS REPORT IS AN ENGLISH TRANSLATION OF, AND A CHILEAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES PRESENTATION OF, A SIX MONTH PERIOD ENDED JUNE 30, 2004 REPORT FILED WITH THE SUPERINTENDENCIA DE VALORES Y SEGUROS (SVS) IN CHILE, AND UNLESS OTHERWISE INDICATED, FIGURES ARE IN US DOLLARS.

Consolidated Financial Statements

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

As of June 30, 2004 and 2003  
and for the years ended June 30, 2004 and 2003  
(A translation of the original in Spanish- see note 2 (a))

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Ch\$    □ Chilean pesos

ThCh   □ Thousands of Chilean pesos

\$

US\$    □ United States dollars

ThUS\$   □ Thousands of United States dollars

UF      □ The UF is an inflation-indexed, Chilean peso-denominated monetary unit. The UF rate is set daily in advance, based on the change in the Consumer Price Index of the previous month.

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

Consolidated Statements of Income

(A translation of the original in Spanish- see note 2 (a))

		As of June 30,	
	Note	2004	2003
		ThUS\$	ThUS\$
<b>ASSETS</b>			
<b><i>Current assets</i></b>			
Cash		12,946	14,800
Time deposits		28,126	8,806
Marketable securities	4	31,425	51,489
Accounts receivable, net	5	142,515	119,667
Other accounts receivable, net	5	10,609	8,547
Accounts receivable from related companies	6	35,041	34,931
Inventories, net	7	255,705	227,789
Recoverable taxes		15,595	11,589
Prepaid expenses		4,206	3,578
Other current assets		15,776	11,198
Total current assets		551,944	492,394
<b><i>Property, plant and equipment, net</i></b>	8	647,733	683,717
<b><i>Other Assets</i></b>			
Investments in related companies	9	83,000	76,755
Goodwill, net	10	12,329	12,962
Negative goodwill, net	10	(373)	(646)
Intangible assets, net		4,588	4,847
Long-term accounts receivable, net	5	7,222	8,094
Long-term accounts receivable from related companies	6	340	380
Other long-term assets	11	53,773	58,105
Total Other Assets		160,879	160,497
Total assets		1,360,556	1,336,608

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

Consolidated Statements of Income

(A translation of the original in Spanish- see note 2 (a))

	Note	As of June 30,	
		2004	2003
		ThUS\$	ThUS\$
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Short-term bank debt	12	102,635	520
Current portion of long-term debt	12	4,577	36,749
Dividends payable		189	253
Accounts payable		51,697	49,346
Other accounts payable		1,571	1,558
Notes and accounts payable to related companies	6	11,301	8,444
Accrued liabilities	13	15,604	12,407
Withholdings		2,399	2,292
Income taxes		2,852	814
Deferred income taxes	14	6,093	2,176
Deferred income		1,279	4,299
Other current liabilities		173	161
Total current liabilities		200,370	119,019
<b>Long-term liabilities</b>			
Long-term bank debt	12	200,000	308,000
Other accounts payable		1,954	2,847
Deferred income taxes	14	31,444	19,999
Staff severance indemnities	15	9,883	9,376
Total long-term liabilities		243,281	340,222
Minority interest	16	27,643	23,178
<b>Shareholders' equity</b>			
Paid-in capital	17	477,386	477,386
Other reserves	17	135,891	127,760
Retained earnings	17	275,985	249,043
Total shareholders' equity		889,262	854,189
Total liabilities and shareholders' equity		1,360,556	1,336,608



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

Consolidated Statements of Income

(A translation of the original in Spanish- see note 2 (a))

		For the years ended June 30,	
		2004	2003
		ThUS\$	ThUS\$
<b>Operating results</b>			
Sales		379,859	324,999
Cost of sales		(298,720)	(260,439)
Gross margin		81,139	64,560
Selling and administrative expenses		(27,326)	(23,966)
Operating income		53,813	40,594
<b>Non-operating results</b>			
Non-operating income	19	7,877	10,475
Non-operating expenses	19	(18,761)	(19,803)
Non-operating loss		(10,884)	(9,328)
Income before income taxes		42,929	31,266
Income tax expense	14	(11,380)	(7,762)
Income before minority interest		31,549	23,504
Minority interest	16	(1,789)	(982)
Net income before negative goodwill		29,760	22,522
Amortization of negative goodwill	10	102	314
Net income for the year		29,862	22,836
		5	

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

Consolidated Statements of Income

(A translation of the original in Spanish- see note 2 (a))

		For the years ended June 30	
		2004	2003
		ThUS\$	ThUS\$
<b>Cash flows from operating activities</b>			
Net income for the year		29,862	22,836
<b>Charges (credits) to income not representing cash flows</b>			
Depreciation expense	8	29,578	30,065
Amortization of intangible assets		119	144
Write-offs and accruals		17,955	10,106
Gain on equity investments in related companies		(4,248)	(3,742)
Loss on equity investments in related companies		12	□
Amortization of goodwill	10	619	529
Amortization of negative goodwill	10	(102)	(314)
(Profit) loss on sales of assets		12	(16)
Other credits to income not representing cash flows		(657)	(963)
Other charges to income not representing cash flows		27,778	15,712
Foreign exchange difference, net		1,969	(3,220)
<b>Net changes in operating assets and liabilities (Increase) decrease:</b>			
Trade accounts receivable		(4,717)	(6,837)
Inventories		(15,278)	11,748
Other assets		(7,979)	5,357
Accounts payable		(3,064)	(7,982)
Interest payable		151	(1,849)
Net income taxes payable		852	(1,481)
Other accounts payable		(2,020)	(802)
VAT and taxes payable		(2,007)	4,105
Minority interest	16	1,789	982
Net cash provided from operating activities		70,624	74,378
<b>Cash flows from financing activities</b>			
Proceeds from short term bank financing		82,998	□
Payment of dividends		(25,275)	(21,288)
Repayment of bank financing		(97,813)	(3,886)
Payment relation chip enter praise		□	(5,274)
Net cash used in financing activities		(40,090)	(30,448)
<b>Cash flows from investing activities</b>			
Sales of property, plant and equipment		606	180
Sales of investments		203	532
Other investing income	22	121	7,293
Additions to property, plant and equipment		(17,056)	(31,187)
Capitalized interest		(748)	(1,371)



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Purchase of permanent investments	(902)	(6,117)
Other disbursements	□	(31)
	<u>          </u>	<u>          </u>
Net cash used in investing activities	(17,776)	(30,701)
	<u>          </u>	<u>          </u>
Effect of inflation on cash and cash equivalents	1	(100)
Net change in cash and cash equivalents	12,758	13,229
Beginning balance of cash and cash equivalents	69,273	65,204
	<u>          </u>	<u>          </u>
<b>Ending balance of cash and cash equivalents</b>	<b>82,032</b>	<b>78,333</b>
	<u>          </u>	<u>          </u>

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

### **Notes to the Consolidated Financial Statements (A translation of the original in Spanish- see note 2 (a))**

#### **Note 1 □ Company Background**

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

#### **Note 2 □ Summary of Significant Accounting Policies**

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

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