CHEMICAL & MINING CO OF CHILE INC
Form 6-K
June 15, 2018

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 June, 2018.

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: x 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.

CONSOLIDATED FINANCIAL STATEMENTS

For the period ended

March 31, 2018

Sociedad Química y Minera de Chile S.A. and

Subsidiaries

In Thousands of United States Dollars

This document includes:

- 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

SQM S.A.

El Trovador 4285,

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

www.sqm.com

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

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

Consolidated Classified Statements of Financial Position

Assets	Note	**As of March 31, 2018**	**As of December 31, 2017**
		ThUS$	**ThUS$**
Current assets			
Cash and cash equivalents	7.1	575,089	630,438
Other current financial assets	10.1	416,040	366,979
Other current non-financial assets	24	39,074	26,883
Trade and other receivables, current	10.2	421,520	446,875
Trade receivables due from related parties, current	9.5	57,889	59,132
Current inventories	8	923,657	902,074
Current tax assets	27.1	43,548	32,291
Current assets other than those classified as held for sale or disposal		2,476,817	2,464,672
Non-current assets or groups of assets classified as held for sale		1,478	1,589
Total current assets		2,478,295	2,466,261
Non-current assets			
Other non-current financial assets	10.1	50,557	42,879
Other non-current non-financial assets	24	15,733	19,262
Trade receivables, non-current	10.2	1,949	1,912
Investments classified using the equity method of accounting	11.1-12.3	153,065	146,425
Intangible assets other than goodwill	13.1	105,403	105,948
Goodwill	13.1	44,177	44,177
Property, plant and equipment	14.1	1,442,253	1,437,193
Tax assets, non-current	27.1	32,179	32,179
Total non-current assets		1,845,316	1,829,975
Total assets		4,323,611	4,296,236

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

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

Consolidated Classified Statements of Financial Position, (continued)

Liabilities and Equity	Note	**As of March 31, 2018**	**As of December 31, 2017**
		ThUS$	**ThUS$**
Current liabilities			
Other current financial liabilities	10.4	135,888	220,328
Trade and other payables, current	10.5	300,612	196,280
Trade payables due to related parties, current	9.6	2	1,365
Other current provisions	18.1	42,789	63,445
Current tax liabilities	27.2	105,617	75,402
Provisions for employee benefits, current	15.1	8,149	22,421
Other current liabilities	18.3	176,428	168,804
Total current liabilities		769,485	748,045
Non-current liabilities			
Other non-current financial liabilities	10.4	1,037,969	1,031,507
Other non-current provisions	18.1	30,352	30,001
Deferred tax liabilities	27.3	195,870	205,283
Provisions for employee benefits, non-current	15.1	36,962	33,932
Total non-current liabilities		1,301,153	1,300,723
Total liabilities		2,070,638	2,048,768
Equity	17		
Share capital		477,386	477,386
Retained earnings		1,717,320	1,724,784
Other reserves		(1,404)	(14,349)
Equity attributable to owners of the Parent		2,193,302	2,187,821
Non-controlling interests		59,671	59,647
Total equity		2,252,973	2,247,468
Total liabilities and equity		4,323,611	4,296,236

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

Consolidated Statements of Income by Function

	Note	January to March 2018	January to March 2017
		ThUS$	**ThUS$**
Revenue	26.1	518,724	518,591
Cost of sales	26.2	(326,047)	(340,648)
Gross profit		192,677	177,943
Other income	26.3	4,560	1,395
Administrative expenses	26.4	(25,184)	(22,210)
Other expenses by function	26.5	(6,461)	(5,775)
Other gains (losses)	26.6	(278)	(1,077)
Profit (loss) from operating activities		165,314	150,276
Finance income		4,669	2,372
Finance costs	21-26.8	(12,717)	(12,638)
Share of profit of associates and joint ventures accounted for using the equity method	11-12	4,422	4,655
Foreign currency translation differences	22	(514)	1,668
Profit (loss) before taxes		161,174	146,333
Income tax expense, continuing operations	27.3	(47,291)	(43,291)
Profit for the year		113,883	103,042
Profit attributable to			
Owners of the Parent		113,825	103,232
Non-controlling interests		58	(190)
Profit for the year		113,883	103,042

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

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

Consolidated Statements of Income by Function, (continued)

	Note	January to March 2018 US$	2017 US$
Earnings per share			
Common shares			
Basic earnings per share (US$ per share)	20	0.3945	0.3922
Diluted common shares			
Diluted earnings per share (US$ per share)	20	0.3945	0.3922

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

Consolidated Statements of Comprehensive Income

Statement of comprehensive income	January to March 2018 ThUS$	2017 ThUS$
Profit (loss) for the year	113,883	103,042
Other comprehensive income		
Items of other comprehensive income that will not be reclassified to profit for the year, before taxes		
Other comprehensive income, before taxes, gains (losses) from new measurements of defined benefit plans	(425)	(1,274)
Total other comprehensive income that will not be reclassified to profit for the year, before taxes	(425)	(1,274)
Items of other comprehensive income that will be reclassified to profit for the year, before taxes		
Foreign currency exchange difference		
Foreign currency exchange gains I(losses) before taxes	(984)	(1,185)
Other comprehensive income before taxes	(984)	(1,185)
Cash flow hedges on defined benefit plans		
Gains (losses) from cash flow hedges	7,121	4,422
Other comprehensive income before taxes	7,121	4,422
Financial assets measured at fair value with changes in other comprehensive income		
Gains (losses) in financial assets measured at fair value through other comprehensive income	(1,793)	-
Other comprehensive income, before taxes, financial assets measured at fair value	(1,793)	-
Total other comprehensive income that will be reclassified to profit for the year	4,344	3,237
Other items of other comprehensive income before taxes	3,919	1,963
Income taxes related to items of other comprehensive income that will not be reclassified to profit for the year		
Income taxes related to new measurements of defined benefit plans in other comprehensive income	310	246
Accumulated income taxes related to items of other comprehensive income that will not be reclassified to profit for the year	310	246
Income taxes related to items of other comprehensive income that will be reclassified to profit for the year		
Income taxes related to cash flow hedges in other comprehensive income	457	-
Accumulated income taxes related to items of other comprehensive income that will be reclassified to profit for the year	457	-
Total other comprehensive income	4,686	2,209

Total comprehensive income	118,569	105,251
Comprehensive income attributable to		
Owners of the Parent	118,545	105,440
Non-controlling interests	24	(189)
Total comprehensive income	118,569	105,251

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

Consolidated Statements of Cash Flows

Consolidated Statements of cash flows	Note	**3/31/2018**	**3/31/2017**
		ThUS$	**ThUS$**
Cash flows from operating activities			
Cash receipts from sales of goods and rendering of services		535,700	484,011
Cash receipts from premiums and benefits, annuities and other benefits from policies entered		191	-
Cash payments to suppliers for the provision of goods and services (1)		(308,778)	(291,658)
Cash payments to and on behalf of employees		(59,469)	(59,153)
Other payments related to operating activities		(2,322)	(1,438)
Net cash generated from (used in) operating activities		164,427	131,762
Dividends received		5,589	663
Interest paid		(11,267)	(9,787)
Interest received		4,669	2,372
Income taxes paid		(37,469)	(24,330)
Other incomes (outflows) of cash (2)		1,434	18,205
Net cash generated from (used in) operating activities		127,362	118,885
Cash flows from (used in) investing activities			
Payments made to acquire interest in joint ventures		(9,500)	(42)
Proceeds from the sale of property, plant and equipment		352	3,569
Acquisition of property, plant and equipment		(65,119)	(23,321)
Proceeds from sales of intangible assets		2,929	907
Purchases of intangible assets		-	-
Proceeds from the repayment of advances and loans granted to third parties		(511)	46
Other inflows (outflows) of cash (3)		(50,511)	(59,961)
Net cash generated from (used in) investing activities		(122,360)	(78,802)

(1) Includes a payment of ThUS$30,000 made to the SEC and the DOJ, which was provisioned in 2016.

(2) Other inflows (outflows) of cash from operating activities include increases (decreases) net of Value Added Tax.

(3) Other inflows (outflows) of cash include investments and redemptions of time deposits and other financial instruments that do not qualify as cash and cash equivalent in accordance with IAS 7, paragraph 7, since they mature in more than 90 days from the original investment date.

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

Consolidated Statements of Cash Flows, (continued)

	Note	3/31/2018 ThUS$	3/31/2017 ThUS$
Cash flows used in financing activities			
Proceeds from short-term borrowings		-	20,000
Repayment of borrowings		(63,000)	(60,726)
Net cash generated used in financing activities		(63,000)	(40,726)
Net increase (decrease) in cash and cash equivalents before the effect of changes in the exchange rate		(57,998)	(643)
Effects of exchange rate fluctuations on cash held		2,649	(2,179)
Net (decrease) increase in cash and cash equivalents		(55,349)	(2,822)
Cash and cash equivalents at beginning of period		630,438	514,669
Cash and cash equivalents at end of period		575,089	511,847

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

Consolidated Statements of Changes in Equity

2018	Share capital	Foreign currency translation difference reserves	Cash flow hedge reserves	Reserve for gains (losses) from financial assets measured at fair value through other comprehensive income	Actuarial gains (losses) from defined benefit plans	Other miscellaneous reserves	Other reserves	Retained earnings	Equity attributable to owners of the Parent	Non-controllin interests	Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThU
Equity at beginning of the year	477,386	(24,913)	2,248	2,937	(5,953)	11,332	(14,349)	1,724,784	2,187,821	59,647	2,24
Profit for the year	-	-	-		-	-	-	113,825	113,825	58	113,
Other comprehensive income	-	(958)	7,121	(1,336)	(107)	-	4,720	-	4,720	(34)	4,68
Comprehensive income	-	(958)	7,121	(1,336)	(107)	-	4,720	113,825	118,545	24	118,
Dividends	-	-	-	-	-	-	-	(113,825)	(113,825)	-	(113
Increase (decrease) due to transfers and other changes	-	-	-	-	-	8,225	8,225	(7,464)	761	-	761
Increase (decrease) in equity	-	(958)	7,121	(1,336)	(107)	8,225	12,945	(7,464)	5,481	24	5,50
Equity as of March 31, 2018	477,386	(25,871)	9,369	1,601	(6,060)	19,557	(1,404)	1,717,320	2,193,302	59,671	2,25

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

Consolidated Statements of Changes in Equity

2017	Share capital	Foreign currency translation difference reserves	Cash flow hedge reserves	Reserve for gains (losses) from financial assets measured at fair value through other comprehensive income	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$	ThUS$
Equity at beginning of the year	477,386	(19,463)	64	3,513	(4,834)	7,832	(12,888)	1,781,576	2,246,074	61,198	2,307,[illegible]
Profit for the year	-	-	-		-	-	-	103,232	103,232	(190)	103,04[illegible]
Other comprehensive income	-	(1,186)	4,422	-	(1,028)	-	2,208	-	2,208	1	2,209
Comprehensive income	-	(1,186)	4,422	-	(1,028)	-	2,208	103,232	105,440	(189)	105,25[illegible]
Dividends	-	-	-	-	-	-	-	(156,524)	(156,524)	-	(156,5[illegible]
Increase (decrease) due to transfers and other changes	-	-	-	-	-	5	5	-	5	-	5
Increase (decrease) in equity	-	(1,186)	4,422	-	(1,028)	5	2,213	(53,292)	(51,079)	(189)	(51,26[illegible]
Equity as of March 31, 2017	477,386	(20,649)	4,486	3,513	(5,862)	7,837	(10,675)	1,728,284	2,194,995	61,009	2,256,[illegible]

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

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Notes to the Consolidated Financial Statements as of March 31, 2018.

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 and its Tax Identification Number is 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 Financial Markets Commission (CMF), which was formerly named 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; Administration Building w/n - Maria Elena; Administration 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 CMF, 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.

Notes to the Consolidated Financial Statements as of March 31, 2018.

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 especially potassium nitrate have had a leading role because of the contribution they make to developing crops, ensuring 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 global producer of iodine. 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. By manufacturing lithium-based products, SQM provides significant materials for addressing great challenges, such as the efficient use of energy and raw materials. Lithium is not only used for rechargeable batteries for small electrical appliances such as mobile phones, tablets and laptops, but is also used in industrial applications, such as the manufacturing of glass, ceramics and lubricating greases. Other uses include the pharmaceutical and chemical industries.

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Notes to the Consolidated Financial Statements as of March 31, 2018.

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 such as Spain and the United States in their quest to decrease CO_2 emissions**.**

Potassium: Potassium is a primary essential macro-nutrient, and even though does not form part of the plant's structure, it has a significant role for the development of its basic functions, ensuring the quality of a crop, increasing post-crop life, improving crop flavor, the amount of vitamins it contains and its physical appearance. Within this business line, SQM also has 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 March 31, 2018, and December 31, 2017, the workforce was as follows:

Employees	3/31/2018 SQM S.A	Other subsidiaries	Total	12/31/2017 SQM S.A.	Other subsidiaries	Total
Executives	43	75	118	43	77	120
Professionals	143	970	1,113	143	942	1,085
Technicians and operators	251	3,158	3,409	248	3,177	3,425
Foreign employees	19	286	305	19	272	291
Overall total	456	4,489	4,945	453	4,468	4,921

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Notes to the Consolidated Financial Statements as of March 31, 2018.

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 March 31, 2018 and December 31, 2017 with respect to each shareholder with an interest in excess of 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 CMF, and the Chilean Stock Exchange, whose main shareholders are as follows:

Shareholder as of March 31, 2018	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	-	-	40,706,250	33.82 %	
Sociedad de Inversiones Pampa Calichera S.A.(*)	44,894,152	31.43 %	5,451,688	4.53 %	19.13
Inversiones El Boldo Limitada	29,330,326	20.54 %	16,363,546	13.59 %	17.36
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 %	1,600,000	1.33 %	6.51
Inversiones Global Mining (Chile) Limitada (*)	8,798,539	6.16 %	-	-	3.34
Banco de Chile via non-resident third party accounts	-	-	9,312,522	7.74 %	3.54
Banco Itau via investor accounts	19,125	0.01 %	7,482,346	6.22 %	2.85
Banco Santander via foreign investor accounts	-	-	5,486,502	4.56 %	2.08

(*) Total Pampa Group 29.97%

Shareholder as of December 31, 2017	No. of Series A with	% of Series A	No. of Series B with	% of Series B	% of total

	ownership	shares		ownership	shares		shares	
The Bank of New York Mellon, ADRs	-	-		54,599,961	45.36	%	20.74	%
Sociedad de Inversiones Pampa Calichera S.A.(*)	44,894,152	31.43	%	7,007,688	5.82	%	19.72	%
Inversiones El Boldo Limitada	29,330,326	20.54	%	16,363,546	13.59	%	17.36	%
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	%	1,600,000	1.33	%	6.51	%
Inversiones Global Mining (Chile) Limitada (*)	8,798,539	6.16	%	-	-		3.34	%
Banco de Chile via non-resident third party accounts	-	-		8,394,289	6.97	%	3.19	%
Banco Itau via Investor Accounts	19,125	0.01	%	7,017,504	5.63	%	2.67	%
Banco Santander via foreign investor accounts	-	-		4,593,336	3.82	%	1.75	%

(*) Total Pampa Group 29.97%

On March 31, 2018 the total number of shareholders had risen to 1,398.

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Notes to the Consolidated Financial Statements as of March 31, 2018.

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 as of March 31, 2018 and, December 31,2017.
- Consolidated Statements of Changes in Equity as of March 31, 2018 and 2017
- Consolidated Statements of Comprehensive Income as of March 31, 2018 and 2017
- Consolidated Statements of Direct-Method Cash Flows as of March 31, 2018 and 2017.

2.2 Consolidated 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 (the "IASB").

These consolidated financial statements fairly reflect the Company's financial position, the comprehensive results of operations, changes in equity and cash flows occurring during the years then ended.

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

The accounting policies used in the preparation of these consolidated annual accounts comply with each IFRS in force at their date of presentation.

For the closing date of these consolidated financial statements certain reclassifications have been made for the captions, other non-current financial assets, equity accounted investees, as of December 31, 2017, for consistent presentation and comparability to the figures as of March 31, 2018.

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.
- Financial derivatives at fair value; and
- Staff severance indemnities and pension commitments at actuarial value
- Certain financial investments classified as available for sale measured at fair value with an offsetting entry in other comprehensive income.
- Other current and non-current assets and financial liabilities at amortized cost

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Notes to the Consolidated Financial Statements as of March 31, 2018.

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, 2018:

Amendments and improvements	**Mandatory for annual periods beginning on**
IFRS 9, "Financial Instruments"- Published in July 2014. The IASB has published a complete new version of IFRS 9, which replaces the guidance in IAS 39. This final version includes requirements regarding the classification and measurement of financial assets and liabilities and a new model for the recognition of expected credit losses that replaces the incurred loss impairment model used today. The part relating to hedge accounting that forms part of this final version of IFRS 9 was published in November 2013.	01/01/2018
IFRS 15, "Revenue from Contracts with Customers" – Published in May 2014. This established the principles that an entity must apply for presenting useful information to users of financial statements with regard to the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. 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. This standard replaces the following standards and interpretations: IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programs; 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.	01/01/2018
IFRIC 22, "Transactions in Foreign Currency and Advance Payments" Published in December 2016. This interpretation applies to a foreign currency transaction (or part of one) if an entity recognizes a non-financial asset or non-financial liability arising from the payment or receipt of an advance consideration prior to the entity recognizing the related asset, expense or income (or the applicable portion thereof). The interpretation provides a guideline for the transaction date to be used for both single payments/receipts and situations when there are multiple payments/receipts. Its objective is to reduce diversity in practice.	01/01/2018

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Notes to the Consolidated Financial Statements as of March 31, 2018.

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

2.4 Accounting pronouncements, continued

Amendments and improvements	**Mandatory for annual periods beginning on or after**
Amendment to IFRS 2, "Share-based Payments" Published in June 2016. The amendment clarifies the measurement of share-based payments liquidated in cash and the accounting of modifications that change these payments to liquidation with equity instruments. In addition, it introduces an exception to the IFRS 2 principles that will require the treatment of awards as if they were all liquidation as an equity instrument, when the employer is required to retain taxes related to share-based payments.	*01/01/2018*
Amendment to IFRS 15 "Revenue from Contracts with Customers". Published in April 2016. The amendment provides clarifications with regard to identifying performance obligations in contracts with customers, accounting for licensing involving intellectual property and assessing principal versus agent considerations (i.e. recording revenue on a gross basis versus the net amount it retains). It includes new and modified illustrative examples as a guide, along with practical examples related to the transition to the new standard on revenue.	*01/01/2018*
Amendment to IAS 28 "Investments in Associates and Joint Ventures" in regard to measuring an associate or joint venture at fair value. Published in December 2016.	*01/01/2018*

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

Notes to the Consolidated Financial Statements as of March 31, 2018.

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

2.4 Accounting pronouncements, continued

b) Standards, interpretations and amendments issued that had not become effective for financial statements beginning on January 1, 2018 and which the Company has not adopted early are as follows:

Standards and interpretations	**Mandatory for annual periods beginning on**
IFRS 16 "Leases" – Published in January 2016, it establishes the principle for recognizing, measuring, presenting and disclosing leases. IFRS 16 replaces IAS 17 and introduces a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases with a lease term of more than 12 months unless the underlying asset has a low value. IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 before the initial application date of IFRS 16.	*01/01/2019*
IFRS 17 "Insurance Contracts". Published in May 2017, this replaces IFRS 4. IFRS 17 will mainly change the accounting for those entities that issue insurance contacts and investment contracts with discretionary participation features. IFRS 17 is effective for annual reporting periods beginning on or after January 1, 2021. Earlier application is permitted if both IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have also been applied.	*01/01/2021*
IFRIC 23 "Uncertainty over Income Tax Treatments". Published in June 2016. This interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments.	*01/01/2019*

Notes to the Consolidated Financial Statements as of March 31, 2018.

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

2.4 Accounting pronouncements, continued

Amendments and improvements	**Mandatory for annual periods beginning on or after**
Amendment to IFRS 9 "Financial Instruments". Published in October 2017. The amendment permits more assets to be measured at amortized cost than under the previous version of IFRS 9, in particular some prepayable financial assets with negative compensation. The assets affected, which include some loans and debt securities, would otherwise have been measured at fair value through profit and loss (FVTPL). For them to qualify for amortized cost measurement, the negative compensation must be "reasonable compensation for early termination of the contract."	*01/01/2019*
Amendment to IAS 28 "Investments in Associates and Joint Ventures". Published in October 2017. This amendment clarifies that companies should apply IFRS 9 to account for long-term interests in an associate or joint venture to which the equity method is not applied. The Board has published an example that illustrates how companies should apply the requirements of IFRS 9 and IAS 28 to long-term interests in an associate or joint venture.	*01/01/2019*
Amendment to IFRS 3 "Business Combinations" Published in December 2017. The amendment clarifies that gaining control of a company that is a joint venture is a business combination that is achieved in stages. The acquiring party must remeasure previously held interests in that business at fair value at the date of acquisition.	*01/01/2019*
Amendment to IFRS 11 "Joint Arrangements". Published in December 2017. The amendment clarifies that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.	*01/01/2019*
Amendment to IAS 12 "Income Tax" Published in December 2017. This amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognized when the past transactions or events that generated distributable profits were originally recognized.	*01/01/2019*
Amendment to IAS 23 "Borrowing Costs". Published in December 2017. This amendment clarifies that the borrowing costs of specific borrowings that remain outstanding after the related qualifying asset is ready for intended use or for sale will be considered as part of the general borrowing costs of the entity.	*01/01/2019*
Amendment to IAS 19 "Employee Benefits" Published in February 2018. The amendment requires that the entities use updated conjectures to determine the cost of the current service and the net interest for the rest of the period after an amendment, reduction or liquidation of the plan; and recognize in profits or losses as part of the cost of the past service, or a profit or loss in the liquidation, any reduction in a	*01/01/2019*

surplus, even if this surplus was not previously recognized because it did not exceed the upper threshold of the asset.

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

2.4 Accounting pronouncements, continued

The following amendment was issued by the IASB and was originally scheduled to take effect in 2016. However, the organization has changed its position and the mandatory effective date is yet to be determined.

Amendment to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures". Published in September 2014. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	Undetermined

Management believes the adoption of the standards, interpretations and amendments applicable as of January 1, 2018, will have no significant impact on the Company's financial statements. For those standards to be applied as of 2019, the corresponding studies and analysis will be carried out during 2018.

Notes to the Consolidated Financial Statements as of March 31, 2018.

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

2.5 Basis of consolidation

(a) Subsidiaries

These are all those entities where Sociedad Química y Minera de Chile S.A. has control over directing their financial and operational policies. This is generally accompanied by a share of more than half of the voting rights. 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. For more information, please see Note 6.4

Companies included in consolidation:

				Ownership interest 3/31/2018			12/31/2017
TAX ID No.	Foreign subsidiaries	Country of origin	Functional currency	Direct	Indirect	Total	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

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$	0.1597	99.8403	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
Foreign	Rs Agro-Chemical Trading Corporation A.V.V.	Aruba	US$	98.3333	1.6667	100.0000	100.0000
Foreign	SQM Colombia SAS	Colombia	US$	0.0000	100.0000	100.0000	100.0000
Foreign	SQM Australia PTY	Australia	Australian dollar	0.0000	100.0000	100.0000	100.0000
Foreign	SACAL S.A.	Argentina	Argentine peso	0.0000	100.0000	100.0000	100.0000

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Notes to the Consolidated Financial Statements as of March 31, 2018.

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

2.5 Basis of consolidation, continued

				Ownership interest 3/31/2018			12/31/2017
TAX ID No.	Foreign subsidiaries	Country of origin	Functional currency	Direct	Indirect	Total	Total
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 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 Internacional N.V.	Belgium	US$	0.5800	99.4200	100.0000	0.0000
Foreign	SQM (Shanghai) Chemicals Co. Ltd.	China	US$	0.0000	100.0000	100.0000	0.0000

				Ownership interest 3/31/2018			12/31/2017
TAX ID No.	Domestic subsidiaries	Country of origin	Functional currency	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		CHILE	Ch$	1.0000	99.0000	100.0000	100.0000

	Isapre Norte Grande Ltda.						
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	0.0000	51.0000	51.0000
76.360.575-2	Orcoma SPA	CHILE	US$	100.0000	0.0000	100.0000	100.0000
76.686.311-9	SQM MaG SpA.	CHILE	US$	0.0000	100.0000	100.0000	100,0000

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

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

2.5 Basis of consolidation, continued

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.

Profit or loss of subsidiaries acquired or divested 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.

Notes to the Consolidated Financial Statements as of March 31, 2018.

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 recovery (maturity) dates; i.e., those maturing within a period equal to or less than 12 months are classified as current counted from the closing date of the consolidated financial statements 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.

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Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 3 Significant accounting policies (continued)

3.3 Foreign currency translation, continued

The main exchange rates and the adjustment unit 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:

	3/31/2018 US$	12/31/2017 US$
Brazilian real	3.31	3.02
New Peruvian sol	3.22	3.08
Argentine peso	20.13	18.40
Japanese yen	106.24	113.00
Euro	0.81	0.83
Mexican peso	18.21	19.65
Australian dollar	0.77	0.78
Pound Sterling	0.71	0.74
South African rand	11.84	12.35
Ecuadorian dollar	1.00	1.00
Chilean peso	603.39	614.75
Chinese yuan	6.27	6.51
Indian rupee	65.16	63.84
Thai baht	31.23	32.85
UF (*)	44.69	43.59

(*) The Unidad de Fomento (UF) is an indexed monetary unit used in Chile, calculated based on the variation in the Consumer Price Index (CPI).

(b) Transactions and balances

Non-monetary transactions in currencies other than the functional currency (Dollar) are translated to the respective functional currencies of Group entities at the exchange rate on the date of the transaction. 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 items that provide an effective hedge for a net investment in a foreign operation. These items are recognized in other comprehensive income on the divestment, when they are recognized in the statement of income. Charges and credits attributable to foreign currency translation differences on those hedge monetary items are also recognized 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.

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Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 3 Significant accounting policies (continued)

3.4 Subsidiaries

SQM S.A. uses the level of control it has in subsidiaries as a basis to determine their share in the consolidated financial statements. This 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 into 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 the 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

Corporate management ("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.

Notes to the Consolidated Financial Statements as of March 31, 2018.

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. Financial liabilities that have been initially recognized at fair value through profit or loss 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 the 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 such time when the Company changes its business model for managing financial assets, it will reclassify those financial assets affected by the new business model.

Financial liabilities 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, they are subsequently 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 probable forecast transaction (cash flow hedge).

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

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Notes to the Consolidated Financial Statements as of March 31, 2018.

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 the 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 more than 12 months, and as a current asset or liability if the remaining expiration period of the entry is less 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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps that hedge fixed rate borrowings is recognized in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognized in profit or loss within other income or other expenses. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity using a recalculated effective interest rate.

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.

If the expected firm transaction or commitment is no longer 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.

Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 3 Significant accounting policies (continued)

3.12 Available for sale financial assets

Available for sale financial assets are non-derivative financial assets, which have been designated as available for sale and are not classified in any of the previous categories of financial instruments. Available for sale financial instruments are initially recognized at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are recognized at fair value and changes other than impairment losses are recognized in other comprehensive income and presented in equity in the fair value reserve. If an investment is derecognized, the accumulated gain or loss is reclassified to profit or loss.

3.13 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, paid to the creditor or legally extinguished.

3.14 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, any changes in the 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 March 31, 2018, and December 31, 2017, there were no embedded derivatives.

3.15 Fair value initial 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.

Notes to the Consolidated Financial Statements as of March 31, 2018.

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.

(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.

3.17 Trade and other receivables

The Company’s trade receivables are maintained to obtain contractual cash flows (charge and collect) and do not contain a significant financing component, being recognized at the transaction price defined in IFRS 15. Meanwhile, the Company is using the simplified approach for recognizing expected credit losses if there is no significant increase in the credit risk since initial recognition and the terms of sale are less than 12 months. Similarly, the Company is using an impairment model for trade receivables based on expected credit losses that considers the credit risk separately from its hedges, generating an effect equal to that established in the previous accounting standard IAS 39. The Company has established the procedures and controls for beginning to apply IFRS 9 as of January 1, 2018.

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Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 3 Significant accounting policies (continued)

3.18 Inventory measurement

The Company measures inventories at the lower of production cost and net realizable value. The cost price of finished products and work in progress includes the direct cost of materials and, when applicable, labor costs, the depreciation of goods that are involved in the production process, the indirect costs incurred in transforming 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 the weighted average monthly cost and the average cost of warehouse storage.

Commercial discounts, rebates obtained, and other similar entries are deducted when determining the acquisition price.

The net realizable value represents the estimated selling price, less all the estimated costs of completion and the estimated costs necessary to make the sale.

The Company conducts an evaluation of the net realizable value of inventories at the end of each year, recording a debit to profit or loss when the inventory costs exceed the realizable value. This estimate is made for all the finished and intermediate products in the Company’s inventory. The valuation of obsolete, impaired or slow-moving products relates to their estimated net realizable value.

The provisions for uncertainties in the technical specifications for the Company’s stocks of finished goods and work in progress have been made based on a technical study which covers the different variables that affect products in stock (such as density and humidity). This study is updated periodically to include new measurement technologies and the results from previous financial periods.

Inventories of raw materials, supplies, materials and parts are recorded at the lower of acquisition cost or market value. The acquisition cost is calculated according to the average acquisition price method. Nonetheless, an estimate is made for each financial period of the potential lower value relating to the proportion of inventory that consists of obsolete, defective or slow-moving materials. This provision reduces the value of the Company’s raw materials, supplies, materials and parts.

3.19 Investments in associates and joint ventures

Interests in companies over which joint control is exercised (joint venture) or where an entity has a 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.

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Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 3 Significant accounting policies (continued)

3.19 Investments in associates and joint ventures, continued

Unrealized gains for transactions with affiliates or associates are eliminated according to the Company's interest percentage in 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 on a proportional basis with a charge or credit to "Other reserves" and classified according to 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 the 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 as zero 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 according to the equity share 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".

3.20 Transactions with non-controlling interests

Non-controlling interests are recorded in the consolidated statement of financial position within equity, but 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. These transactions have been eliminated in consolidation. The expiration conditions vary according to the originating transaction.

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Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 3 Significant accounting policies (continued)

3.22 Property, plant and equipment

The assets 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 that 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 they are incurred.

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 the daily maintenance of property, plant and equipment are recognized when incurred.

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Note 3 Significant accounting policies (continued)

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.

Fixed assets associated with the Salar de Atacama consider useful life to be the lesser value between the technical useful life and the years remaining until 2030.

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 in years are presented below.

Classes of property, plant and equipment	Minimum life or rate (years)	Maximum life or rate (years)	life or average rate in years
Mining assets	3	10	7
Energy generating assets	3	16	7
Buildings	3	30	10
Supplies and accessories	2	15	5
Office equipment	3	20	6
Transport equipment	3	20	10
Network and communication equipment	2	15	5
IT equipment	2	15	3
Machinery, plant and equipment	2	20	9
Other property, plant and equipment	1	26	7

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 annually or more frequently if events or changes in circumstances indicate that it might be impaired, 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.

Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 3 Significant accounting policies (continued)

3.25 Intangible assets other than goodwill

Intangible assets mainly relate to water rights, rights issues, electric line easement expenses and software license and development expenses.

(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) Rights 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 on third party land. These rights are presented under intangible assets. Amounts paid are capitalized at the date of the agreement and charged to the statement of income, according to the life of the right of way.

(c) Computer software

Licenses for IT programs acquired are capitalized based on their acquisition and customization costs. 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 its costs during more than a year, are recognized as intangible assets. Direct costs include the expenses of employees who 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.

(d)Mining property and concession rights

The Company holds mining property and concession rights from the Chilean Government. Property rights are usually obtained at no initial cost (other than the payment of mining patents and minor recording expenses) and once the rights on these concessions have been obtained, they 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 March 31, 2018 and December 31, 2017.

Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 3 Significant accounting policies (continued)

3.26 Research and development expenses

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

3.27 Prospecting expenses

The Company has mining property and concession rights from the Chilean Government and others that it has acquired from third parties other than the Chilean Government, destined to the exploitation of caliche ore and saltpeter deposits and also the exploration of these types 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 that are unlikely to bring profit to the Company in the future (i.e., when the ore grade at the site is low and its exploitation is not economically profitable).

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 reserves that have proved to be financially feasible and used as a principal 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”.

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Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 3 Significant accounting policies (continued)

3.28 Impairment of non-financial assets

Assets subject to depreciation and amortization are also 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 pre-tax discount rate that reflects current market assessment, the value of money over time and the 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.

For assets other than acquired goodwill, an annual evaluation is carried out to determine whether any previously recognized impairment losses have already decreased or ceased to exist. If this should be the case, the recoverable amount is estimated. A previously recognized impairment loss is only reversed if there have been changes in the estimates used to determine the asset’s recoverable amount since the last time 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 had 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 Law of Corporations (the "Law"), unless otherwise decided by unanimous vote of shareholders, a publicly-held corporation must distribute dividends in accordance with the policy determined in the ordinary general assembly of shareholders held each year, holding a minimum of 30% of profits, except in the case that the corporation has losses not absorbed in previous years. However, the Corporation defines as its policy the distribution of up to 100% of its net profits for the period.

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Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 3 Significant accounting policies (continued)

3.30 Earnings per share

The basic earnings per share amounts are calculated by dividing the profit for the year attributable to the 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 would entail the disclosure of diluted 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 out at amortized cost using the effective interest rate method.

3.32 Interest-bearing borrowings

At initial recognition, interest-bearing borrowings are measured at fair value net of transaction costs incurred. 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 it is accrued following a financial criterion.

3.33 Other provisions

Provisions are recognized when:

- The Company has a present obligation or constructive 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 value of money over time 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.

Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 3 Significant accounting policies (continued)

3.33 Other provisions, continued

The Company's policy is to maintain 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.

3.34 Obligations related to employee termination benefits and pension commitments

Obligations towards the Company's employees comply with the provisions of the collective bargaining agreements in force, which are formalized through collective employment agreements and individual employment contracts, except for the United States, which is regulated in accordance with employment plans in force up to 2002. (See more details in Note 15.4).

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. The criteria in force contained in the revised IAS 19 are also taken into account.

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 5.035% and 5.114% for the periods ended March 31, 2018 and December 31, 2017, 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 3.75% interest rate for 2018 and 4.50% for 2017. The net balance of this obligation is presented under the non-current provisions for employee benefits (refer to Note 15.4).

3.35 Compensation plans

Compensation plans implemented through benefits provided in share-based payments settled in cash 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).

Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 3 Significant accounting policies (continued)

3.36 Revenue recognition

Revenue includes the fair value of considerations received or receivable for the sale of goods and services during the 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.

The company has adopted the method indicated in appendix C.3 (b) of IFRS 15 and therefore has not re-expressed the comparative financial statements.

At the date of closure of the financial statements, there are no effects that amend the company's accumulated results derived from the application of the aforementioned method.

Revenue is recognized when its amount can be stated reliably, it is probable that the future economic rewards will flow to the entity and it meets the specific conditions for each type of activity-related revenue, 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 the customer, and the related risks of obsolescence and loss have been transferred to the customer and the customer has accepted the 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.

Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 3 Significant accounting policies (continued)

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.

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 exists, the average financing rate of the subsidiary making 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 the 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 where 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.

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.

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Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 3 Significant accounting policies (continued)

3.38 Income tax and deferred taxes, continued

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

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.

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 that are 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 that are different from those of other segments operating 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

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Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 3 Significant accounting policies (continued)

3.40 Responsibility for Information and Estimates Made

The 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 IFRS, 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:

- Estimated useful lives are determined based on current facts and past experience, and take into consideration the anticipated physical life of the asset, the potential for technological obsolescence, and regulations. See Notes 3.22, 13 and 14.

- Impairment losses of certain assets - Assets, including property, plant and equipment, exploration assets, goodwill and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. If an impairment assessment is required, the assessment of fair value often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance. Changes in such estimates could impact the recoverable values of these assets. Estimates are reviewed regularly by management. See Notes 13 and 14.

- Assumptions used in calculating the actuarial amount of pension-related and severance indemnity payment benefit commitments. See Note 15.

- Contingencies – The amount recognized as a provision, including legal, contractual, constructive and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, the assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. The Company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements. See Notes 18 and 19.

- Provisions on the basis of technical studies that cover the different variables affecting products in stock (density and moisture, among others), and related allowance.

- Obsolescence to ensure that the carrying value of inventory is not in excess of the net realizable Inventory valuation requires judgment to determine obsolescence and estimates of provisions for value. See Note 8.

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.

Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 3 Significant accounting policies (continued)

3.41 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.

There could also be additional risks, which are either unknown or known but not currently deemed 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.

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Notes to the Consolidated Financial Statements as of March 31, 2018.

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:

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

b) 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.

At present, the SQM Group incurs a quarterly expenditure of approximately US$31 million associated with fuel, gas, energy and equivalents, of which US$20 million is related to direct electricity consumption. A change of 10% in the prices of energy required for the Company's operations may involve costs of approximately US$3 million in short-term movements.

The markets in which the Company operates are unpredictable, exposed to significant fluctuations in supply and demand, and high price volatility. Additionally, the supply of certain fertilizers or chemicals, including certain products in 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.

c) 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. 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.

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Notes to the Consolidated Financial Statements as of March 31, 2018.

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.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

		Rating Institution			3/31/2018
Financial institution	**Financial assets**	Moody's	S&P	Fitch	ThUS$
Banco BBVA Chile	Time deposits	P-2	A-2	-	30,010
Banco Crédito e Inversiones	Time deposits	P-1	A-1	F1	83,747
Banco Santander - Santiago	Time deposits	P-1	A-1	F1	6,208
BBVA Banco Francés	Time deposits	-	-	-	148
Banco de Chile	Time deposits	P-1	A-1	-	2,300
JP Morgan US dollar Liquidity Fund Institutional	Investment fund deposits	-	-	-	120,020
Legg Mason - Western Asset Institutional Cash Reserves	Investment fund deposits	-	-	-	123,525
Scotiabank Sud Americano	Time deposits				1,101
Nedbank	Time deposits	-	B	F1	3,076
ABN Amro Bank	Time deposits	-	-	-	1,478
Total					371,613

		Rating Institution			3/31/2018
Financial institution	Financial assets	Moody's	S&P	Fitch	ThUS$
Banco Santander	90 days to 1 year	P-1	A-1	F1	184,897
Banco Crédito e Inversiones	90 days to 1 year	P-1	A-1	F1	96,162
Itau-Corpbanca	90 days to 1 year	-	-	-	94,454

Banco Security	90 days to 1 year	P-1	A-2	-	29,313
Banco de Chile	90 days to 1 year	P-1	A-1	-	6,626
Total					411,452

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Note 4 Financial risk management, continued

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 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$101 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 March 31, 2018, 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$42 million against SQM. As of December 31, 2017, this amounts to US$5 million against SQM.

As of March 31, 2018, the Chilean peso to U.S. dollar exchange rate was Ch$603.39 per US$1.00 (Ch$ 614.75 per US$ 1.00 as of December 31, 2017).

Notes to the Consolidated Financial Statements as of March 31, 2018.

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 the LIBOR rate, plus a spread. The Company is partially exposed to fluctuations in this rate, as SQM currently holds hedging derivative instruments to hedge a portion of its liabilities subject to LIBOR rate fluctuations.

As of March 31, 2018, the Company has no financial liabilities linked to variations in the LIBOR rate and, therefore, significant increases in that rate would not impact its financial position.

In addition, as of March 31, 2018, the Company's financial liabilities are mainly concentrated in the long-term and approximately 9% 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 March 31, 2018, the Company had unused, available revolving credit facilities with banks, for a total of approximately US$309 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.

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Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 4 Financial risk management, continued

4.2.5 Liquidity risk, continued

	Nature of undiscounted cash flows				
As of March 31, 2018	Carrying amount	Less than 1 year	1 to 5 years	Over 5 years	Total
(in millions of US$)					
Other non-derivative financial liabilities					
Bank borrowings	100.96	101.64	-	-	101.64
Unsecured obligations	1,061.70	47.73	533.37	737.8	1,318.90
Subtotal	1,162.66	149.37	533.37	737.8	1,420.54
Other derivative financial liabilities					
Hedging liabilities	(25.48)	1.18	(45.84)	-	(44.66)
Derivative financial instruments	(1.6)	(1.6)	-	-	(1.6)
Subtotal	(27.08)	(0.42)	(45.84)	-	(46.26)
Total	1,135.58	148.95	487.53	737.8	1,374.28

	Nature of undiscounted cash flows				
As of December 31, 2017	Carrying amount	Less than 1 year	1 to 5 years	Over 5 years	Total
(in millions of US$)					
Other non-derivative financial liabilities					
Bank borrowings	163.57	164.78	-	-	164.78
Unsecured obligations	1,054.89	47.45	522.52	751.67	1,321.64
Subtotal	1,218.46	212.23	522.52	751.67	1,486.42
Other derivative financial liabilities					
Hedging liabilities	28.38	37.01	(9.51)	(18.36)	9.14
Derivative financial instruments	0.80	0.80	-	-	0.80
Subtotal	29.18	37.81	(9.51)	(18.36)	9.94
Total	1,247.64	250.04	513.01	733.31	1,496.36

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.

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Notes to the Consolidated Financial Statements as of March 31, 2018.

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. (For more information, see Note 3.40).

5.2 Changes in accounting policies

As of March 31, 2018, the Company's consolidated financial statements present no changes in accounting policies or estimates compared to the prior period (for further details refer to Note 3.40).

The consolidated statements of financial position as of March 31, 2018 and December 31, 2017 and the statements of comprehensive income, changes in equity and cash flows for the periods ended March 31, 2018 and 2017, have been prepared in accordance with the IFRS.

The accounting principles and criteria were applied consistently.

Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 6 Background of companies included in consolidation

6.1 Parent's stand-alone assets and liabilities

	3/31/2018 ThUS$	12/31/2017 ThUS$
Assets	3,795,232	3,658,528
Liabilities	(1,601,930)	(1,470,707)
Equity	2,193,302	2,187,821

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) Ltda., collectively the Pampa Group, are the owners of a number of shares that as of March 31, 2018 are equivalent to 29.38% of the current total amount of issued, subscribed and fully-paid shares in 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 CMF, and the relevant stock exchanges in Chile and abroad that they are not and have never been mutually related parties. This is independent of the fact that on December 21, 2006 the two Groups entered into a Joint Action Agreement (JAA) related to those shares. Consequently, neither the Pampa Group nor the Kowa Group individually owns more than 32% of the voting right capital of SQM S.A.

This Joint Action Agreement has not transformed the Pampa and Kowa Groups into mutually related parties. 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.	19.13
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		29.38
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

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Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 6 Background of companies included in consolidation (continued)

6.3 Joint arrangements of controlling interest, continued

On April 30, 2018, Sociedad de Inversiones Pampa Calichera S.A. issued a memo informing the Company that Pampa Group and Kowa Group had finalized the JAA. Until its termination, this JAA enabled shareholders of the Company and of Sociedad de Inversiones Pampa Calichera S.A., Potasios de Chile S.A., Inversiones Global Mining (Chile) Limitada, Kowa Company Ltd., Inversiones la Esperanza (Chile) Ltda., Kochi S.A. and La Esperanza Delaware Corporation to be controlling shareholders of the Company.

Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 6 Background of companies included in consolidation (continued)

6.4 General information on consolidated subsidiaries

As of March 31, 2018 and December 31, 2017, 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** Direct	Indirect	Total
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.	76.425.380-9	El Trovador 4285 Las Condes	CHILE	US$	0.2691	99.7309	100.0000
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	76.534.490-5	Anibal Pinto 3228, Antofagasta	CHILE	Ch$	-	100.0000	100.0000
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	US$	-	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 MaG SpA.	76.686.311-9	Los Militares 4290, 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 Barureri, 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	Peru	US$	0.9800	99.0200	100.0000
SQM Ecuador S.A.	Foreign	Av. José Orrantia y Av. Juan Tanca Marengo Edificio Executive Center Piso 2 Oficina 211	Ecuador	US$	0.0040	99.9960	100.0000

(*) SQM is the Parent of Soquimich Comercial and the latter is the Parent of Comercial Agrorama Ltda. SQM controls the management of Comercial Agrorama Ltda.

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Notes to the Consolidated Financial Statements as of March 31, 2018.

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	Indirect	Total
SQM Brasil Ltda.	Foreign	Al. Tocantis 75, 6° Andar, Conunto 608 Edif. West Gate, Alphaville Barureri, CEP 06455-020, Sao Paulo	Brazil	US$	1.0900	98.9100	100.0000
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 1st Bldg 207, 5-3-10 Minami- Aoyama, Minato-ku, Tokyo	Japan	US$	0.1597	99.8403	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$	0.0100	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
Royal Seed Trading Corporation A.V.V.	Foreign	Caya Ernesto O. Petronia 17, Orangestad	Aruba	US$	1.6700	98.3300	100.0000
	Foreign		United States	US$	-	100.0000	100.0000

SQM Lithium Specialties LLP		2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA					
Soquimich SRL Argentina	Foreign	Espejo 65 Oficina 6 – 5500 Mendoza	Argentina	US$	-	100.0000	100.0000
Comercial 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 Australia PTY	Foreign	Level 16, 201 Elizabeth Street Sydney	Australia	Australian dollar	-	100.0000	100.0000
SACAL S.A.	Foreign	Av. Leandro N. Alem 882, piso 13 Buenos Aires	Argentina	Argentine peso	-	100.0000	100.0000

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Notes to the Consolidated Financial Statements as of March 31, 2018.

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	Indirect	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 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 Colombia SAS	Foreign	Cra 7 No 32 – 33 piso 29 Pbx: (571) 3384904 Fax: (571) 3384905 Bogotá D.C. – Colombia	Colombia	US$	-	100.0000	100.0000
SQM Internacional N.V.	Foreign	Houtdok-Noordkaai 25a B-2030 Amberes	Belgium	US$	-	100.0000	100.0000
SQM (Shanghai) Chemicals Co. Ltd.	Foreign	Room 4703-33, 47F, No.300 Middle Huaihai Road, Huangpu district, Shanghai	China	US$	-	100.0000	100.0000

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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	
		3/31/2018 ThUS$	12/31/2017 ThUS$	3/31/2018 ThUS$	12/31/2017 ThUS$	3/31/2018 ThUS$	12/31/2017 ThUS$
Proinsa Ltda.	0.1 %	-	-	-	-	-	-
SQM Potasio S.A.	0.0000001 %	-	-	-	-	-	-
Ajay SQM Chile S.A.	49 %	366	1,023	8,673	8,306	-	989
SQM Indonesia S.A.	20 %	-	-	-	1	-	-
Soquimich Comercial S.A.	39.3616784 %	(227)	100	48,988	49,247	-	1,264
Comercial Agrorama Ltda.	30 %	(81)	(403)	(267)	(184)	-	-
Agrorama S.A.	0.001 %	-	-	-	-	-	-
Orcoma Estudios SPA	49 %	-	-	2,277	2,277	-	-
SQM (Thailand) Limited.	0.004 %	-	-	-	-	-	-
Total		58	720	59,671	59,647	-	2,253

SQM S.A.

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Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 6 Background of companies included in consolidation (continued)

6.6 Information on consolidated subsidiaries

3/31/2018

	Assets		Liabilities		Revenue	Profit (loss)	Comprehensive income (loss)
	Current	Non-current	Current	Non-current			
Subsidiary	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
SQM Nitratos S.A.	394,736	34,553	361,762	2,330	40,811	2,091	2,086
Proinsa Ltda.	60	1	-	-	-	-	-
SQMC Internacional Ltda.	222	-	-	-	-	(1)	(1)
SQM Potasio S.A.	268,866	1,011,056	92,950	22,551	1,030	80,210	80,205
Serv. Integrales de Tránsito y Transf. S.A.	35,135	36,543	65,353	1,815	7,506	(1,090)	(1,114)
Isapre Norte Grande Ltda.	587	848	607	156	917	5	(30)
Ajay SQM Chile S.A.	17,672	1,271	758	485	8,185	748	748
Almacenes y Depósitos Ltda.	306	52	1	-	-	(2)	19
SQM Salar S.A.	786,736	788,528	396,754	200,071	219,265	97,082	97,081
SQM Industrial S.A.	1,022,577	698,422	678,532	86,651	172,058	17,122	17,111
Exploraciones Mineras S.A.	538	31,760	6,226	-	-	46	46
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	366	625	592	318	596	(60)	(88)
Soquimich Comercial S.A.	163,298	14,528	48,120	5,250	20,605	(578)	(600)
Comercial Agrorama Ltda.	8,684	1,836	11,375	36	2,550	(270)	(270)
Comercial Hydro S.A.	4,910	39	2	1	6	34	34
Agrorama S.A.	8,570	638	12,579	58	1,872	(302)	(306)
Orcoma SpA	-	2,360	14	-	-	-	-
Orcoma Estudio SpA	306	4,396	55	-	-	-	-
SQM MaG SpA	23	104	122	-	-	(5)	(5)
SQM North America Corp.	142,892	16,803	132,238	4	65,976	4,116	4,935
RS Agro Chemical Trading Corporation A.V.V.	5,158	-	25	-	-	(8)	(8)
Nitratos Naturais do Chile Ltda.	1	140	3,459	-	-	(8)	(8)
Nitrate Corporation of Chile Ltd.	5,076	-	-	-	-	-	-
SQM Corporation N.V.	5,804	148,354	3,579	-	-	17,365	17,439
SQM Perú S.A.	274	-	1,166	-	-	4	4
SQM Ecuador S.A.	16,546	117	14,313	80	9,028	210	210
SQM Brasil Ltda.	185	-	663	2,350	79	(8)	(8)
SQI Corporation N.V.	56	31	65	-	-	(2)	(2)
	24,878	15,685	1,611	-	-	1,424	1,424

SQMC Holding Corporation L.L.P.							
SQM Japan Co. Ltd.	45,133	323	42,180	666	36,109	271	271

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Notes to the Consolidated Financial Statements as of March 31, 2018.

Note 6 Background of companies included in consolidation (continued)

6.6 Information on consolidated subsidiaries, continued

3/31/2018

	Assets		Liabilities		**Revenue**	**Profit (loss)**	**Comprehensive income (loss)**
	Current	Non-current	Current	Non-current			
Subsidiary	ThUS$						