

CHEMICAL & MINING CO OF CHILE INC
Form 6-K
September 17, 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 September, 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: Form 40-F:

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

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.

Santiago, Chile. September 14, 2018.- Sociedad Química y Minera de Chile S.A. (SQM) (NYSE: SQM; Santiago Stock Exchange: SQM-B, SQM-A) reports the translation of its financial statements for the six months ended June 30, 2018, the Spanish version of which was filed with the Chilean Comission for the Financial Market (Comisión para el Mercado Financiero or “CMF”) on August 22, 2018.

CONSOLIDATED FINANCIAL STATEMENTS

For the period ended

June 30, 2018

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

In Thousands of United States Dollars

This document includes:

- Independent Auditor's Report
- Consolidated Classified Statements of Financial Position
- Consolidated Statements of Income by Function
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Cash Flows
- Consolidated Statements of Changes
in Equity
- Notes to the Consolidated Financial Statements

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

Table of Contents –Consolidated Financial Statements

<u>Consolidated Classified Statements of Financial Position</u>	<u>9</u>
<u>Consolidated Statements of Income by Function</u>	<u>11</u>
<u>Consolidated Statements of Comprehensive Income</u>	<u>13</u>
<u>Consolidated Statements of Cash Flows</u>	<u>14</u>
<u>Consolidated Statements of Changes in Equity</u>	<u>16</u>
<u>Note 1 Identification and Activities of the Company and Subsidiaries</u>	<u>18</u>
1.1 <u>Historical background</u>	<u>18</u>
1.2 <u>Main domicile where the Company performs its production activities</u>	<u>18</u>
1.3 <u>Codes of main activities</u>	<u>18</u>
1.4 <u>Description of the nature of operations and main activities</u>	<u>18</u>
1.5 <u>Other background</u>	<u>20</u>
<u>Note 2 Basis of presentation for the consolidated financial statements</u>	<u>22</u>
2.1 <u>Accounting period</u>	<u>22</u>
2.2 <u>Consolidated financial statements</u>	<u>22</u>
2.3 <u>Basis of measurement</u>	<u>22</u>
2.4 <u>Accounting pronouncements</u>	<u>23</u>
2.5 <u>Basis of consolidation</u>	<u>28</u>
<u>Note 3 Significant accounting policies</u>	<u>31</u>
3.1 <u>Classification of balances as current and non-current</u>	<u>31</u>
3.2 <u>Functional and presentation currency</u>	<u>31</u>
3.3 <u>Foreign currency translation</u>	<u>31</u>
3.4 <u>Subsidiaries</u>	<u>33</u>
3.5 <u>Consolidated statement of cash flows</u>	<u>33</u>
3.6 <u>Financial assets</u>	<u>33</u>
3.7 <u>Financial liabilities</u>	<u>34</u>
3.8 <u>Financial instruments at fair value through profit or loss</u>	<u>34</u>
3.9 <u>Financial instrument offsetting</u>	<u>34</u>
3.10 <u>Reclassification of financial instruments</u>	<u>34</u>
3.11 <u>Derivative and hedging financial instruments</u>	<u>34</u>
3.12 <u>Available for sale financial assets</u>	<u>36</u>
3.13 <u>Derecognition of financial instruments</u>	<u>36</u>
3.14 <u>Derivative financial instruments</u>	<u>36</u>
3.15 <u>Fair value initial measurements</u>	<u>36</u>
3.16 <u>Deferred acquisition costs from insurance contracts</u>	<u>37</u>
3.17 <u>Trade and other receivables</u>	<u>37</u>

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

<u>3.18</u>	<u>Inventory measurement</u>	<u>38</u>
<u>3.19</u>	<u>Investments in associates and joint ventures</u>	<u>38</u>
<u>3.20</u>	<u>Transactions with non-controlling interests</u>	<u>39</u>
<u>3.21</u>	<u>Related party transactions</u>	<u>39</u>
<u>3.22</u>	<u>Property, plant and equipment</u>	<u>40</u>
<u>3.23</u>	<u>Depreciation of property, plant and equipment, continued</u>	<u>41</u>
<u>3.24</u>	<u>Goodwill</u>	<u>41</u>
<u>3.25</u>	<u>Intangible assets other than goodwill</u>	<u>42</u>
<u>3.26</u>	<u>Research and development expenses</u>	<u>44</u>
<u>3.27</u>	<u>Prospecting expenses</u>	<u>44</u>
<u>3.28</u>	<u>Impairment of non-financial assets</u>	<u>45</u>
<u>3.29</u>	<u>Minimum dividend</u>	<u>45</u>
<u>3.30</u>	<u>Earnings per share</u>	<u>46</u>
<u>3.31</u>	<u>Trade and other payables</u>	<u>46</u>
<u>3.32</u>	<u>Interest-bearing borrowings</u>	<u>46</u>
<u>3.33</u>	<u>Other provisions</u>	<u>46</u>
<u>3.34</u>	<u>Obligations related to employee termination benefits and pension commitments</u>	<u>47</u>
<u>3.35</u>	<u>Compensation plans</u>	<u>47</u>
<u>3.36</u>	<u>Revenue recognition</u>	<u>48</u>
<u>3.37</u>	<u>Finance income and finance costs</u>	<u>49</u>
<u>3.38</u>	<u>Income tax and deferred taxes</u>	<u>49</u>
<u>3.39</u>	<u>Segment reporting</u>	<u>50</u>
<u>3.40</u>	<u>Responsibility for Information and Estimates Made</u>	<u>51</u>
<u>3.41</u>	<u>Environment</u>	<u>52</u>
<u>Note 4</u>	<u>Financial risk management</u>	<u>52</u>
<u>4.1</u>	<u>Financial risk management policy</u>	<u>52</u>
<u>4.2</u>	<u>Risk factors</u>	<u>53</u>
<u>4.3</u>	<u>Risk measurement</u>	<u>57</u>
<u>Note 5</u>	<u>Changes in accounting estimates and policies (consistent presentation)</u>	<u>58</u>
<u>5.1</u>	<u>Changes in accounting estimates</u>	<u>58</u>
<u>5.2</u>	<u>Changes in accounting policies</u>	<u>58</u>
<u>Note 6</u>	<u>Background of companies included in consolidation</u>	<u>59</u>
<u>6.1</u>	<u>Parent's stand-alone assets and liabilities</u>	<u>59</u>
<u>6.2</u>	<u>Parent entity</u>	<u>59</u>
<u>6.3</u>	<u>Joint arrangements of controlling interest</u>	<u>59</u>

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 4

www.sqm.com

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

<u>6.4</u>	<u>General information on consolidated subsidiaries</u>	<u>60</u>
<u>6.5</u>	<u>Information attributable to non-controlling interests</u>	<u>63</u>
<u>6.6</u>	<u>Information on consolidated subsidiaries</u>	<u>64</u>
<u>6.7</u>	<u>Detail of transactions between consolidated companies</u>	<u>68</u>
<u>Note 7</u>	<u>Cash and cash equivalents</u>	<u>70</u>
<u>7.1</u>	<u>Types of cash and cash equivalents</u>	<u>70</u>
<u>7.2</u>	<u>Short-term investments, classified as cash equivalents</u>	<u>70</u>
<u>7.3</u>	<u>Information on cash and cash equivalents by currency</u>	<u>71</u>
<u>7.4</u>	<u>Amount restricted (unavailable) cash balances</u>	<u>71</u>
<u>7.5</u>	<u>Short-term deposits, classified as cash equivalents</u>	<u>72</u>
<u>7.6</u>	<u>Other information</u>	<u>74</u>
<u>Note 8</u>	<u>Inventories</u>	<u>75</u>
<u>Note 9</u>	<u>Related party disclosures</u>	<u>76</u>
<u>9.1</u>	<u>Related party disclosures</u>	<u>76</u>
<u>9.2</u>	<u>Relationships between the parent and the entity</u>	<u>76</u>
<u>9.3</u>	<u>Detailed identification of the link between the Parent and subsidiary</u>	<u>77</u>
<u>9.4</u>	<u>Detail of related parties and related party transactions</u>	<u>79</u>
<u>9.5</u>	<u>Trade receivables due from related parties, current:</u>	<u>80</u>
<u>9.6</u>	<u>Trade payables due to related parties, current:</u>	<u>80</u>
<u>9.7</u>	<u>Board of Directors and Senior Management</u>	<u>81</u>
<u>9.8</u>	<u>Key management personnel compensation</u>	<u>84</u>
<u>Note 10</u>	<u>Financial instruments</u>	<u>85</u>
<u>10.1</u>	<u>Types of other financial assets</u>	<u>85</u>
<u>10.2</u>	<u>Trade and other receivables</u>	<u>86</u>
<u>10.3</u>	<u>Hedging assets and liabilities</u>	<u>89</u>
<u>10.4</u>	<u>Financial liabilities</u>	<u>91</u>
<u>10.5</u>	<u>Trade and other payables</u>	<u>104</u>
<u>10.6</u>	<u>Financial liabilities at fair value through profit or loss</u>	<u>105</u>
<u>10.7</u>	<u>Financial asset and liability categories</u>	<u>106</u>
<u>10.8</u>	<u>Fair value measurement of assets and liabilities</u>	<u>108</u>
<u>10.9</u>	<u>Financial assets pledged as a guarantee</u>	<u>110</u>
<u>10.10</u>	<u>Estimated fair value of financial instruments and financial derivatives</u>	<u>111</u>
<u>10.11</u>	<u>Nature and scope of risks arising from financing instruments</u>	<u>112</u>
<u>Note 11</u>	<u>Equity-accounted investees</u>	<u>113</u>
<u>11.1</u>	<u>Investments in associates recognized according to the equity method of accounting</u>	<u>113</u>
<u>11.2</u>	<u>Assets, liabilities, revenue and expenses of associates</u>	<u>115</u>

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 5

www.sqm.com

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

<u>11.3</u>	<u>Other information</u>	<u>116</u>
<u>11.4</u>	<u>Disclosures on interest in associates</u>	<u>116</u>
<u>Note 12</u>	<u>Joint Ventures</u>	<u>118</u>
<u>12.1</u>	<u>Policy for the accounting of equity accounted investment in joint ventures</u>	<u>118</u>
<u>12.2</u>	<u>Disclosures of interest in joint ventures</u>	<u>118</u>
<u>12.3</u>	<u>Investment in joint ventures accounted for under the equity method of accounting</u>	<u>120</u>
<u>12.4</u>	<u>Assets, liabilities, revenue and expenses from joint ventures:</u>	<u>124</u>
<u>12.5</u>	<u>Other Joint Venture disclosures:</u>	<u>125</u>
<u>Note 13</u>	<u>Intangible assets and goodwill</u>	<u>126</u>
<u>13.1</u>	<u>Balances</u>	<u>126</u>
<u>13.2</u>	<u>Disclosures on intangible assets and goodwill</u>	<u>126</u>
<u>Note 14</u>	<u>Property, plant and equipment</u>	<u>132</u>
<u>14.1</u>	<u>Types of property, plant and equipment</u>	<u>132</u>
<u>14.2</u>	<u>Reconciliation of changes in property, plant and equipment by type:</u>	<u>134</u>
<u>14.3</u>	<u>Detail of property, plant and equipment pledged as guarantee</u>	<u>138</u>
<u>14.4</u>	<u>Impairment of assets</u>	<u>138</u>
<u>14.5</u>	<u>Additional information</u>	<u>138</u>
<u>Note 15</u>	<u>Employee benefits</u>	<u>139</u>
<u>15.1</u>	<u>Provisions for employee benefits</u>	<u>139</u>
<u>15.2</u>	<u>Policies on defined benefit plan</u>	<u>140</u>
<u>15.3</u>	<u>Other long-term benefits</u>	<u>141</u>
<u>15.4</u>	<u>Post-employment benefit obligations</u>	<u>142</u>
<u>15.5</u>	<u>Staff severance indemnities</u>	<u>142</u>
<u>Note 16</u>	<u>Executive compensation plan</u>	<u>144</u>
<u>Note 17</u>	<u>Disclosures on equity</u>	<u>145</u>
<u>17.1</u>	<u>Capital management</u>	<u>145</u>
<u>17.2</u>	<u>Disclosures on preferred share capital</u>	<u>146</u>
<u>17.3</u>	<u>Disclosures on reserves in equity</u>	<u>148</u>
<u>17.4</u>	<u>Dividend policies</u>	<u>151</u>
<u>17.5</u>	<u>Interim and provisional dividends</u>	<u>153</u>
<u>Note 18</u>	<u>Provisions and other non-financial liabilities</u>	<u>156</u>
<u>18.1</u>	<u>Types of provisions</u>	<u>156</u>
<u>18.2</u>	<u>Description of other provisions</u>	<u>157</u>
<u>18.3</u>	<u>Other current liabilities</u>	<u>158</u>
<u>18.4</u>	<u>Changes in provisions</u>	<u>159</u>
<u>Note 19</u>	<u>Contingencies and restrictions</u>	<u>160</u>

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 6

www.sqm.com

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

<u>19.1</u>	<u>Lawsuits and other relevant events</u>	<u>160</u>
<u>19.2</u>	<u>Restrictions to management or financial limits</u>	<u>168</u>
<u>19.3</u>	<u>Environmental contingencies</u>	<u>169</u>
<u>19.4</u>	<u>Tax contingency, continued</u>	<u>171</u>
<u>19.5</u>	<u>Contingencies regarding the Changes to the Contracts with Corfo, Appeal No. 10301-2018, Santiago Court of Appeals:</u>	<u>173</u>
<u>19.6</u>	<u>Restricted or pledged cash</u>	<u>174</u>
<u>19.7</u>	<u>Securities obtained from third parties</u>	<u>175</u>
<u>19.8</u>	<u>Indirect guarantees</u>	<u>176</u>
<u>Note</u> <u>20</u>	<u>Earnings per share</u>	<u>178</u>
<u>Note</u> <u>21</u>	<u>Borrowing costs</u>	<u>178</u>
<u>21.1</u>	<u>Costs of capitalized interest, property, plant and equipment</u>	<u>179</u>
<u>Note</u> <u>22</u>	<u>Effect of fluctuations in foreign currency exchange rates</u>	<u>179</u>
<u>Note</u> <u>23</u>	<u>Environment</u>	<u>181</u>
<u>23.1</u>	<u>Disclosures of disbursements related to the environment</u>	<u>181</u>
<u>23.2</u>	<u>Detail of information on disbursements related to the environment</u>	<u>182</u>
<u>23.3</u>	<u>Description of each project, indicating whether these are in process or have been finished</u>	<u>189</u>
<u>Note</u> <u>24</u>	<u>Other current and non-current non-financial assets</u>	<u>193</u>
<u>Note</u> <u>25</u>	<u>Reportable segments</u>	<u>194</u>
<u>25.1</u>	<u>Reportable segments</u>	<u>194</u>
<u>25.2</u>	<u>Reportable segment disclosures:</u>	<u>196</u>
<u>25.3</u>	<u>Statement of comprehensive income classified by reportable segments based on groups of products</u>	<u>198</u>
<u>25.4</u>	<u>Revenue from transactions with other Company's operating segments</u>	<u>200</u>
<u>25.5</u>	<u>Disclosures on geographical areas</u>	<u>200</u>
<u>25.6</u>	<u>Disclosures on main customers</u>	<u>200</u>
<u>25.7</u>	<u>Segments by geographical areas as of June 30, 2018 and 2017</u>	<u>201</u>
<u>25.8</u>	<u>Property, plant and equipment classified by geographical areas</u>	<u>202</u>
<u>Note</u> <u>26</u>	<u>Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature</u>	<u>203</u>
<u>26.1</u>	<u>Revenue</u>	<u>203</u>
<u>26.2</u>	<u>Cost of sales</u>	<u>203</u>
<u>26.3</u>	<u>Other income</u>	<u>204</u>
<u>26.4</u>	<u>Administrative expenses</u>	<u>204</u>
<u>26.5</u>	<u>Other expenses by function</u>	<u>205</u>

SQM S.A.

El Trovador 4285 7
Las Condes, Santiago, Chile
Tel: (56 2) 2425 2000

www.sqm.com

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

<u>26.6</u>	<u>Other income (expenses)</u>	<u>205</u>
<u>26.7</u>	<u>Summary of expenses by nature</u>	<u>206</u>
<u>26.8</u>	<u>Finance expenses</u>	<u>207</u>
<u>Note 27</u>	<u>Income tax and deferred taxes</u>	<u>208</u>
<u>27.1</u>	<u>Current and non-current tax assets</u>	<u>208</u>
<u>27.2</u>	<u>Current tax liabilities</u>	<u>209</u>
<u>27.3</u>	<u>Income tax and deferred taxes</u>	<u>210</u>
<u>Note 28</u>	<u>Disclosures on the effects of fluctuations in foreign currency exchange rates</u>	<u>221</u>
<u>Note 29</u>	<u>Mineral resource exploration and evaluation expenditure</u>	<u>226</u>
<u>Note 30</u>	<u>Assets held for sale</u>	<u>227</u>
<u>Note 31</u>	<u>Lawsuits and complaints</u>	<u>228</u>
<u>Note 32</u>	<u>Sanction proceedings</u>	<u>231</u>
<u>Note 33</u>	<u>Events occurred after the reporting date</u>	<u>232</u>
<u>33.1</u>	<u>Authorization of the financial statements</u>	<u>232</u>
<u>33.2</u>	<u>Disclosures on events occurring after the reporting date</u>	<u>232</u>
<u>33.3</u>	<u>Details of dividends declared after the reporting date</u>	<u>234</u>

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 8

www.sqm.com

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

Assets	Note	As of June 30, 2018 ThUS\$ Not audited	As of December 31, 2017 ThUS\$ Audited
Current assets			
Cash and cash equivalents	7.1	528,022	630,438
Other current financial assets	10.1	428,776	366,979
Other current non-financial assets	24	38,250	26,883
Trade and other receivables, current	10.2	442,720	446,875
Trade receivables due from related parties, current	9.5	73,303	59,132
Current inventories	8	905,767	902,074
Current tax assets	27.1	41,267	32,291
Current assets other than those classified as held for sale or disposal		2,458,105	2,464,672
Non-current assets or groups of assets classified as held for sale	30	62,305	1,589
Total current assets		2,520,410	2,466,261
Non-current assets			
Other non-current financial assets	10.1	34,930	42,879
Other non-current non-financial assets	24	28,138	19,262
Trade receivables, non-current	10.2	1,706	1,912
Investments classified using the equity method of accounting	11.1-12.3	114,195	146,425
Intangible assets other than goodwill	13.1	129,201	113,787
Goodwill	13.1	34,758	44,177
Property, plant and equipment	14.1	1,405,897	1,429,354
Tax assets, non-current	27.1	32,179	32,179
Total non-current assets		1,781,004	1,829,975
Total assets		4,301,414	4,296,236

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

SQM S.A.

El Trovador 4285 9

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

www.sqm.com

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

Liabilities and Equity	Note	As of June 30,	As of December
		2018	31, 2017
		ThUS\$	ThUS\$
		Not audited	Audited
Current liabilities			
Other current financial liabilities	10.4	155,555	220,328
Trade and other payables, current	10.5	182,654	196,280
Trade payables due to related parties, current	9.6	135	1,365
Other current provisions	18.1	79,889	63,445
Current tax liabilities	27.2	59,046	75,402
Provisions for employee benefits, current	15.1	9,990	22,421
Other current liabilities	18.3	205,251	168,804
Total current liabilities		692,520	748,045
Non-current liabilities			
Other non-current financial liabilities	10.4	1,221,920	1,031,507
Other non-current provisions	18.1	28,202	30,001
Deferred tax liabilities	27.3	183,913	205,283
Provisions for employee benefits, non-current	15.1	35,049	33,932
Total non-current liabilities		1,469,084	1,300,723
Total liabilities		2,161,604	2,048,768
Equity	17		
Share capital		477,386	477,386
Retained earnings		1,624,784	1,724,784
Other reserves		(13,643	) (14,349
Equity attributable to owners of the Parent		2,088,527	2,187,821
Non-controlling interests		51,283	59,647
Total equity		2,139,810	2,247,468
Total liabilities and equity		4,301,414	4,296,236

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

SQM S.A.

El Trovador 4285 10
Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

www.sqm.com

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

		January to June		April to	
	Note	2018	2017	June	2017
		ThUS\$	ThUS\$	ThUS\$	ThUS\$
		Not audited			
Revenue	26.1	1,157,420	1,023,865	638,697	505,274
Cost of sales	26.2	(740,364)	(666,015)	(414,317)	(325,367)
Gross profit		417,056	357,850	224,380	179,907
Other income	26.3	9,477	5,862	4,916	4,467
Administrative expenses	26.4	(56,264)	(46,087)	(31,080)	(23,876)
Other expenses by function	26.5	(17,305)	(13,396)	(10,843)	(7,621)
Other gains (losses)	26.6	(462)	(991)	(184)	85
Profit (loss) from operating activities		352,502	303,238	187,189	152,962
Finance income		10,693	5,716	6,024	3,345
Finance costs	21-26.8	(28,361)	(25,546)	(15,644)	(12,908)
Share of profit of associates and joint ventures accounted for using the equity method	11-12	9,491	7,824	5,070	3,169
Foreign currency translation differences	22	(602)	(4,707)	(89)	(6,375)
Profit (loss) before taxes		343,723	286,525	182,550	140,193
Income tax expense, continuing operations	27.3	(96,155)	(82,610)	(48,864)	(39,319)
Profit (loss) from continuing operations		247,568	203,915	133,686	100,874
Profit attributable to		247,568	203,915	133,686	100,874
Owners of the Parent		247,697	204,386	133,872	101,154
Non-controlling interests		(129)	(471)	(186)	(280)
Profit for the year		247,568	203,915	133,686	100,874

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

SQM S.A.

El Trovador 4285
Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

www.sqm.com

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

Consolidated Statements of Income by Function, (continued)

	Note	January to June		April to June	
		2018	2017	2018	2017
		US\$	US\$	US\$	US\$
		Not audited			
Earnings per share					
Common shares					
Basic earnings per share (US\$ per share)	20	0.9411	0.7766	0.5086	0.3843
Diluted common shares					
Diluted earnings per share (US\$ per share)	20	0.9411	0.7766	0.5086	0.3843

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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 12

www.sqm.com

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

Statement of comprehensive income	January to June			
	2018 ThUS\$	2017 ThUS\$	2018 ThUS\$	2017 ThUS\$
Profit (loss) for the year	247,568	203,915	133,686	100,874
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	59	(606)	484	668
Total other comprehensive income that will not be reclassified to profit for the year, before taxes	59	(606)	484	668
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	(5,771)	(1,498)	(4,787)	(313)
Other comprehensive income before taxes	(5,771)	(1,498)	(4,787)	(313)
Financial assets held for sale				
Gain (loss) from revaluations of financial assets held for sale, net of tax	(3,176)	(3,865)	(10,297)	(3,865)
Other comprehensive income before taxes	(3,176)	(3,865)	(10,297)	(3,865)
Financial assets measured at fair value with changes in other comprehensive income				
Gain (loss) from cash flow hedges	8,264	2,133	10,057	(2,289)
Other comprehensive income, net of tax	8,264	2,133	10,057	(2,289)
Total other comprehensive income that will be reclassified to profit for the year	(683)	(3,230)	(5,027)	(6,467)
Other items of other comprehensive income before taxes	(624)	(3,836)	(4,543)	(5,799)
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	182	129	(128)	(117)
Accumulated income taxes related to items of other comprehensive income that will not be reclassified to profit for the year	182	129	(128)	(117)
Income taxes related to items of other comprehensive income that will be reclassified to profit for the year				

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

Income tax related to financial assets held for sale in other comprehensive income	863	(38)	406	(38)
Income taxes related to cash flow hedges in other comprehensive income	-	24	-	24
Accumulated income taxes related to items of other comprehensive income that will be reclassified to profit for the year	863	(14)	406	(14)
Total other comprehensive income	421	(3,721)	(4,265)	(5,930)
Total comprehensive income	247,989	200,194	129,421	94,944
Comprehensive income attributable to				
Owners of the Parent	248,041	200,662	129,497	95,222
Non-controlling interests	(52)	(468)	(76)	(278)
Total comprehensive income	247,989	200,194	129,421	94,944

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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 13

www.sqm.com

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

Consolidated Statements of cash flows	Note	6/30/2018 ThUS\$	6/30/2017 ThUS\$
Cash flows from operating activities			
Cash receipts from sales of goods and rendering of services		1,125,188	1,002,485
Cash receipts from premiums and benefits, annuities and other benefits from policies entered		1,023	-
Cash payments to suppliers for the provision of goods and services (1)		(593,754)	(529,967)
Cash payments to and on behalf of employees		(101,418)	(71,359)
Other payments related to operating activities		(9,155)	(6,395)
Net cash generated from (used in) operating activities		421,884	394,764
Dividends received		8,223	1,481
Interest paid		(27,336)	(17,605)
Interest received		9,671	5,716
Income taxes paid		(129,753)	(33,446)
Other incomes (outflows) of cash (1)		(22,033)	(52,071)
Net cash generated from (used in) operating activities		260,656	298,839
Cash flows from (used in) investing activities			
Payments made to acquire interest in joint ventures		(19,536)	(42)
Proceeds from the sale of property, plant and equipment		23	3,924
Acquisition of property, plant and equipment		(128,761)	(48,307)
Proceeds from sales of intangible assets		6,174	1,291
Purchases of intangible assets		-	-
Proceeds from the repayment of advances and loans granted to third parties		(2,264)	21
Other inflows (outflows) of cash (2)		(37,844)	(31,602)
Net cash generated from (used in) investing activities		(182,208)	(74,715)

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

(2) 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.

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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 14

www.sqm.com

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

	Note	6/30/2018	6/30/2017
		ThUS\$	ThUS\$
Cash flows used in financing activities			
Proceeds from long-term loans		125,115	-
Proceeds from short-term borrowings		120,000	20,000
Repayment of borrowings		(83,000)	(83,697)
Dividends paid		(332,653)	(159,412)
Net cash generated used in financing activities		(170,538)	(223,109)
Net increase (decrease) in cash and cash equivalents before the effect of changes in the exchange rate		(92,090)	1,015
Effects of exchange rate fluctuations on cash held		(10,326)	1,941
Net (decrease) increase in cash and cash equivalents		(102,416)	2,956
Cash and cash equivalents at beginning of period		630,438	514,669
Cash and cash equivalents at end of period		528,022	517,625

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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 15

www.sqm.com

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	Total 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	(24,913)	2,248	2,937	(5,953)	11,332	(14,349)	1,724,784	2,187,821	59,647	2,247,468
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	2,247,468
Profit for the year	-	-	-	-	-	-	-	247,697	247,697	(129)	247,568
Other comprehensive income	-	(5,853)	8,264	(2,313)	247	-	345	-	345	76	421
Comprehensive income	-	(5,853)	8,264	(2,313)	247	-	345	247,697	248,042	(53)	247,989
Dividends	-	-	-	-	-	-	-	(347,697)	(347,697)	(8,311)	(356,008)
Increase (decrease) due to transfers and other changes	-	-	-	-	-	361	361	-	361	-	361
Increase (decrease) in equity	-	(5,853)	8,264	(2,313)	247	361	706	(100,000)	(99,294)	(8,364)	(100,691)
	477,386	(30,766)	10,512	624	(5,706)	11,693	(13,643)	1,624,784	2,088,527	51,283	2,140,594

Equity as of
June 30, 2018
(Not Audited)

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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 16

www.sqm.com

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	Total 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	2,308,270
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	2,308,270
Profit for the year	-	-	-	-	-	-	-	204,386	204,386	(471)	203,915
Other comprehensive income	-	(1,501)	2,157	(3,903)	(477)	-	(3,724)	-	(3,724)	3	(3,721)
Comprehensive income	-	(1,501)	2,157	(3,903)	(477)	-	(3,724)	204,386	200,662	(468)	200,194
Dividends	-	-	-	-	-	-	-	(257,678)	(257,678)	(1,699)	(259,377)
Increase (decrease) due to transfers and other changes	-	-	-	-	-	3,500	3,500	(3,500)	-	-	-
Increase (decrease) in equity	-	(1,501)	2,157	(3,903)	(477)	3,500	(224)	(56,792)	(57,016)	(2,167)	(59,293)
	477,386	(20,964)	2,221	(390)	(5,311)	11,332	(13,112)	1,724,784	2,189,058	59,031	2,248,121

**Equity as of
June 30, 2017**

(Not Audited)

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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 17

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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 Financial Markets Commission (formerly the Chilean Superintendence of Securities and Insurance) under number 184 of March 18, 1983 and is therefore subject to oversight by that entity.

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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 18

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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 cellphones, cameras and laptops and electric vehicles. It is also used in industrial applications, such as the manufacture of glass, ceramics and lubricating grease. Other uses are in pharmaceuticals and the chemicals industry.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 19

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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, the United States, South Africa, Morocco and Chile.

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 June 30, 2018, and December 31, 2017, the workforce was as follows:

	6/30/2018			12/31/2017		
	SQM S,A	Other subsidiaries	Total	SQM S.A.	Other subsidiaries	Total
Employees						
Executives	43	76	119	43	77	120
Professionals	148	1,003	1,151	143	942	1,085
Technicians and operators	248	3,260	3,508	248	3,177	3,425
Foreign employees	18	302	320	19	272	291
Overall total	457	4,641	5,098	453	4,468	4,921

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 20

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

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

The following table shows information about the main shareholders of the Company's Series A or Series B shares in circulation as of June 30, 2018 and December 31, 2017, in line with information provided by the Central Securities Depository:

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 June 30, 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	-	-	38,090,112	31.64	%	14.47	%
Sociedad de Inversiones Pampa Calichera S.A.(*)	44,894,152	31.43	%	4,769,106	3.96	%	18.87
Inversiones El Boldo Limitada	29,330,326	20.54	%	-	-		11.14
Potasios de Chile S.A.(*)	18,179,147	12.73	%	-	-		6.91
Inversiones RAC Chile Limitada	17,700,242	12.39	%	-	-		6.73
Inversiones PCS Chile Limitada	15,526,000	10.87	%	-	-		5.90
Inversiones Global Mining (Chile) Limitada (*)	8,798,539	6.16	%	-	-		3.34
Banco de Chile via non-resident third party accounts	53,139	0.04	%	9,655,535	8.02	%	3.69
Banco Itau via investor accounts	19,125	0.01	%	7,959,986	6.61	%	3.03
Banco Santander via foreign investor accounts	-	-		6,517,827	5.41	%	2.48

(*) Total Pampa Group 29,12%

Shareholder as of December 31, 2017	No, of Series A with ownership	% of Series A shares	No, of Series B with ownership	% of Series B shares	% of total shares
-------------------------------------	--------------------------------------	----------------------------	--------------------------------------	----------------------------	-------------------------

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

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 Boldero 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	5.83	%	2.67	%
Banco Santander via foreign investor accounts	-	-		4,593,336	3.82	%	1.75	%

(*) Total Pampa Group 29,97%

On June 30, 2018 the total number of shareholders had risen to 1,516.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 21

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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 June 30, 2018 and, December 31,2017.
- Consolidated Statements of Changes in Equity as of June 30, 2018 and 2017
- Consolidated Statements of Comprehensive Income as of June 30, 2018 and 2017
- Consolidated Statements of Direct-Method Cash Flows as of June 30, 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 close of these consolidated financial statements, certain reclassifications were made as of December 31, 2017 for the items other non-current financial assets, investments accounted for using the equity method, intangible assets other than goodwill and property, plant and equipment, for the purpose of comparison with the figures as of June 30, 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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 22

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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:

<i>Amendments and improvements</i>	Mandatory for annual periods beginning on
<i>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.</i>	01/01/2018
<i>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.</i>	01/01/2018
<i>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.</i>	01/01/2018

SQM S.A.

El Trovador 4285 23
Las Condes, Santiago, Chile
Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 24

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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:

<i>Standards and interpretations</i>	Mandatory for annual periods beginning on
<i>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.</i>	01/01/2019
<i>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 contracts 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.</i>	01/01/2021
<i>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.</i>	01/01/2019

SQM S.A.

El Trovador 4285
 Las Condes, Santiago, Chile
 Tel: (56 2) 2425 2000 25

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 2 Basis of presentation for the consolidated financial statements (continued)**2.4 Accounting pronouncements, continued**

<i>Amendments and improvements</i>	Mandatory for annual periods beginning on or after
<i>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.”</i>	01/01/2019
<i>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.</i>	01/01/2019
<i>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.</i>	01/01/2019
<i>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.</i>	01/01/2019
<i>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.</i>	01/01/2019
<i>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.</i>	01/01/2019
<i>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</i>	01/01/2019

service, or a profit or loss in the liquidation, any reduction in a surplus, even if this surplus was not previously recognized because it did not exceed the upper threshold of the asset.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 26

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

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 Undetermined 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.

For those standards to be applied as of 2019, the corresponding studies and analysis will be carried out during 2018.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 27

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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:

TAX ID No,	Foreign subsidiaries	Country of origin	Functional currency	Ownership interest 6/30/2018			12/31/2017
				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		USA	US\$	0.0000	100.0000	100.0000	100.0000

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

North American Trading Company							
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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 28

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

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

TAX ID No,	Foreign subsidiaries	Country of origin	Functional currency	Ownership interest 6/30/2018			12/31/2017
				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

TAX ID No,	Domestic subsidiaries	Country of origin	Functional currency	Ownership interest 6/30/2018			12/31/2017
				Direct	Indirect	Total	Total
96.801.610-5	Comercial Hydro S.A.	Chile	US\$	0,0000	60,6383	60,6383	60,6383
96.651.060-9	SQM Potasio S.A.	Chile	US\$	99,9999	0,0000	99,9999	99,9999
96.592.190-7	SQM Nitratos S.A.	Chile	US\$	99,9999	0,0001	100,0000	100,0000
96.592.180-K	Ajay SQM Chile S.A.	Chile	US\$	51,0000	0,0000	51,0000	51,0000
86.630.200-6	SQMC Internacional Ltda.	Chile	Ch\$	0,0000	60,6381	60,6381	60,6381
79.947.100-0	SQM Industrial S.A.	Chile	US\$	99,0470	0,9530	100,0000	100,0000
79.906.120-1	Isapre Norte Grande Ltda.	Chile	Ch\$	1,0000	99,0000	100,0000	100,0000
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		Chile	Ch\$	0,0000	100,0000	100,0000	100,0000

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

Sociedad Prestadora de
Servicios de Salud Cruz del
Norte S.A.

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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 29

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 30

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 31

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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:

	6/30/2018	12/31/2017
	US\$	US\$
Brazilian real	3.86	3.02
New Peruvian sol	3.28	3.08
Argentine peso	28.90	18.40
Japanese yen	110.84	113.00
Euro	0.86	0.83
Mexican peso	19.85	19.65
Australian dollar	0.74	0.78
Pound Sterling	0.76	0.74
South African rand	13.74	12.35
Ecuadorian dollar	1.00	1.00
Chilean peso	651.21	614.75
Chinese yuan	6.64	6.51
Indian rupee	68.48	63.84
Thai baht	33.01	32.85
UF (*)	41.71	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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 32

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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.

As of January 1, 2018, the Company classifies its financial assets in the following categories: at fair value (be it through other comprehensive income or through profit or loss), and at amortized cost. The classification depends on the entity's business model for managing financial assets and the contractual terms for cash flows.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 33

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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.

The Company forecasts the expected credit losses associated with its debt instruments accounted for at amortized cost. The impairment method applied depends on whether there has been a significant increase in the credit risk.

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).

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 34

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 3 Significant accounting policies (continued)

3.11 Derivative and hedging financial instruments, continued

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.

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

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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 35

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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 June 30, 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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 36

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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 substantially owns all the risks and rewards inherent in the ownership of the asset. Finance leases are capitalized at the commencement of the lease term at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each finance lease payment is apportioned between the liability and the finance charges so as to obtain the constant rate of interest on the remaining balance of the liability. The respective lease obligations, net of finance charges, are included in other non-current liabilities. The interest part of the finance cost is charged to the consolidated financial statements for the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

(b) Lease - Operating lease

Leases where the lessor retains a significant part of the risks and benefits derived from the property are classified as operating leases. Operating lease payments (net of any incentive received by the lessor) should be recognized as an expense in the income statement or capitalized (as appropriate) over the lease term on a straight-line basis.

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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 37

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 38

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 39

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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.

Having initially recognized provisions for closure and refurbishment, the corresponding cost is capitalized as an asset in Property, plant and equipment and amortized in line with the amortization criteria for the associated assets.

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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 40

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 3 Significant accounting policies (continued)

3.23 Depreciation of property, plant and equipment, continued

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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 41

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 3 Significant accounting policies (continued)

3.25 Intangible assets other than goodwill

Intangible assets other than goodwill mainly relate to water rights, emission rights, commercial brands, costs for rights of way for electricity lines, license costs and the development of computer software and mining property and concession rights, client portfolio and commercial agent.

(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 and Australian Governments. 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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 42

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 3 Significant accounting policies (continued)

3.25 Intangible assets other than goodwill, continued

(e) Client portfolio

The period for exploiting these portfolios is unlimited so they are considered assets with an indefinite useful life and are therefore not subject to amortization. However, they are subjected to an annual impairment test and the corresponding amounts are recorded in the profit or loss.

(f) Commercial agent

The rights obtained through the acquisition of the commercial agent of Sociedad Agrocom Ltda. corresponded to the fair value of that company's line of business. The period for exploiting these rights is unlimited so they are considered assets with an indefinite useful life and are therefore not subject to amortization. However the indefinite useful life is subject to review for every reporting period, to see whether indefinite useful life continues to apply.

No impairment of intangible assets exists as of June 30, 2018 and December 31, 2017,

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 43

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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".

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 44

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 45

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 46

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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 5.078% and 5.114% for the periods ended June 30, 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).

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 47

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 48

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 49

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 50

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 51

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 52

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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:

Price risk: The Company's product prices are affected by the fluctuations in international prices of fertilizers and a) 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.

The Group currently incurs a direct quarterly cost of around US\$117 million for fuels, gas, energy etc. and, of these, around US\$77 million are costs related to the direct consumption of electricity. A 10% variation in the prices of the energy needed for the Company's activities could in the short-term result in changes in these costs of around US\$12 million.

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.

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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 53

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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:

Financial institution	Financial assets	Rating	Institution	6/30/2018	
		Moody's	S&P	Fitch	
				ThUS\$	
Banco de Chile	Time deposits	P-1	A-1	-	1,802
Banco Itau Corpbanca	Time deposits	P-2	A-2	-	50,683
Banco Santander - Santiago	Time deposits	P-1	A-1	F1	8,703
BBVA Banco Francés	Time deposits	-	-	-	109
Nedbank	Time deposits	P-3	B	-	2,468
ABN Amro Bank	Time deposits	P-1	A-1	-	233
Other banks	Time deposits	-	-	-	69
JP Morgan US dollar Liquidity Fund Institutional	Investment fund deposits	-	-	-	153,561
Legg Mason - Western Asset Institutional Cash Reserves	Investment fund deposits	-	-	-	166,123
Total					383,751

Financial institution	Financial assets	Rating	Institution	6/30/2018	
		Moody's	S&P	Fitch	
				ThUS\$	
Banco Scotiabank	90 days to 1 year	-	-	-	57,540
Banco de Crédito e Inversiones	90 days to 1 year	P-1	A-1	-	179,002
Banco Santander	90 days to 1 year	P-1	A-1	-	65,894

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

Banco Itaú-Corpbanca	90 days to 1 year	P-2	A-2	-	89,675
Banco de Chile	90 days to 1 year	P-1	A-1	-	6,675
Total					398,786

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 54

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

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\$370 million of the Company's costs are denominated in Chilean pesos. A significant portion of the effect of such obligations on the statement of financial position is hedged by derivative instrument transactions on the balance mismatch in such currency.

As of June 30, 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\$17.9 million against SQM. As of December 31, 2017, this amounts to US\$5 million against SQM. As of June 30, 2018, this value amounted to US\$42 million against the Company and as of December 31, 2017, it totaled US\$5 million against the Company.

As of June 30, 2018, the Chilean peso to U,S, dollar exchange rate was Ch\$651.21 per US\$1.00 (Ch\$ 614.75 per US\$ 1.00 as of December 31, 2017).

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 55

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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 June 30, 2018, the Company has around 5% of its financial liabilities linked to variations in the LIBOR rate and therefore any significant increases in that rate would impact its financial position. A change of 100 base points over that rate could generate variations in finance costs of around US\$0.06 million.

In addition, as of June 30, 2018, the Company's financial liabilities are mainly concentrated in the long-term and approximately 10% have maturities of less than 12 months, decreasing in the process the exposure to changes in interest rates.

4.2.5 Liquidity risk

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

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

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

SQM constantly monitors the matching of its obligations with its investments, taking due care of maturities of both, from a conservative perspective, as part of this financial risk management strategy. As of June 30, 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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 56

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 4 Financial risk management, continued**4.2.5****Liquidity risk, continued**

As of June 30, 2018	Nature of undiscounted cash flows				Total
	Carrying amount	Less than 1 year	1 to 5 years	Over 5 years	
(in millions of US\$)					
Other non-derivative financial liabilities					
Bank borrowings	201,52	134,79	81,49	-	216,28
Unsecured obligations	1,171.12	51,01	830,91	567,04	1,448.96
Subtotal	1,372.64	185,80	912,40	567,04	1,665.24
Other derivative financial liabilities					
Hedging liabilities	(36,91)	4,84	(19,73)	19,92	5,03
Derivative financial instruments	(6,8)	(6,8)	-	-	(6,8)
Subtotal	(43,71)	(1,96)	(19,73)	19,92	(1,77)
Total	1,328.93	183,84	892,67	586,96	1,663.47

As of December 31, 2017	Nature of undiscounted cash flows				Total
	Carrying amount	Less than 1 year	1 to 5 years	Over 5 years	
(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.

SQM S.A.

El Trovador 4285 57
Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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 June 30, 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 June 30, 2018 and December 31, 2017 and the statements of comprehensive income, changes in equity and cash flows for the periods ended June 30, 2018 and 2017, have been prepared in accordance with the IFRS.

The accounting principles and criteria were applied consistently.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 58

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 6 Background of companies included in consolidation

6.1 Parent's stand-alone assets and liabilities

	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Assets	3,872,000	3,658,528
Liabilities	(1,783,473)	(1,470,707)
Equity	2,088,527	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 June 30, 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 2,11% 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

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.

Through a communication dated April 30, 2018, the Company was informed that the Pampa Group and Kowa Group had put an end to the joint action agreement (JAA), which until its termination meant that Pampa Group and Kowa Group had the character of controllers of the Company.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 59

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 6 Background of companies included in consolidation (continued)

6.4

General information on consolidated subsidiaries

As of June 30, 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. Sociedad	76.425.380-9	El Trovador 4285 Las Condes	CHILE	US\$	0.2691	99.7309		100.0000
Prestadora de Servicios de Salud Cruz del 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

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

(*) 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 2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA	CHILE	US\$	-	100.0000	100.0000
SQM North America Corp.	Foreign		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 Av, José Orrantia y Av, Juan Tanca	Peru	US\$	0.9800	99.0200	100.0000
SQM Ecuador S.A.	Foreign	Marengo Edificio Executive Center Piso 2 Oficina 211	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,

SQM S.A.

El Trovador 4285 60
Las Condes, Santiago, Chile
Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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	Ownership interest 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 1 st 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
	Foreign		Aruba	US\$	1.6700	98.3300	100.0000

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

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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 61

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 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	100.0000
SQM Iberian S.A	Foreign	Provenza 251 Principal 1a CP 08008, Barcelona	Spain	US\$	-	100.0000	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	100.0000
SQM Oceania Pty Ltd.	Foreign	Level 9, 50 Park Street, Sydney NSW 2000, Sydney	Australia	US\$	-	100.0000	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, Unit 2962, Level 29, N° 388,	China	US\$	-	100.0000	100.0000	100.0000
SQM Thailand Limited	Foreign	Exchange Tower Sukhumvit Road, Klongtoey Bangkok Cra 7 No 32 – 33 piso 29 Pbx: (571) 3384904 Fax: (571) 3384905 Bogotá D,C, – Colombia	Thailand	US\$	-	99.996	99.996	99.996
SQM Colombia SAS	Foreign	Houtdok-Noordkaai 25a B-2030 Amberes	Belgium	US\$	0.5800	99.4200	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	100.0000

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

62

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

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		
		6/30/2018	12/31/2017	6/30/2018	12/31/2017	6/30/2018	12/31/2017	
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
Proinsa Ltda.	0,1	%	-	-	-	-	-	-
SQM Potasio S.A.	0,0000001	%	-	-	-	-	-	-
Ajay SQM Chile S.A.	49	%	611	1,023	8,478	8,306	440	989
SQM Indonesia S.A.	20	%	(1)	-	-	1	-	-
Soquimich Comercial S.A.	39,3616784	%	(592)	100	40,850	49,247	7,872	1,264
Comercial Agrorama Ltda.	30	%	(147)	(403)	(322)	(184)	-	-
Agrorama S.A.	0,001	%	-	-	-	-	-	-
Orcoma Estudios SPA	49	%	-	-	2,277	2,277	-	-
SQM (Thailand) Limited.	0,004	%	-	-	-	-	-	-
Total			(129)	720	51,283	59,647	8,312	2,253

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 63

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 6 Background of companies included in consolidation (continued)

6.6

Information on consolidated subsidiaries

6/30/2018

Subsidiary	Assets		Liabilities		Revenue	Profit (loss)	Comprehensive income (loss)
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$	ThUS\$	ThUS\$	ThUS\$
SQM Nitratos S.A.	442,333	39,868	406,970	2,067	82,063	13,401	13,447
Proinsa Ltda.	55	-	-	-	-	-	-
SQMC Internacional Ltda.	206	-	-	-	-	(1)	(1)
SQM Potasio S.A.	301,980	1,065,197	108,135	23,381	1,771	150,049	150,128
Serv. Integrales de Tránsito y Transf. S.A.	45,510	36,274	74,224	1,733	17,748	199	203
Isapre Norte Grande Ltda.	538	793	552	147	1,803	12	(42)
Ajay SQM Chile S.A.	17,313	1,258	827	441	16,362	1,247	1,247
Almacenes y Depósitos Ltda.	289	49	1	-	-	(4)	(44)
SQM Salar S.A.	879,848	802,306	453,700	198,738	520,729	174,595	174,495
SQM Industrial S.A.	1,105,970	690,383	727,103	83,902	408,296	53,085	53,311
Exploraciones Mineras S.A.	551	31,791	6,362	-	-	(45)	(45)
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	285	607	454	298	1,247	4	(23)
Soquimich Comercial S.A.	139,932	14,278	44,890	5,540	43,619	(1,504)	(1,522)
Comercial Agrorama Ltda.	6,133	1,620	8,793	33	4,465	(492)	(493)
Comercial Hydro S.A.	4,970	37	20	1	13	73	73
Agrorama S.A.	6,528	573	10,687	58	3,129	(756)	(749)
Orcoma SpA	-	2,360	14	-	-	-	-
Orcoma Estudio SpA	296	4,401	50	-	-	-	-
SQM MaG SpA	20	113	130	-	2	(7)	(7)
SQM North America Corp.	136,070	16,732	124,178	4	153,710	5,282	6,101
RS Agro Chemical Trading Corporation A.V.V.	5,155	-	28	-	-	(14)	(14)
Nitratos Naturais do Chile Ltda.	32	136	3,343	-	-	136	136
Nitrate Corporation of Chile Ltd.	5,076	-	-	-	-	-	-
SQM Corporation N.V.	7,696	152,396	3,583	-	-	29,166	29,240
SQM Perú S.A.	245	-	1,166	-	-	(26)	(26)
SQM Ecuador S.A.	16,897	129	14,554	80	17,247	332	332
SQM Brasil Ltda.	184	-	642	2,248	126	114	114

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

SQI Corporation N.V.	56	32	69	-	-	(5	) (5)
SQMC Holding Corporation L.L.P.	25,628	16,314	1,894	-	-	2,519	2,519	
SQM Japan Co. Ltd.	53,061	318	50,787	172	85,095	81	81	

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 64

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

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

6/30/2018

Subsidiary	Assets		Liabilities		Revenue	Profit (loss)	
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$	ThUS\$	ThUS\$	
SQM Europe N.V.	413,018	2,006	342,622	-	508,607	24,318	
SQM Italia SRL	1,200	-	15	-	-	-	
SQM Indonesia S.A.	4	-	1	-	-	-	
North American Trading Company	157	145	39	-	-	(1)	
SQM Virginia LLC	14,808	14,349	14,808	-	-	1	
SQM Comercial de México S.A. de C.V.	87,494	2,551	56,683	-	104,510	2,417	
SQM Investment Corporation N.V.	52,324	86	13,064	910	-	(467)	
Royal Seed Trading Corporation A.V.V.	30,988	-	49,811	-	-	(45)	
SQM Lithium Specialties LLP	15,756	3	1,264	-	-	1	
Soquimich SRL Argentina	112	-	160	-	-	(43)	
Comercial Caimán Internacional S.A.	261	-	1,122	-	-	(1)	
SQM France S.A.	345	6	114	-	-	-	
Administración y Servicios Santiago S.A. de C.V.	196	79	557	64	1,356	(8)	
SQM Nitratos México S.A. de C.V.	81	9	58	9	329	6	
Soquimich European Holding B.V.	44,203	168,840	71,404	6	-	32,637	
SQM Iberian S.A.	79,971	1,788	69,214	-	85,352	2,484	
SQM Africa Pty Ltd.	91,643	1,496	80,701	-	66,123	4,599	
SQM Oceanía Pty Ltd.	4,978	-	2,886	-	990	(26)	
SQM Beijing Commercial Co. Ltd.	8,488	12	6,458	-	6,995	(271)	
SQM Thailand Limited	14,862	4	11,760	-	3,276	117	
SQM Colombia SAS	2,033	144	1,495	-	670	(317)	
SQM Australia Pty	4,814	23,584	4,252	-	-	(323)	
Sacal S.A.	3	-	-	-	-	-	
SQM Internacional	3,883	534	1,092	-	-	(4,707)	
SQM Shangai Chemicals Co. Ltd.	3,511	30	1,438	-	668	(398)	
Total	4,077,990	3,093,631	2,774,174	319,832	2,136,301	487,414	

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 65

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

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

12/31/2017

Subsidiary	Assets		Liabilities		Revenue	Profit
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$	ThUS\$	(loss) ThUS\$
SQM Nitratos S.A.	353,821	39,144	324,738	4,489	100,626	5,569
Proinsa Ltda.	59	1	-	-	-	(3)
SQMC Internacional Ltda.	219	-	-	-	-	(3)
SQM Potasio S.A.	243,513	951,448	85,279	23,092	4,129	282,4
Serv. Integrales de Tránsito y Transf. S.A.	27,822	36,606	57,208	1,596	35,210	1,727
Isapre Norte Grande Ltda.	561	834	590	147	1,952	44
Ajay SQM Chile S.A.	17,048	1,143	779	459	23,732	2,088
Almacenes y Depósitos Ltda.	301	50	1	-	-	(7)
SQM Salar S.A.	760,900	785,082	449,049	186,451	985,654	347,7
SQM Industrial S.A.	982,835	666,097	618,289	94,135	685,294	48,98
Exploraciones Mineras S.A.	540	31,691	6,206	-	-	(55)
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	372	624	551	353	887	43
Soquimich Comercial S.A.	159,943	14,395	46,180	4,632	117,745	254
Comercial Agrorama Ltda.	9,977	1,852	12,388	54	13,061	(1,34
Comercial Hydro S.A.	4,944	41	63	11	30	140
Agrorama S.A.	11,343	625	14,956	78	14,275	(2,04
Orcoma SpA	-	2,360	14	-	-	-
Orcoma Estudio SpA	341	4,356	50	-	-	-
SQM MaG SPA	10	-	-	-	-	-
SQM North America Corp.	131,452	15,442	162,180	782	250,522	(1,38
RS Agro Chemical Trading Corporation A.V.V.	5,164	-	23	-	-	(30)
Nitratos Naturais do Chile Ltda.	-	141	3,451	-	-	(111)
Nitrate Corporation of Chile Ltd.	5,076	-	-	-	-	-
SQM Corporation N.V.	668	133,876	3,575	-	-	21,08
SQM Perú S.A.	270	-	1,166	-	-	24
SQM Ecuador S.A.	21,642	116	19,651	80	26,025	622
SQM Brasil Ltda.	187	-	663	2,345	336	(42)
SQI Corporation N.V.	16	26	61	-	-	(1)
SQMC Holding Corporation L.L.P.	24,600	15,193	1,000	-	-	2,263
SQM Japan Co. Ltd.	43,656	302	40,992	626	114,006	(2,16

SQM S.A.

El Trovador 4285

66

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

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

12/31/2017

Subsidiary	Assets		Liabilities		Revenue	Profit	C in (
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$	ThUS\$	(loss) ThUS\$	
SQM Europe N.V.	399,601	2,599	339,910	-	923,087	11,097	1
SQM Italia SRL	1,236	-	16	-	-	(3)) (
SQM Indonesia S.A.	4	-	1	-	-	-	-
North American Trading Company	158	145	39	-	-	-	-
SQM Virginia LLC	14,807	14,348	14,807	-	-	(8)) (
SQM Comercial de México S.A. de C.V.	92,961	2,288	64,318	-	193,523	4,381	4
SQM Investment Corporation N.V.	52,639	86	12,955	866	-	(7,198)) (
Royal Seed Trading Corporation A.V.V.	31,040	-	49,818	-	-	2,348	2
SQM Lithium Specialties LLP	15,755	3	1,264	-	-	(8)) (
Soquimich SRL Argentina	168	-	173	-	-	(37)) (
Comercial Caimán Internacional S.A.	262	-	1,122	-	-	3	3
SQM France S.A.	345	6	114	-	-	-	-
Administración y Servicios Santiago S.A. de C.V.	162	86	531	58	2,813	47	4
SQM Nitratos México S.A. de C.V.	49	8	30	7	301	6	6
Soquimich European Holding B.V.	53,664	137,393	71,761	1,493	-	18,476	1
SQM Iberian S.A.	57,241	1,720	48,891	-	175,936	119	1
SQM Africa Pty Ltd.	76,888	1,514	70,561	-	101,152	1,135	1
SQM Oceanía Pty Ltd.	4,151	-	2,033	-	2,045	301	3
SQM Agro India Pvt. Ltd.	-	-	-	-	-	-	-
SQM Beijing Commercial Co. Ltd.	8,804	16	6,518	-	3,691	151	-
SQM Thailand Limited	12,113	5	9,128	-	5,694	43	4
SQM Colombia SAS	278	131	33	-	-	(271)) (
SQM Australia Pty	25,654	24,800	-	-	-	-	-
Sacal S.A.	6	-	-	-	-	-	-
Total	3,655,266	2,886,593	2,543,126	321,754	3,781,726	736,478	7

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

67

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 6 Background of companies included in consolidation (continued)

6.7

Detail of transactions between consolidated companies

a) Transactions conducted in 2018

On January 30, 2018, in SQM North America there was a capital increase of ThUS\$36,251. All partners met this increase, maintaining share percentages.

On March 28, 2018, in SQI Corporation N,V, there was a capital increase of ThUS\$40. All partners met this increase, maintaining share percentages.

b)

Transactions conducted in 2017

On January 1, 2017, the subsidiary SQM Iberian S.A. absorbed the joint venture SQM Vitas Spain.

On January 10, 2017, SQM Japan Co, Ltd, carried out a capital increase of ThUS\$8,676, Only Soquimich European Holding B,V, subscribed shares, thereby increasing its interest from 46,24% to 84,03% and reducing the interest held by SQM S.A. from 0,54% to 0,16% and by SQM Potasio S.A. from 53,22% to 15,81%, This had no impact on the consolidated results of SQM S.A., which continues to hold 100% of SQM Japan Co, Ltd, in its consolidated statement of financial position.

On February 10, 2017, the subsidiary Compañía Minera Arfwedson SpA was created in Chile with a capital contribution from SQM S.A. equivalent to ThUS\$10 for a 100% interest, On August 29, 2017, the company's name was changed to "SQM MAG SpA". The transaction had no impact on the Company's consolidated results.

On April 19, 2017, the subsidiary SACAL S.A. was incorporated with capital of ThUS\$7. The company is owned by SQM Potasio S.A. (95%) and SQM Industrial S.A. (5%), The transaction had no impact on the Company's consolidated results.

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

On May 4, 2017 SQI Corporation NV carried out a capital increase of ThUS\$15,7, which belongs to SQM S.A. (with a share of 0.01587%) and SQM Potasio S.A. (with a share of 99,98413%).

On July 31, 2017, SQM Trading was legally formed, A capital of ThUS\$3,080 was recorded as of June 30, 2018. The subsidiary is owned by the Company (0.58%) and Soquimich European Holding (99,42%), The transaction had no impact on the Company's consolidated results, Subsequent to its creation, this company changed its name to SQM International N.V.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 68

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 6 Background of companies included in consolidation (continued)

6.7 Detail of transactions between consolidated companies, continued

b) Transactions conducted in 2017, continued

SQM International N.V, (previously SQM Trading N.V,) was incorporated on July 31, 2017, born from the partial separation of SQM Europe N.V. into SQM Europe N.V. and SQM International N.V., both of which retained the same ownership structure as before, For tax purposes in Belgium, this separation was made effective retroactively as of January 1, 2017. In the annual accounts for 2017 to be presented in 2018 to the local authorities in Belgium, the statement of financial position and transactions are separated as of the effective date. The effects of this corporation are considered in the consolidated financial statements as of June 30, 2018.

During July 2017, the subsidiary SQM Agro India Private Limited was closed, The transaction had no impact on the Company's consolidated results.

On August 14, 2017, SQM Colombia SAS agreed to carry out a capital increase of ThUS\$1,814,64, which was subscribed by its owner SQM Industrial S.A., To date, it has paid ThUS\$641. The transaction had no impact on the Company's consolidated results.

On August 29, 2017, Compañía Minera Arfwedson SpA, changed its name to SQM MaG SpA.

On August 31, 2017, the subsidiary SQM Australia Pty Ltd, was created with initial capital of ThUS\$7,000 (ThAUD8,729), This subsidiary is fully owned (100%) by SQM Potasio S.A. The functional currency of SQM Australia Pty Ltd, is the Australian dollar (AUD). Later, on December 14 of the same year, additional capital of ThUS\$18,500 (AUD 24,105.5) was invested. These transactions had no impact on the Company's consolidated results.

On November 27, 2017, the corporation ACN 623 090 139 was created in Australia, It later changed its corporate name to Western Australia Lithium pty with a capital of 10 Australian dollars. The corporation is owned by SQM Australia Pty Ltd (50%) and non-related third parties (50%).

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

On December 26, 2017, the company SQM (Shanghai) Chemicals Co. Ltd. was legally formed, No capital contributions had been recorded as of June 30, 2018.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 69

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 7 Cash and cash equivalents

7.1 Types of cash and cash equivalents

As of June 30, 2018 and December 31, 2017, cash and cash equivalents are detailed as follows:

a) Cash	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Cash on hand	95	60
Cash in banks	141,423	50,137
Other demand deposits	2,753	1,530
Total cash	144,271	51,727
b) Cash equivalents	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Short-term deposits, classified as cash equivalents	64,067	290,914
Short-term investments, classified as cash equivalents	319,684	287,797
Total cash equivalents	383,751	578,711
Total cash and cash equivalents	528,022	630,438

7.2 Short-term investments, classified as cash equivalents

As of June 30, 2018 and December 31, 2017, the short-term investments classified as cash and cash equivalents relate to mutual funds (investment liquidity funds) for investments in:

Institution	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Legg Mason - Western Asset Institutional Cash Reserves	166,123	144,464
JP Morgan US dollar Liquidity Fund Institutional	153,561	143,333
Total	319,684	287,797

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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 70

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 7 Cash and cash equivalents (continued)

7.3 Information on cash and cash equivalents by currency

As of June 30, 2018 and December 31, 2017, information on cash and cash equivalents by currency is detailed as follows:

	6/30/2018	12/31/2017
Original currency	ThUS\$	ThUS\$
Chilean Peso (*)	6,285	579
US Dollar	499,403	612,727
Euro	14,802	9,782
Mexican Peso	929	258
South African Rand	2,313	4,074
Japanese Yen	1,642	1,773
Peruvian Sol	7	8
Brazilian Real	3	38
Chinese Yuan	1,656	1,143
Indian Rupee	4	-
Argentine Peso	2	1
Pound Sterling	133	55
Australian dollar	843	-
Total	528,022	630,438

(*)The Company maintains financial derivative policies which allow to minimize the risk of the variation in Chilean pesos exchange rate.

7.4 Amount restricted (unavailable) cash balances

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

As of June 30, 2018 and December 31, 2017, restricted cash balances are presented in Note 10.9.

SQM S.A.

El Trovador 4285

71

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 7 Cash and cash equivalents (continued)

7.5 Short-term deposits, classified as cash equivalents

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

2018 Receiver of the deposit	Type of deposit	Original Currency	Interest rate	Placement date	Expiration date	Principal ThUS\$	Interest accrued to date ThUS\$	31/03/2018 ChUS\$
Banco Itau Chile	Fixed term	Ch\$	3,50	6/29/2018	7/11/2018	4,453	-	4,453
Banco Itau Chile	Fixed term	Ch\$	4,27	6/13/2018	7/13/2018	39,117	-	39,117
Banco de Chile	Fixed term	US\$	2,43	6/11/2018	7/23/2018	1,800	2	1,802
Banco Santander - Santiago	Fixed term	US\$	2,48	6/27/2018	8/13/2018	1,800	2	1,802
Banco Santander - Santiago	Fixed term	US\$	2,35	6/29/2018	7/20/2018	4,800	1	4,801
Banco Santander - Santiago	Fixed term	US\$	1,98	6/29/2018	7/17/2018	2,100	-	2,100
Banco Itau Chile	Fixed term	US\$	2,54	6/04/2018	7/03/2018	5,600	10	5,610
Banco Itau Chile	Fixed term	US\$	2,60	6/06/2018	8/06/2018	1,500	3	1,503
ABN Amro Bank	On demand	US\$	-	6/28/2018	7/01/2018	233	-	233
Nedbank	On demand	US\$	-	6/30/2018	9/30/2018	2,468	-	2,468
BBVA Banco Francés	On demand	US\$	0,26	6/14/2018	7/16/2018	107	2	109
National Australia Bank	On demand	US\$	-	6/30/2018	7/01/2018	69	-	69
Total						64,047	20	64,067

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 72

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 7 Cash and cash equivalents (continued)**7.5 Short-term deposits, classified as cash equivalents, continued**

2017	Type of deposit	Original Currency	Interest rate	Placement date	Expiration date	Principal ThUS\$	Interest to-date ThUS\$	Interest accrued 12/31/2018 ThUS\$
Receiver of the deposit								
Scotiabank Sud Americano	Fixed term		0,24	11-21-2017	1-2-2018	8,943	30	8,973
Banco Itau Chile	Fixed term	Ch\$	0,24	11-28-2017	1-2-2018	15,652	41	15,693
Banco Itau Chile	Fixed term	Ch\$	0,24	11-28-2017	1-2-2018	15,652	41	15,693
Banco BBVA Chile	Fixed term	Ch\$	0,23	11-28-2017	1-2-2018	15,652	40	15,692
Banco BBVA Chile	Fixed term	Ch\$	0,23	11-28-2017	1-2-2018	15,652	40	15,692
Banco Itau Chile	Fixed term	Ch\$	0,25	11-29-2017	2-27-2018	18,857	50	18,907
Banco Crédito e Inversiones	Fixed term	Ch\$	0,26	12-12-2017	1-11-2018	15,982	26	16,008
Banco Crédito e Inversiones	Fixed term	Ch\$	0,26	12-12-2017	1-11-2018	8,524	14	8,538
Banco Itau Chile	Fixed term	Ch\$	0,24	12-12-2017	1-11-2018	15,982	24	16,006
Banco Itau Chile	Fixed term	Ch\$	0,24	12-12-2017	1-11-2018	7,458	11	7,469
Banco Crédito e Inversiones	Fixed term	Ch\$	0,26	12-14-2017	1-16-2018	19,780	29	19,809
Banco Crédito e Inversiones	Fixed term	Ch\$	0,26	12-14-2017	1-16-2018	15,665	23	15,688
Banco Crédito e Inversiones	Fixed term	Ch\$	0,26	12-14-2017	1-16-2018	11,488	17	11,505
Banco Crédito e Inversiones	Fixed term	Ch\$	0,26	12-15-2017	1-16-2018	15,568	22	15,590
Banco Crédito e Inversiones	Fixed term	Ch\$	0,26	12-15-2017	1-16-2018	15,568	22	15,590
Banco Crédito e Inversiones	Fixed term	Ch\$	0,26	12-15-2017	1-16-2018	15,568	22	15,590
Banco BBVA Chile	Fixed term	Ch\$	0,24	12-29-2017	1-10-2018	4,107	1	4,108
Banco BBVA Chile	Fixed term	Ch\$	0,24	12-29-2017	1-10-2018	2,765	-	2,765
Banco Santander - Santiago	Fixed term	US\$	0,28	12-27-2017	1-18-2018	700	-	700
Banco Santander - Santiago	Fixed term	US\$	0,4	12-15-2017	2-13-2018	15,000	27	15,027
Banco Santander - Santiago	Fixed term	US\$	0,4	12-15-2017	2-13-2018	14,000	25	14,025
Corpbanca	Fixed term	Ch\$	0,22	12-28-2017	1-4-2018	1,301	-	1,301
Scotiabank Sud Americano	Fixed term	Ch\$	0,21	12-29-2017	1-5-2018	976	-	976
Scotiabank Sud Americano	Fixed term	Ch\$	0,21	12-29-2017	1-5-2018	569	-	569

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

Banco Santander - Santiago	Fixed term	US\$	2,45	12-6-2017	1-5-2018	3,500	6	3,506
Scotiabank Sud Americano	Fixed term	US\$	3,40	12-15-2017	1-16-2018	2,000	3	2,003
Banco BBVA Chile	Fixed term	US\$	2,80	12-26-2017	1-26-2018	2,200	1	2,201
Banco Crédito e Inversiones	Fixed term	US\$	2,3	12-27-2017	1-4-2018	2,300	1	2,301
Banco Santander - Santiago	Fixed term	US\$	2,88	12-27-2017	1-4-2018	2,300	1	2,301
Banco BBVA Chile	Fixed term	US\$	2,80	12-27-2017	1-4-2018	1,400	-	1,400
BBVA Banco Francés	Fixed term	US\$	0,19	12-11-2017	1-31-2018	163	-	163
Nedbank	On demand	US\$	-	12-1-2017	1-31-2018	3,686	-	3,686
ABN Amro Bank	Fixed term	US\$	-	12-31-2017	1-2-2018	1,439	-	1,439
Total						290,397	517	290,914

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 73

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 7 Cash and cash equivalents (continued)

7.6 Other information

Net Debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Net debt	6/30/2018 ThUS\$	12/31/2017 ThUS\$
Cash and cash equivalents	528,022	630,438
Other current financial assets	428,776	366,979
Other non-current financial hedge assets	28,848	8,910
Borrowings - repayable within one year (including overdraft)	(155,555)	(220,328)
Borrowings - repayable after one year	(1,221,920)	(1,031,507)
Net debt	(391,829)	(245,508)
Cash and liquid investments	985,646	1,006,327
Gross debt - fixed interest rates	(1,377,475)	(1,251,835)
Net debt	(391,829)	(245,508)

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 74

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 8 Inventories

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

Type of inventory	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Raw material reserves	10,272	9,364
Supplies for production reserves	25,970	22,257
Products-in-progress reserves	415,127	456,333
Finished product reserves	454,398	414,120
Total	905,767	902,074

As of June 30, 2018, the Company has inventory of caliche ore (in piles or undergoing leaching process) available for processing valued at ThUS\$72,366 (ThUS\$ 62,476 as of December 31, 2017), (included in work in progress).

Inventory reserves recognized as of June 30, 2018 amount to ThUS\$104,701, and ThUS\$96,284 as of December 31, 2017. Inventory reserves have been made based on a technical study that covers the different variables affecting products in stock (density and humidity, among others).

In the case of inventories of raw materials, supplies, materials and parts, provisions have been made at the lower value associated with the proportion of obsolete, defective or slow-moving materials.

The breakdown of inventory reserves is detailed as follows:

Type of inventory	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Raw material reserves	93	93
Products-in-progress reserves	88,275	80,249
Finished product reserves	16,333	15,942
Total	104,701	96,284

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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 75

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 8 Inventories, continued

As of June 30, 2018 and December 31, 2017, movements in provisions are detailed as follows:

Reconciliation	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Opening balance	96,284	81,295
Changes		
Additional provisions	7,596	15,682
Provision used	(1,328)	(4,921)
Increase (decrease) in existing provisions	2,149	4,228
Total changes	8,417	14,989
Final Balance	104,701	96,284

Note 9 Related party disclosures

9.1 Related party disclosures

Balances pending at period-end are not guaranteed, accrue no interest and are settled in cash. No guarantees have been delivered or received for trade and other receivables due from related parties or trade and other payables due to related parties.

9.2 Relationships between the parent and the entity

Sociedad de Inversiones Pampa Calichera S.A., Potasios de Chile S.A., and Inversiones Global Mining (Chile) Ltda. are the owners of a number of shares that as of June 30, 2018 are equivalent to 29.12% 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 2.11% of the total amount of issued, subscribed and fully-paid shares of the Company.

The Pampa Group and the Kowa Group have informed the Company, 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).

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

On April 30, 2018, Sociedad de Inversiones Pampa Calichera S.A. issued a memo informing the Corporation 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.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 76

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 9 Related party disclosures (continued)

9.3 Detailed identification of the link between the Parent and subsidiary

As of June 30, 2018 and December 31, 2017, the detail of entities that are related parties of the SQM S.A. Group is as follows:

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

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

Foreign	SQM Australia PTY	Australia	Australian dollar	Subsidiary
Foreign	SACAL S.A.	Argentina	Argentine peso	Subsidiary
96,801,610-5	Comercial Hydro S.A.	CHILE	US\$	Subsidiary
96,651,060-9	SQM Potasio S.A.	CHILE	US\$	Subsidiary
96,592,190-7	SQM Nitratos S.A.	CHILE	US\$	Subsidiary
96,592,180-K	Ajay SQM Chile S.A.	CHILE	US\$	Subsidiary

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 77

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

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

As of June 30, 2018 and December 31, 2017, the detail of entities that are related parties of the SQM S,A: Group is as follows:

Tax ID No,	Name	Country of origin	Functional currency	Nature
86,630,200-6	SQMC Internacional Ltda,	CHILE	Chilean peso	Subsidiary
79,947,100-0	SQM Industrial S.A.	CHILE	US\$	Subsidiary
79,906,120-1	Isapre Norte Grande Ltda,	CHILE	Chilean peso	Subsidiary
79,876,080-7	Almacenes y Depósitos Ltda,	CHILE	Chilean peso	Subsidiary
79,770,780-5	Servicios Integrales de Tránsitos y Transferencias S.A.	CHILE	US\$	Subsidiary
79,768,170-9	Soquimich Comercial S.A.	CHILE	US\$	Subsidiary
79,626,800-K	SQM Salar S.A.	CHILE	US\$	Subsidiary
78,053,910-0	Proinsa Ltda,	CHILE	Chilean peso	Subsidiary
76,534,490-5	Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	CHILE	Chilean peso	Subsidiary
76,425,380-9	Exploraciones Mineras S.A.	CHILE	US\$	Subsidiary
76,064,419-6	Comercial Agrorama Ltda,	CHILE	Chilean peso	Subsidiary
76,145,229-0	Agrorama S.A.	CHILE	Chilean peso	Subsidiary
76,359,919-1	Orcoma Estudios SPA	CHILE	US\$	Subsidiary
76,360,575-2	Orcoma SPA	CHILE	US\$	Subsidiary
76,686,311-9	SQM MaG SpA	CHILE	US\$	Subsidiary
Foreign	Abu Dhabi Fertilizer Industries WWL	Arab Emirates	Arab Emirates dirham	Associate
Foreign	Doktor Tarsa Tarim Sanayi AS	Turkey	Turkish lira	Associate
Foreign	Ajay North America	United States	US\$	Associate
Foreign	Ajay Europe SARL	France	Euro	Associate
Foreign	SQM Eastmed Turkey	Turkey	Euro	Associate
Foreign	Charlee SQM Thailand Co, Ltd,	Thailand	Thai baht	Associate
Foreign	Sichuan SQM Migao Chemical Fertilizers Co Ltda,	China	US\$	Joint venture
Foreign	Coromandel SQM India	India	Indian rupee	Joint venture
Foreign	SQM Vitas Fzco,	Arab Emirates	Arab Emirates dirham	Joint venture
Foreign	SQM Star Qingdao Corp Nutrition Co., Ltd,	China	US\$	Joint venture
Foreign	SQM Vitas Holland B,V,	Dutch Antilles	Euro	Joint venture
Foreign	Minera Exar S.A.	Argentina	US\$	Joint control
96,511,530-7	Sociedad de Inversiones Pampa Calichera	CHILE	US\$	Joint control
96,529,340-k	Norte Grande S.A.	CHILE	Chilean peso	Other related parties
79,049,778-9	Callegari Agricola S.A.	CHILE	Chilean peso	

Foreign	SQM Vitas Brazil Agroindustria	Brazil	US\$	Other related parties
Foreign	SQM Vitas Peru S.A.C,	Peru	US\$	Other related parties
Foreign	SQM Vitas Plantacote B,V	Dutch Antilles	Euro	Other related parties
Foreign	Terra Tarsa B,V,,	Holland	Euro	Other related parties
Foreign	Plantacote N,V	Belgium	Euro	Other related parties
Foreign	Doktolab Tarim Arastima San, Tic As	Turkey	Turkish Lira	Other related parties
Foreign	Terra Tarsa Ukraine LLC	Ukraine	Ukrainian Grivna	Other related parties
Foreign	Terra Tarsa Don LLC	Russian Federation	Russian ruble	Other related parties
Foreign	Kore Potash Ltd,	Australia	US\$	Other related parties

SQM S.A.

El Trovador 4285
 Las Condes, Santiago, Chile
 Tel: (56 2) 2425 2000 78

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 9 Related party disclosures (continued)

9.4 Detail of related parties and related party transactions

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

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

As of June 30, 2018 and December 31, 2017, the detail of significant transactions with related parties is as follows:

Tax ID No,	Company	Nature	Country of origin	Transaction	6/30/2018	12/31/2017
					ThUS\$	ThUS\$
Foreign	Doktor Tarsa Tarim Sanayi As	Associate	Turkey	Sale of products	10,179	17,538
Foreign	Ajay Europe S.A.R,L,	Associate	France	Sale of products	10,665	15,706
Foreign	Ajay Europe S.A.R,L,	Associate	France	Dividends	815	969
Foreign	Ajay North America LLC,	Associate	United States	Sale of products	8,867	13,206
Foreign	Ajay North America LLC,	Associate	United States	Dividends	1,403	1,123
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	Sale of products	2,859	4,351
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	Dividends	6,620	-
Foreign	Charlee SQM Thailand Co, Ltd,	Associate	Thailand	Sale of products	3,406	5,102
Foreign	Charlee SQM Thailand Co, Ltd,	Associate	Thailand	Dividends	364	-
77.557.430-5	Sales de Magnesio Ltda,	Associate	CHILE	Sale of products	-	45
Foreign	Kowa Company Ltd,	Other related parties	Japan	Sale of products	85,095	132,495
Foreign	SQM Vitas Brasil Agroindustria	Joint control or significant influence	Brazil	Sale of products	25,350	31,137

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

Foreign	SQM Vitas Peru S.A.C,	Joint control or significant influence	Peru	Sale of products	5,332	23,058
Foreign	SQM Vitas Fzco,	Joint venture	United Arab Emirates	Sale of products	-	85
Foreign	Sichuan SQM Migao Chemical Fertilizers Co Ltda,	Joint venture	China	Sale of services	-	252
Foreign	Coromandel SQM India	Joint venture	India	Sale of products	3,081	8,011
Foreign	SQM Star Qingdao Corp Nutrition Co., Ltd,	Joint venture	China	Sale of products	-	200
Foreign	SQM Star Qingdao Corp Nutrition Co., Ltd,	Joint venture	China	Sale of services	93	-
79.049.778-9	Callegari Agrícola S.A.	Other related parties	CHILE	Sale of products	2	210
Foreign	Minera Exar S.A.	Joint venture	Argentina	Loans	4,500	11,000
Foreign	Minera Exar S.A.	Joint venture	Argentina	Loan interest	1,225	-
Foreign	Terra Tarsa Ukraine LLC	Associate	Turkey	Sale of services	1,436	1,218
Foreign	Terra Tarsa Don LLC	Joint venture	Russian Federation	Sale of products	187	423
Foreing	Plantacote N,V,	Associate	Belgium	Sale of products	3,166	2,108
Total					174,645	268,237

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 79

www.sqm.com

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

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 9 Related party disclosures (continued)

9.5 Trade receivables due from related parties, current:

Tax ID No.	Company	Nature	Country of origin	Currency	6/30/2018 ThUS\$	12/31/2017 ThUS\$
Foreign	Charlee SQM Thailand Co, Ltd,	Associate	Thailand	US\$	2,657	1,204
Foreign	Ajay Europe S.A.R,L,	Associate	France	Euro	5,997	4,689
Foreign	Ajay North America LLC,	Associate	United States	US\$	2,687	2,005
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	Arab Emirates dirham	1,721	73
Foreign	Kowa Company Ltd,	Jointly controlled entity	Japan	US\$	2,737	5,008
96.511.530-7	Soc,de Inversiones Pampa Calichera	Jointly controlled entity	CHILE	US\$	6	6
Foreign	SQM Vitas Brasil Agroindustria	Joint venture	Brazil	US\$	27,872	17,293
Foreign	SQM Vitas Peru S.A.C,	Joint venture	Peru	US\$	6,926	13,766
Foreign	Coromandel SQM India Sichuan SQM Migao	Joint venture	India	Indian rupee	3,032	3,804
Foreign	Chemical Fertilizers Co Ltda,	Joint venture	China	US\$	-	-
Foreign	SQM Vitas Fzco,	Joint venture	United Arab Emirates	Arab Emirates dirham	-	-
Foreign	SQM Star Qingdao Corp Nutrition Co., Ltd,	Joint venture	China	US\$	278	50
Foreign	Plantacote N,V,	Associate	Belgium	Euro	1,315	190
Foreign	Terra Tarsa Don LLC	Associate	Russian Federation	Russian ruble	213	44
Foreign	Minera Exar S.A.	Joint venture	Argentina	US\$	16,740	11,000
Foreign	SQM Eastmed Turkey	Associate	Turkey	YTL	30	-
Foreign	Terra Tarsa Ukraine LLC	Associate	Ukraine	Ukrainian Grivna	1,092	-
Total					73,303	59,132

9.6 Trade payables due to related parties, current:

Tax ID No.	Company	Nature	Country of origin	Currency	6/30/2018 ThUS\$	12/31/2017 ThUS\$
------------	---------	--------	-------------------	----------	---------------------	----------------------

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

Foreign	Doktor Tarsa Tarim Sanayi AS	Associate	Turkey	YTL	12	11
Foreign	Terra Tarsa Ukraine LLC	Other related parties	Ukraine	Ukrainian Grivna	-	7
Foreign	SQM Star Qingdao Corp Nutrition Co., Ltd.	Joint venture	China	US\$	-	725
Foreign	Sichuan SQM Migao Chemical Fertilizers Co Ltda.	Joint venture	China	US\$	-	584
Foreign	SQM Vitas Fzco.	Joint venture	United Arab Emirates	Arab Emirates dirham	123	38
Current Total					135	1,365

SQM S.A.

El Trovador 4285
 Las Condes, Santiago, Chile
 Tel: (56 2) 2425 2000 80

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 9 Related party disclosures (continued)

9.7

Board of Directors and Senior Management

1) Board of directors

SQM S.A. is managed by a Board of Directors which is composed of 8 regular directors, 2 of whom are independent directors, who are elected for a three-year period. The present Board of Directors was elected by the shareholders at the Ordinary Shareholders' Meeting of April 28, 2018.

As of June 30, 2018, the Company has the following Committees:

Directors' Committee: This committee comprises Hernán Büchi Buc, Laurence Golbome Riveros and Alberto Salas -Muñoz and fulfills the functions established in Article 50 bis of Chilean Law no. 18.046 on publicly-held corporations.

The Company's Health, Safety and Environmental Matters Committee: This committee comprises Arnfinn F. Prugger, Patricio Contess Fica and Gonzalo Guerrero Yamamoto.

Corporate Governance Committee: The members of this committee are Darryl Stann, Hernán Büchi Buc and Mark F. Fracchia.

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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

81

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 9 Related party disclosures (continued)

9.7 Board of Directors and Senior Management, continued

2) Directors' Compensation

Directors' compensation is detailed as follows:

The payment of a fixed, gross and monthly amount of four hundred UF in favor of the Chairman of the Board of a) Directors of SQM S.A. and of 350 UF in favor of the remaining seven Directors of SQM S.A. and regardless of the number of Board of Directors' Meetings held or not held during the related month.

A payment in domestic currency in favor of the Chairman of the Company's Board of Directors consisting of a b) variable and gross amount equivalent to 0.12% of profit for the period effectively earned by the Company during the 2018 fiscal year.

A payment in domestic currency in favor of each Company's directors excluding the Chairman of the Board, c) consisting of a variable and gross amount equivalent to 0.06% of profit for the period effectively earned by the Company during the 2018 fiscal year.

The fixed and variable amounts indicated above cannot be altered and those expressed in percentages will be paid d) after the related General Shareholders' Meeting of SQM S.A. approves the Balance Sheet, Financial Statements, Annual Report, the Account Inspectors' Report and Independent Auditor's Report of SQM S.A. for the commercial year ended June 30, 2018.

The amounts expressed in UF will be paid in accordance with the value determined by the Chilean Superintendence of Banks and Financial Institutions (SBIF), the Central Bank of Chile (Banco Central de Chile) or another relevant e) institution replacing them during the last day of the calendar year applicable, The amounts reflected in or referred to in U.S. dollars will be converted to Chilean pesos and paid in Chilean pesos in accordance with the exchange rate in force when the dividend for the 2018 fiscal year is paid,

f) Therefore, the remunerations and profit sharing paid to members of the Board of Directors and Audit Committee during 2017 amount to ThUS\$273 (ThUS\$ 3,231 as of December 31, 2017).

3) Directors' Committee

The remuneration of the Directors Committee comprises:

The payment of a fixed, gross and monthly amount of UF 113 in favor of each of the 3 directors that are members of a) the Directors' Committee, regardless of the number of meetings of the Directors' Committee that have or have not been held during the month concerned.

b) The payment in domestic currency and in favor of each of the 3 directors of a variable and gross amount equivalent to 0.02% of total net profit that the Company effectively obtains during the 2018 fiscal year.

c) Approval of a budget for operating costs for the Directors' Committee equal to the total of their joint annual remunerations plus ThUS\$825.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 82

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 9 Related party disclosures (continued)

9.7 Board of Directors and Senior Management, continued

The fixed and variable amounts indicated above cannot be altered and those expressed in percentages will be paid after the related General Shareholders' Meeting of SQM S.A. approves the Balance Sheet, Financial Statements, Annual Report, the Account Inspectors' Report and Independent Auditor's Report of SQM S.A. for the commercial year ended June 30, 2018.

The amounts expressed in UF will be paid in accordance with the value determined by the Chilean Superintendence of Banks and Financial Institutions (SBIF), the Central Bank of Chile (Banco Central de Chile) or another relevant institution replacing them during the last day of the calendar year applicable. The amounts reflected in or referred to in U.S. dollars will be converted to Chilean pesos and paid in Chilean pesos in accordance with the exchange rate in force when the dividend for the 2017 fiscal year is paid.

4) Health, Safety and Environmental Matters Committee:

The remuneration for this committee is composed of the payment of a fixed, gross and monthly amount of UF 50 for each of the 3 Directors on the committee, regardless of the number of meetings it has held.

5) Corporate Governance Committee

The remuneration for this committee is composed of the payment of a fixed, gross, monthly amount of UF 50 for each of the 3 Directors on the committee regardless of the number of meetings it has held.

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

7) Senior management compensation:

As of June 30, 2018, the global compensation paid to the 109 main executives amounts to ThUS\$13,511, the global compensation paid to the 109 main executives as of June 30, 2017 amounted to ThUS\$11,680 and the global compensation paid to the 105 main executives as of December 31, 2017 amounted to ThUS\$27,367. This includes monthly fixed salary and variable performance bonuses.

SQM S.A. has an annual bonus plan based on goal achievement and individual contribution to the Company's results, These incentives are structured as a minimum and maximum number of gross monthly salaries and are paid once a year.

c) The Company also has retention bonuses for its executives, The value of these bonuses is linked to the Company's stock price and is payable in cash during the first quarter of 2021 (see Note 16).

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 83

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 9 Related party disclosures (continued)

9.7 Board of Directors and Senior Management, continued

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

9) The Company's Managers and Directors do not receive or have not received any benefit during the period ended June 30, 2018 and the year ended December 31, 2017 or compensation for the concept of pensions, life insurance, paid time off, profit sharing, incentives, or benefits due to disability other than those mentioned in the preceding points.

9.8 Key management personnel compensation

As of June 30, 2018, there are 109 people occupying key management personnel posts (there were 105 as of December 31, 2017).

	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Key management personnel compensation (1)	18,063	27,367

(1) Corresponds to a number of executives (see Note 9.7 7) a).

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

84

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments

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

10.1	Types of other financial assets	
	6/30/2018	12/31/2017
Description of other financial assets	ThUS\$	ThUS\$
Other current financial assets (1)	398,786	360,941
Derivatives (2)	9,773	6,038
Hedging assets	20,217	-
Total other current financial assets	428,776	366,979
Other non-current financial assets (3)	34,930	42,879
Total other non-current financial assets	34,930	42,879

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

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

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

	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Non-current investments not accounted for using the equity accounting method, classified as available for sale	6,002	9,179
Hedging assets	28,848	8,910
Contribution for constitution of Joint Venture (1)	-	24,745
Other financial assets, non-current	80	45
Total other financial assets, non-current	34,930	42,879

SQM Potasio S.A., aportó MUS\$ 24.745 a Western Australia Lithium (WAL). Esto al 31 de diciembre de 2017 no (1) se había constituido legalmente como Compañía, por lo que los fondos permanecieron en fideicomiso a la espera de ser transferidos a WAL.

Detail of other current financial assets

Institution	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Banco Santander	65,894	163,269
Banco de Crédito e Inversiones	179,002	71,748
Banco Itaú - Corpbanca	89,675	77,527
Banco Security	-	28,592
Scotiabank Sud Americano	57,540	13,764
Banco Chile	6,675	4,834
Banco BBVA Chile	-	1,207
Total	398,786	360,941

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 85

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments, (continued)

10.2 Trade and other receivables

	6/30/2018			12/31/2017		
	Current ThUS\$	Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Non-current ThUS\$	Total ThUS\$
Trade receivables	398,373	-	398,373	412,321	-	412,321
Prepayments	27,810	-	27,810	16,177	-	16,177
Other receivables	16,537	1,706	18,243	18,377	1,912	20,289
Total trade and other receivables	442,720	1,706	444,426	446,875	1,912	448,787

	6/30/2018			12/31/2017		
	Assets before allowances ThUS\$	Allowance for doubtful trade receivables ThUS\$	Assets for trade receivables, net ThUS\$	Assets before allowances ThUS\$	Allowance for doubtful trade receivables ThUS\$	Assets for trade receivables, net ThUS\$
Receivables related to credit operations, current	413,726	(15,353)	398,373	427,400	(15,079)	412,321
Trade receivables, current	413,726	(15,353)	398,373	427,400	(15,079)	412,321
Prepayments, current	28,510	(700)	27,810	16,877	(700)	16,177
Other receivables, current	20,919	(4,382)	16,537	23,409	(5,032)	18,377
Current trade and other receivables	49,429	(5,082)	44,347	40,286	(5,732)	34,554
Other receivables, non-current	1,706	-	1,706	1,912	-	1,912
Non-current receivables	1,706	-	1,706	1,912	-	1,912
Total trade and other receivables	464,861	(20,435)	444,426	469,598	(20,811)	448,787

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 86

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments, (continued)

10.2 Trade and other receivables, continued

Portfolio stratification, continued

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

Uncollateralized portfolio

As of June 30, 2018 the detail of the uncollateralized portfolio is as follows:

2018 Past due segments	Total uncollateralized portfolio		Number of customers renegotiated portfolio	Gross renegotiated portfolio ThCh\$
	Number of customers renegotiated portfolio	Gross non- renegotiated portfolio ThCh\$		
Current	713	369,452	20	749
1-30 days	582	22,029	293	607
31-60 days	447	8,159	204	512
61-90 days	363	1,117	202	571
91-120 days	320	710	131	470
121-150 days	70	471	73	215
151-180 days	48	794	45	139
181-210 days	17	380	20	70
211-250 days	20	82	27	62
>250 days	1,725	5,507	262	1,630
Total	4,305	408,701	1,277	5,025

As of December 31, 2017 the detail of the uncollateralized portfolio is as follows:

2017

Past due segments	Total uncollateralized portfolio			
	Number of customers renegotiated portfolio	Gross non-renegotiated portfolio ThCh\$	Number of customers renegotiated portfolio	Gross renegotiated portfolio ThCh\$
Current	3,039	288,896	23	706
1-30 days	1,598	14,323	376	924
31-60 days	824	8,665	130	272
61-90 days	756	3,287	50	119
91-120 days	548	6,919	22	54
121-150 days	182	2,855	22	56
151-180 days	443	7,484	45	75
181-210 days	365	215	27	45
211-250 days	682	88	29	138
>250 days	1,837	89,648	350	2,631
Total	10,274	422,380	1,074	5,020

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 87

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments, (continued)

10.2 Trade and other receivables, continued

As of June 30, 2018 and 2016, movements in provisions are as follows:

	31/03/2018	12/31/2017
	ThUS\$	ThUS\$
Provision	18,289	18,225
Non-renegotiated provision	2,146	2,586
Total	20,435	20,811
Impairment	(392)	(13,434)
Recoveries	891	126

Credit risk concentration.

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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 88

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)

10.3

Hedging assets and liabilities

The balance represents derivative instruments measured at fair value which have been classified as hedges from exchange and interest rate risks related to the total obligations associated with bonds in Chilean pesos and UF . As of June 30, 2018, the notional amount of cash flows in Cross Currency Swap contracts agreed upon in US dollars amounted to ThUS\$ 471,297 and as of December 31, 2017 such contracts amounted to ThUS\$266,335.

Hedging assets with underlying debt	Derivative instruments (Fwds)	Effect on profit or loss for the period Derivative instruments	Hedging reserve in gross equity	Deferred tax hedging reserve in equity	Hedging reserve in equity
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
June 30, 2018	26,902	(14,494)	12,408	-	12,408
Hedging liabilities with underlying debt	Derivative instruments (CCS)	Effect on profit or loss for the period Derivative instruments	Hedging reserve in gross equity	Deferred tax hedging reserve in equity	Hedging reserve in equity
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
June 30, 2018	10,210	(10,436)	226	-	226
Hedging assets with underlying investments	Derivative instruments (CCS)	Effect on profit or loss for the period Derivative instruments	Hedging reserve in gross equity	Deferred tax hedging reserve in equity	Hedging reserve in equity
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
June 30, 2018	20,217	22,279	(2,062)	-	(2,062)
Hedging assets with underlying debt	Derivative instruments (Fwds)	Effect on profit or loss for the period Derivative instruments	Hedging reserve in gross equity	Deferred tax hedging reserve in equity	Hedging reserve in equity
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
December 31, 2017	8,910	5,641	2,170	-	2,170
Hedging liabilities with underlying debt	Derivative instruments (CCS)	Effect on profit or loss for the period Derivative instruments	Hedging reserve in gross equity	Deferred tax hedging reserve in equity	Hedging reserve in equity
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
December 31, 2017	17,128	33,696	41	-	41

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 89

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)

10.3 Hedging assets and liabilities, continued

Hedging liabilities with underlying investments	Derivative instruments (CCS)	Effect on profit or loss for the period Derivative instruments	Hedging reserve in gross equity	Deferred tax hedging reserve in equity	Hedging reserve in equity
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
December 31, 2017	(20,159	) (20,256	) 97	-	97

The balances in the “effect on profit or loss” column consider the interim effects of the contracts in force As of June 30, 2018 and 2017.

Derivative contract maturities are detailed as follows:

Series	Contract amount		
	ThUS\$	Currency	Maturity date
H	155,214	UF	01/05/2023
O	58,748	UF	02/01/2022
P	134,228	UF	15/01/2028

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

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

Hedge Accounting

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

a) Fair value hedge

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

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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 90

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)

10.3 Hedging assets and liabilities, continued

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

b) Cash flow hedges

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

10.4 Financial liabilities

Other current and non-current financial liabilities

As of June 30, 2018 and December 31, 2017, the detail is as follows:

	6/30/2018			12/31/2017		
	Current ThUS\$	Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Non-current ThUS\$	Total ThUS\$
Bank borrowings	131,516	68,882	200,398	163,568	-	163,568
Obligations with the public (bonds)	14,979	1,146,956	1,161,935	13,494	1,031,507	1,045,001
Derivatives	2,987	-	2,987	5,979	-	5,979
Hedging liabilities	6,073	6,082	12,155	37,287	-	37,287
Total	155,555	1,221,920	1,377,475	220,328	1,031,507	1,251,835

Current and non-current bank borrowings

As of June 30, 2018 and December 31, 2017, the detail is as follows:

	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Long-term bank borrowings	68,882	-
Short-term bank borrowings	131,293	163,568
Current portion of long-term loans	223	-
Short-term borrowings and current portion of long-term borrowings	131,516	163,568
Total bank borrowings	200,398	163,568

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 91

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

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

a) Bank borrowings, current:

As of June 30, 2018 and December 31, 2017, the detail of this caption is as follows:

Debtor		Creditor		Currency or adjustment			Effective	Nominal
Tax ID No	Company	Country	Tax ID No,	Financial institution	Country	index	Repayment rate	rate
93.007.000-9	SQM.S.A.	CHILE	97.018.000-1	Scotiabank Sud Americano	CHILE	US\$	Upon maturity	1,73 % 1,73 %
93.007.000-9	SQM.S.A.	CHILE	97.018.000-1	Scotiabank Sud Americano	CHILE	US\$	Upon maturity	1,73 % 1,73 %
93.007.000-9	SQM.S.A.	CHILE	97.018.000-1	Scotiabank Sud Americano	CHILE	US\$	Upon maturity	1,63 % 1,63 %
79.626.800-K	SQM Salar S.A.	CHILE	97.018.000-1	Banco Estado	CHILE	US\$	Upon maturity	1,91 % 1,91 %
79.626.800-K	SQM Salar S.A.	CHILE	97.018.000-1	Banco Estado	CHILE	US\$	Upon maturity	2,40 % 2,40 %
79.626.800-K	SQM Salar S.A.	CHILE	97.018.000-1	Scotiabank Sud Americano	CHILE	US\$	Upon maturity	1,94 % 1,94 %
79.947.100-0	SQM Industrial S.A.	CHILE	97.030.000-7	Banco Estado	CHILE	US\$	Upon maturity	2,84 % 2,84 %
79.947.100-0	SQM Industrial S.A.	CHILE	97.030.000-7	Banco Estado	CHILE	US\$	Upon maturity	2,40 % 2,4 %
93.007.000-9	SQM.S.A.	CHILE	0-E	Scotiabank Cayman	USA	US\$	Upon maturity	3,59 % 8,29 %

Debtor	Creditor	6/30/2018			6/30/2018			Subtotal	Borrowing costs	Total
		Nominal amounts	Up to 90 days	90 days to 1 year	Total	Current amounts	Up to 90 days				90 days to 1 year
Company	Financial institution	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
SQM.S.A.	Scotiabank Sud Americano	20.000	-	20.000	20.301	-	20.301	-	20.301	
SQM.S.A.		17.000	-	17.000	17.288	-	17.288	-	17.288	

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

	Scotiabank Sud Americano								
SQM.S.A.	Scotiabank Sud Americano	3.000	-	3.000	3.051	-	3.051	-	3.051
SQM Salar S.A.	Banco Estado	-	20.000	20.000	-	20.263	20.263	-	20.263
SQM Salar S.A.	Banco Estado	15.000	-	15.000	15.032	-	15.032	-	15.032
SQM Salar S.A.	Scotiabank Sud Americano	-	20.000	20.000	-	20.268	20.268	-	20.268
SQM Industrial S.A.	Banco Estado	-	20.000	20.000	-	20.058	20.058	-	20.058
SQM Industrial S.A.	Banco Estado	15.000	-	15.000	15.032	-	15.032	-	15.032
SQM S.A.	Scotiabank Cayman	-	-	-	-	223	223	-	223
Total		70,000	60,000	130,000	70,704	60,812	131,516	-	131,516

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 92

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

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

Debtor	Company		Country	Creditor	Financial institution		Country	Currency or adjustment index	Repayment	Effective	Nominal
Tax ID No	Company	Country	Tax ID No,	Financial institution	Country		index	rate	rate	rate	rate
93.007.000-9	SQM.S.A.	CHILE	97.018.000-1	Scotiabank Sud Americano	CHILE		US\$	Upon maturity	1,63 %	1,63 %	1,63 %
93.007.000-9	SQM.S.A.	CHILE	97.018.000-1	Scotiabank Sud Americano	CHILE		US\$	Upon maturity	1,73 %	1,73 %	1,73 %
93.007.000-9	SQM.S.A.	CHILE	97.018.000-1	Scotiabank Sud Americano	CHILE		US\$	Upon maturity	1,73 %	1,73 %	1,73 %
93.007.000-9	SQM S.A.	CHILE	97.018.000-1	Banco Estado	CHILE		US\$	Upon maturity	1,64 %	1,64 %	1,64 %
93.007.000-9	SQM S.A.	CHILE	97.018.000-1	Banco Estado	CHILE		US\$	Upon maturity	1,67 %	1,67 %	1,67 %
93.007.000-9	SQM S.A.	CHILE	97.018.000-1	Banco Estado	CHILE		US\$	Upon maturity	1,67 %	1,67 %	1,67 %
79.626.800-K	SQM Salar S.A.	CHILE	97.018.000-1	Banco Estado	CHILE		US\$	Upon maturity	1,91 %	1,91 %	1,91 %
79.626.800-K	SQM Salar S.A.	CHILE	97.018.000-1	Scotiabank Sud Americano	CHILE		US\$	Upon maturity	1,94 %	1,94 %	1,94 %
79.947.100-0	SQM Industrial S.A.	CHILE	97.030.000-7	Banco Estado	CHILE		US\$	Upon maturity	1,74 %	1,74 %	1,74 %
79.947.100-0	SQM Industrial S.A.	CHILE	97.030.000-7	Banco Estado	CHILE		US\$	Upon maturity	1,65 %	1,65 %	1,65 %

Debtor	Creditor	12/31/2017			12/31/2017			Subtotal	Borrowing costs	Total
		Nominal amounts	Up to 90 days		Total	Current amounts	Up to 90 days				Total
Company	Financial institution	Up to 90 days	90 days to 1 year	ThUS\$	Up to 90 days	90 days to 1 year	ThUS\$	ThUS\$	ThUS\$	ThUS\$
SQM,S.A.	Scotiabank Sud Americano	-	20,000	20,000	-	20,137	20,137	-	20,137	
SQM,S.A.	Scotiabank Sud Americano	-	17,000	17,000	-	17,140	17,140	-	17,140	
SQM,S.A.	Scotiabank Sud Americano	-	3,000	3,000	-	3,025	3,025	-	3,025	
SQM,S.A.	Banco Estado	15,000	-	15,000	15,011	-	15,011	-	15,011	
SQM,S.A.	Banco Estado	15,000	-	15,000	15,011	-	15,011	-	15,011	
SQM,S.A.	Banco Estado	15,000	-	15,000	15,011	-	15,011	-	15,011	

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

SQM Salar S.A.	Banco Estado	-	20,000	20,000	-	20,071	20,071	-	20,071
SQM Salar S.A.	Scotiabank Sud Americano	-	20,000	20,000	-	20,072	20,072	-	20,072
SQM Industrial S.A.	Banco Estado	-	20,000	20,000	-	20,064	20,064	-	20,064
SQM Industrial S.A.	Banco Estado	18,000	-	18,000	18,026	-	18,026	-	18,026
Total		63,000	100,000	163,000	63,059	100,509	163,568	-	163,568

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 93

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

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

b) Unsecured obligations, current:

As of June 30, 2018 and December 31, 2017, the detail of current unsecured interest-bearing obligations is composed of promissory notes and bonds, as follows:

Bonds

Debtor		Number of registration or ID of the instrument	Series	Maturity date	Currency or adjustment index	Periodicity	Effective rate	Nominal rate		
Tax ID No,	Company	Country				Payment of interest	Repayment			
93.007.000-9	SQM S.A.	CHILE	- MMUS\$250	10/21/2018	US\$	Semiannual	Upon maturity	1,21 % 5,50 %		
93.007.000-9	SQM S.A.	CHILE	- MMUS\$250	7/28/2018	US\$	Semiannual	Upon maturity	2,96 % 4,38 %		
93.007.000-9	SQM S.A.	CHILE	- MMUS\$300	10/03/2018	US\$	Semiannual	Upon maturity	1,94 % 3,63 %		
93.007.000-9	SQM S.A.	CHILE	564 H	7/05/2018	UF	Semiannual	Semiannual	2,04 % 4,90 %		
93.007.000-9	SQM S.A.	CHILE	699 O	8/01/2018	UF	Semiannual	Upon maturity	2,70 % 3,80 %		
93.007.000-9	SQM S.A.	CHILE	563 P	7/15/2018	UF	Semiannual	Upon maturity	3,26 % 3,25 %		
		6/30/2018			6/30/2018					
		Nominal maturities			Current maturities					
Company	Country	Series	Up to 90 days	91 days to 1 year	Total	Up to 90 days	91 days to 1 year	Subtotal	Bond issuance costs	Total
			ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$

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

SQM S.A.	CHILE	ThUS\$250,000	-	2,635	2,635	-	2,635	2,635	(386)	2,249
SQM S.A.	CHILE	ThUS\$250,000	4,618	-	4,618	4,618	-	4,618	(433)	4,185
SQM S.A.	CHILE	ThUS\$300,000	-	2,628	2,628	-	2,628	2,628	(615)	2,013
SQM S.A.	CHILE	H	3,926	-	3,926	3,926	-	3,926	(139)	3,787
SQM S.A.	CHILE	O	975	-	975	975	-	975	(66)	909
SQM S.A.	CHILE	P	1,849		1,849	1,849		1,849	(13)	1,836
Total			11,368	5,263	16,631	11,368	5,263	16,631	(1,652)	14,979

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 94

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 95

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

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

Debtor Tax ID No,	Company	Country	Number of registration or ID of the instrument	Series	Maturity date	Currency or adjustment index	Periodicity Payment of interest	Repayment	E ra
93.007.000-9	SQM S.A.	CHILE	-	ThUS\$250,000	04/21/2018	US\$	Semiannual	Upon maturity	1
93.007.000-9	SQM S.A.	CHILE	-	ThUS\$250,000	01/28/2018	US\$	Semiannual	Upon maturity	3
93.007.000-9	SQM S.A.	CHILE	-	ThUS\$300,000	04/03/2018	US\$	Semiannual	Upon maturity	2
93.007.000-9	SQM S.A.	CHILE	564	H	01/05/2018	UF	Semiannual	Semiannual	2
93.007.000-9	SQM S.A.	CHILE	699	O	02/01/2018	UF	Semiannual	Upon maturity	2

Company	Country	Series	12/31/2017 Nominal maturities		12/31/2017 Current maturities		Subtotal	Bond issuance costs	Total
			Up to 90 days	91 days to 1 year	Up to 90 days	91 days to 1 year			
			ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
SQM S.A.	CHILE	ThUS\$250,000	-	-	-	2,674	2,674	(385)	2,289
SQM S.A.	CHILE	ThUS\$250,000	-	-	-	4,648	4,648	(433)	4,215
SQM S.A.	CHILE	ThUS\$300,000	-	-	-	2,658	2,658	(615)	2,043
SQM S.A.	CHILE	H	-	-	-	4,127	4,127	(139)	3,988
SQM S.A.	CHILE	O	-	-	-	1,026	1,026	(67)	959
Total			-	-	-	9,801	15,133	(1,639)	13,494

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

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 96

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)

10.4 Financial liabilities, continued

c) Classes of interest-bearing loans, non-current

The following table shows the details of bank loans that accrue non-current interest as of June 30, 2018. As of December 31, there were no loans:

Debtor	Chilean Tax ID	Company	Country	Creditor	Chilean Tax ID	Financial institution	Country	Currency or adjustment Index	Type of Amortization	Effective rate	Nominal rate
	93,007,000-9	SQM.S.A.	Chile	0-E		Scotiabank Cayman	USA	USD	Maturity	3.59 %	3.59 %

Company	Creditor	Financial institution	06/30/2018			Total	06/30/2018			Subtotal	Costs of obtaining loans	Total
			Nominal non-current maturities	Between			Non-current maturities	Between				
			1 and 2	2 and 3	3 and 4	ThUS\$	1 and 2	2 and 3	3 and 4	ThUS\$	ThUS\$	ThUS\$
SQM S.A.	Scotiabank Cayman		-	70,000		70,000	-	-	70,000	70,000	(1,118)	68,882
Total			-	70,000		70,000	-	-	70,000	70,000	(1,118)	68,882

SQM S.A.

El Trovador 4285
 Las Condes, Santiago, Chile
 Tel: (56 2) 2425 2000 97

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)

10.4 Financial liabilities, continued

d) Non-current unsecured interest-bearing bonds

The breakdown of non-current unsecured interest-bearing bonds as of June 30, 2018 and December 31, 2017 is detailed as follows:

Tax ID No,	Company	Country	Number of registration or ID of the instrument	Series	Maturity date	Currency or adjustment index	Periodicity Payment of interest	Repayment	Effective rate
93.007.000-9	SQM S.A.	CHILE	-	ThUS\$250,000	04/21/2020	US\$	Semiannual	Upon maturity	5,50
93.007.000-9	SQM S.A.	CHILE	-	ThUS\$250,000	01/28/2025	US\$	Semiannual	Upon maturity	4,38
93.007.000-9	SQM S.A.	CHILE	-	ThUS\$300,000	04/03/2023	US\$	Semiannual	Upon maturity	3,63
93.007.000-9	SQM S.A.	CHILE	564	H	01/05/2030	UF	Semiannual	Semiannual	4,90
93.007.000-9	SQM S.A.	CHILE	699	O	02/01/2033	UF	Semiannual	Upon maturity	3,80
93.007.000-9	SQM S.A.	CHILE	563	P	01/15/2028	UF	Semiannual	Upon maturity	3,23

Nominal non-current maturities

Non-current maturities

6/30/2018

6/30/2018

Series	Over 1 year to 2	Over 2 years to 4		Over 3 years to 5		Total	Over 1 year to 2	Over 2 years to 4		Over 3 years to 5		Subtotal	Bond issuance costs
		3	4	5	3			4	5				
MUS\$250	250,000	-	-	-	-	250,000	250,000	-	-	-	-	250,000	(325)
MUS\$250	-	-	-	-	250,000	250,000	-	-	-	-	250,000	250,000	(2,419)
MUS\$300	-	-	300,000	-	-	300,000	-	-	300,000	-	-	300,000	(2,312)
H	-	-	-	-	166,820	166,820	-	-	-	-	166,820	166,820	(1,462)
O	-	-	-	-	62,558	62,558	-	-	-	-	62,558	62,558	(912)
P	-	-	-	-	125,115	125,115	-	-	-	-	125,115	125,115	(107)
Total	250,000	-	300,000	-	604,493	1,154,493	250,000	-	300,000	-	604,493	1,154,493	(7,537)

SQM S.A.

El Trovador 4285

98

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)

10.4 Financial liabilities, continued

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

As of June 30, 2018 and December 31, 2017, the breakdown of unsecured interest-bearing liabilities, non-current is as follows:

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

Nominal non-current maturities 12/31/2017

Non-current maturities 6/30/2017

Series	Over 1 year to 2	Over 3 years			Over 5 years	Total	Over 1 year to 2	Over 3 years			Subtotal	Bond issuance costs	Total
		to 3	to 4	to 5				to 3	to 4	to 5			
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
MUS\$250	250,000	-	-	-	250,000	250,000	-	-	-	250,000	(517)	249,483	
MUS\$250	-	-	-	250,000	250,000	-	-	-	250,000	250,000	(2,636)	247,364	
MUS\$300	-	-	-	300,000	300,000	-	-	-	300,000	300,000	(2,618)	297,382	
H	-	-	-	174,367	174,367	-	-	-	174,367	174,367	(1,532)	172,835	
O	-	-	-	65,388	65,388	-	-	-	65,388	65,388	(945)	64,443	
Total	250,000	-	-	789,755	1,039,755	250,000	-	-	789,755	1,039,755	(8,248)	1,031,507	

SQM S.A.

El Trovador 4285
 Las Condes, Santiago, Chile
 Tel: (56 2) 2425 2000 99

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)

10.4 Financial liabilities, continued

e) Additional information

Bonds

On June 30, 2018 and December 31, 2017, short term bonds of ThUS\$14,979 and ThUS\$13,494 respectively were classified as short-term, consisting of the current portion due plus accrued interest to date; debt is presented net of bond issuance costs. The non-current portion consisted of ThUS\$1,146,956 on June 30, 2018 and ThUS\$1,031,507 on December 31, 2017, corresponding to the issuance series H bonds second issue single series bonds (ThUS\$250), series M bonds, series O bonds, third issue single series bonds (ThUS\$300) and fourth issue single series bonds (ThUS\$250) and Series P bonds, excluding bond issuance costs.

As of June 30, 2018 and December 31, 2017, the details of each issuance are as follows:

Series “C” bonds

On January 24, 2006, the Company placed Series C bonds for UF 3,000,000 (ThUS\$101,918) at an annual rate of 4,00%.

On July 5, 2017, the Series C bond was prepaid.

As of June 30, 2018, December 31 and 2016, the Company has made the following payments with a charge to the Series C bonds:

Payments made	12/31/2017
	ThUS\$
Principal payment	57,290

Interest payment 1,515

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 100

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)

10.4 Financial liabilities, continued

Series “G” and “H” bonds

On January 13, 2009, the Company placed two bond series in the domestic market. The first was Series H for UF 4,000,000 (ThUS\$139,216) at an annual interest rate of 4,9%, with a term of 21 years and payment of the principal beginning in 2019. The second was Series G for ThCh\$21,000,000 (ThUS\$34,146), which was placed at a term of 5 years with a single payment at the maturity of the term and an annual interest rate of 7%.

As of June 30, 2018, December 31 and 2016, the Company has made the following payments with a charge to the Series H bonds:

	6/30/2018	12/31/2017
Payments made		
	ThUS\$	ThUS\$
Payments of interest, Series H bonds	4,297	7,691

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

On April 21, 2010, the Company informed the CMF of its placement in international markets of an unsecured bond of ThUS\$250,000 with a maturity of 10 years beginning on the aforementioned date with an annual interest rate of 5,5% and destined to refinance long-term liabilities.

As of June 30, 2018, December 31 and 2017, the detail of payments charged to the line of single series bonds, second issue is as follows:

	6/30/2018	12/31/2017
Payments made		
	ThUS\$	ThUS\$
Interest payment	6,875	13,750

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 101

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)

10.4 Financial liabilities, continued

Series “M” and “O” bonds

On April 4, 2012, the Company placed two bond series in the domestic market. Series M for UF 1,000,000 (ThUS\$46,601) was placed at a term of 5 years with a single payment at the maturity of the term and an annual interest rate of 3.3%. On February 1, 2017, the M bond was canceled.

	12/31/2017
Payments made	
	ThUS\$
Principal payment Series M bonds	40,726
Payment of interest, Series M bonds	667

Series O for UF 1,500,000 (ThUS\$69,901) was placed at a term of 21 years with a single payment at the maturity of the term and an annual interest rate of 3.80%.

As of June 30, 2018, December 31, 2017 the Company has made the following payments with a charge to the Series O bonds:

	06/30/2018	12/31/2017
Payments made		
	ThUS\$	ThUS\$
Payment of interest, Series O bonds	1,255	2,301

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

On April 3, 2013, the Company issued a non-guaranteed bond in the United States with a value of US\$300 million. The bond is for a 10-year term with an annual coupon rate of 3,625% and an annual yield of 3,716%. This rate equates to a difference of 180 basis points to comparable US Treasury bonds, The funds raised will be used to refinance long

term liabilities and finance general corporate objectives.

As of June 30, 2018, December 31 and 2016, the following payments have been made with a debit to the line of single-series bonds, third issue:

	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Payments made		
Payment of interest	5,437	10,875

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 102

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)

10.4 Financial liabilities, continued

Single series bonds, fourth issuance ThUS\$250

On October 23, 2014, the Company informed the CMF that Sociedad Química y Minera de Chile S.A. had agreed to issue and place unsecured bonds of ThUS\$250,000 in international markets. These mature in 2025 and have annual interest rate of 4,375%, equivalent to a spread of 215 basis points on comparable US Treasury bonds, which were offered to investors at a price of 99,410% with respect to capital. The aforementioned agreement was agreed on October 23, 2014 and the issuance and placement of such bonds was performed in conformity with the provisions of Rule 144A of the US Securities Act of 1933 and these bonds will not be publicly offered in Chile.

As of June 30, 2018, December 31 and 2017, the following payments have been made.

	6/30/2018	12/31/2017
Payments made		
	ThUS\$	ThUS\$
Payment of interest	5,469	10,938

Series “P” bonds

On April 5, 2018, the Company informed the Financial Markets Commission that it had authorized the placement on the stock market of the Series “P” bond with a value of UF 3 million, with a charge to the 10-year Bonds Line registered in the FMC Securities Registry dated December 31, 2008 under number 563.

The Bonds (i) mature on January 15, 2028; (ii) will accrue on the unpaid principal, expressed in UF, at an annual interest rate of 3.25% from January 15, 2018; and (iii) can be called early by the Company as of the date of placement, that is, as of April 5, 2018.

SQM S.A.

El Trovador 4285

103

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)

10.5 Trade and other payables

	6/30/2018			12/31/2017		
	Current	Non-current	Total	Current	Non-current	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Accounts payable	182,321	-	182,321	195,858	-	195,858
Other accounts payable	333	-	333	422	-	422
Total	182,654	-	182,654	196,280	-	196,280

As of June 30, 2018 and December 31, 2017, the balance of current and past due suppliers is as follows:

Suppliers current on all payments

	Amounts according to payment periods as of 6/30/2018						
	Up to 30	31 - 60	61 - 90	91 - 120	121 - 365	366 and more	Total
Type of Supplier	days	days	days	days	days	days	ThUS\$
Goods	61,371	4,264	451	1,791	353	147	68,377
Services	12,558	823	147	249	78	39	13,894
Others	65,715	161	739	-	-	-	66,615
Total	139,644	5,248	1,337	2,040	431	186	148,886

	Amounts according to payment periods as of 31/12/2017						
	Up to 30	31 - 60	61 - 90	91 - 120	121 - 365	366 and more	Total
Type of Supplier	days	days	days	days	days	days	ThUS\$
Goods	72,567	-	-	-	-	-	72,567
Services	36,855	-	-	-	-	3	36,858
Others	45,134	-	-	-	-	-	45,134
Total	154,556	-	-	-	-	3	154,559

Suppliers past due on payments

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

Amounts according to payment periods as of 6/30/2018

Type of Supplier	Up to 30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 365 days	366 and more days	Total
Goods	6,739	155	7	24	204	154	7,283
Services	13,739	175	414	713	336	121	15,498
Others	9,265	817	14	22	282	254	10,654
Total	29,743	1,147	435	759	822	529	33,435

Amounts according to payment periods as of 12/31/2017

Type of Supplier	Up to 30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 365 days	366 and more days	Total
Goods	16,693	448	3,965	1,784	1,602	42	24,534
Services	11,704	1,913	547	681	1,325	17	16,187
Others	479	9	13	20	46	41	608
Total	28,876	2,370	4,525	2,485	2,973	100	41,329

Purchase commitments held by the Company are recognized as liabilities when the goods and services are received by the Company, As of June 30, 2018, the Company has purchase orders amounting to ThUS\$44,521 (ThUS\$41,601 as of December 31, 2017).

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 104

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)

10.6 Financial liabilities at fair value through profit or loss

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

Financial liabilities at fair value with an impact on profit or loss	06/30/2018	Effect on profit or loss as of 06/30/2018	12/31/2017	Effect on profit or loss as of 12/31/2017
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Current				
Derivative instruments (IRS)	(1,276)	-	-	-
Total	(1,276)	-	-	-

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 105

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)

10.7 Financial asset and liability categories

As of June 30, 2018 and December 31, 2017 there are no balances corresponding to derivative instruments measured at their fair value,

a) Financial Assets

Description of financial assets	Financial instruments	6/30/2018			12/31/2017		
		Current Amount ThUS\$	Non-current Amount ThUS\$	Total Amount ThUS\$	Current Amount ThUS\$	Non-current Amount ThUS\$	Total Amount ThUS\$
Cash and cash equivalent		528,022	-	528,022	630,438	-	630,438
Trade receivables due from related parties		73,303	-	73,303	59,132	-	59,132
Financial assets measured at amortized cost	Term deposits	398,786	80	398,866	360,941	45	360,986
Loans and receivables measured at amortized cost	Trade and other receivables	442,720	1,706	444,426	446,875	1,912	448,787
Total financial assets measured at amortized cost		1,442,831	1,786	1,444,617	1,497,386	1,957	1,499,343
Financial assets at fair value with an impact on profit or loss	Derivative instruments	9,773	28,848	38,621	6,038	8,910	14,948
Financial assets classified as available for sale at fair value through equity	Other investments	-	6,002	6,002	-	33,924	33,924
Total financial assets at fair value		9,773	34,850	44,623	6,038	42,834	48,872
Total financial assets		1,452,604	36,636	1,489,240	1,503,424	44,791	1,548,215

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 106

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

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

b) Financial liabilities

Description of financial liabilities	Financial instruments	6/30/2018			12/31/2017		
		Current Amount ThUS\$	Non-current Amount ThUS\$	Total Amount ThUS\$	Current Amount ThUS\$	Non-current Amount ThUS\$	Total Amount ThUS\$
Trade payables due to related parties		135	-	135	1,365	-	1,365
Financial liabilities at fair value through profit or loss	Derivative instruments	9,060	-	9,060	43,266	-	43,266
Financial liabilities at fair value through profit or loss		9,195	-	9,195	44,631	-	44,631
Financial liabilities measured at amortized cost	Bank borrowings	131,516	-	131,516	163,568	-	163,568
Financial liabilities measured at amortized cost	Obligations with the public	14,979	1,146,956	1,161,935	13,494	1,031,507	1,045,001
Financial liabilities measured at amortized cost	Trade and other payables	182,654	-	182,654	196,280	-	196,280
Total financial liabilities measured at amortized cost		329,149	1,146,956	1,476,105	373,342	1,031,507	1,404,849
Total financial liabilities		338,344	1,146,956	1,485,300	417,973	1,031,507	1,449,480

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 107

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)

10.8 Fair value measurement of assets and liabilities

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

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

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

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

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

The value of the Company's reported liabilities is calculated as the present value of discounted cash flows at market rates at the time of valuation, taking into account the maturity date and exchange rate. The entry data used for the model includes the UF and peso rates, which are obtained using Bloomberg, the well-known financial software

company and the 'Asociación de Bancos e Instituciones Financieras' (ABIF) (Association of Banks and Financial Institutions').

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 108

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)

10.8 Fair value measurement of assets and liabilities, continued

Fair value hierarchy

The fair value hierarchy is detailed as follows:

a) Level 1: using quoted prices (unadjusted) only in active markets,

b) Level 2: when in any phase in the valuation process inputs other than quoted prices have been used in Level 1 that are observable directly in markets.

c) Level 3: inputs for the asset or liability that are not based on observable market data.

The valuation technique used for determining fair value of our hedging instruments is that indicated in Level 2.

	Fair value 6/30/2018 ThUS\$	Measurement methodology		
		Level 1 ThUS\$	Level 2 ThUS\$	Level 3 ThUS\$
Financial assets				
Investment				
Shares	5,982	5,982	-	-
Non-hedging derivatives				
Forwards	3,091	-	3,091	-
Options	6,682	-	6,682	-
Hedging derivatives				
Swaps	49,065	-	49,065	-
Deposits, more than 90 days	398,786	-	398,786	-
Other	100	-	100	-
Financial liabilities				
Non-hedging derivatives				
Forwards	2,339	-	2,339	-
Options	648	-	648	-
Hedging derivatives				
Swaps	12,163	-	12,163	-

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

Bank loans	201,516	-	201,516	-
Non-guaranteed bonds	1,154,493	-	1,154,493	-
Other	8,269	-	8,269	-

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 109

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)**10.8 Fair value measurement of assets and liabilities, continued**

	Fair value	Measurement methodology		
	12/31/2017 ThUS\$	Level 1 ThUS\$	Level 2 ThUS\$	Level 3 ThUS\$
Financial assets				
Investment				
Investment SQM Australia	24,746	24,746	-	-
Shares	9,159	9,159	-	-
Non-hedging derivatives				
Forwards	2,744	-	2,744	-
Options	110	-	110	-
Swaps	3,184	-	3,184	-
Hedging derivatives				
Swaps	8,726	-	8,726	-
Deposits, more than 90 days	360,941	-	360,941	-
Other	249	-	249	-
Financial liabilities				
Non-hedging derivatives				
Forwards	5,534	-	5,534	-
Options	445	-	445	-
Hedging derivatives				
Swaps	37,287	-	37,287	-
Bank loans	163,568	-	163,568	-
Non-guaranteed bonds	1,039,956	-	1,039,956	-
Other	5,945	-	5,945	-

10.9**Financial assets pledged as a guarantee**

On November 4, 2004, Isapre Norte Grande maintains a guarantee equivalent to the total amount owed to its members and healthcare providers, which is managed and maintained by Banco de Chile.

As of June 30, 2018 and December 31, 2017, assets pledged as guarantees are as follows:

	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Restricted cash		

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

Isapre Norte Grande Ltda,	749	771
Total	749	771

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 110

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)

10.10 Estimated fair value of financial instruments and financial derivatives

As required by IFRS 7, the following information is presented for the disclosure of the estimated fair value of financial assets and liabilities.

Although inputs represent Management's best estimate, they are subjective and involve significant estimates related to the current economic and market conditions, as well as risk features.

Methodologies and assumptions used depend on the risk terms and characteristics of instruments and include the following as a summary:

-Cash equivalent approximates fair value due to the short-term maturities of these instruments.

The fair value of trade receivables, current is considered to be equal to the carrying amount due to the maturity of such accounts at short-term.

-The fair value of other current financial liabilities is considered to be equal to their carrying values.

For interest-bearing liabilities with original maturity of more than a year, fair values are calculated by discounting contractual cash flows at their original current market rates with similar terms.

-The fair value of debt is considered in Level 2.

For forward and swap contracts, fair value is determined using quoted market prices of financial instruments with similar characteristics.

SQM S.A.

El Trovador 4285 111
Las Condes, Santiago, Chile
Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 10 Financial instruments (continued)**10.10 Estimated fair value of financial instruments and financial derivatives, continued**

The detail of the Company's instruments at carrying value and estimated fair value is as follows:

	6/30/2018		12/31/2017	
	Carrying value	Fair value	Carrying value	Fair value
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cash and cash equivalents	528,022	528,022	630,438	630,438
Current trade and other receivables	442,720	442,720	446,875	446,875
Receivables due from related parties, current	73,184	73,184	59,132	59,132
Other financial assets, current:				
- Time deposits	398,786	398,786	360,941	360,941
- Derivative instruments	9,773	9,773	6,038	6,038
- Hedging assets	20,217	20,217	-	-
Total other current financial assets	428,776	428,776	366,979	366,979
Non-Current Trade Receivables	1,706	1,706	1,912	1,912
Other non-current financial assets:	34,930	34,930	42,879	42,879
Total other non-current financial assets:	34,930	34,930	42,879	42,879
Other financial liabilities, current:				
- Bank loans	131,516	131,516	163,568	163,568
- Derivative instruments	2,987	2,987	5,979	5,979
- Hedging liabilities	6,073	6,073	37,287	37,287
- Unsecured obligations	14,979	14,979	13,494	13,494
Other financial liabilities, current	155,555	155,555	220,328	220,328
Current and non-current accounts payable	182,654	182,654	196,280	196,280
Payables due to related parties, non-current	17	17	1,365	1,365
Other non-current financial liabilities:				
- Bank loans	-	-	-	-
- Unsecured obligations	1,221,920	1,253,622	1,031,507	1,131,639
- Non-current hedging liabilities	-	-	-	-
Other non-current financial liabilities:	1,221,920	1,253,622	1,031,507	1,131,639

All the fair value estimates are included in levels 1 and 2.

As indicated in paragraphs 33 to 42 of IFRS 7 the disclosure of information associated with the nature and scope of risks arising from financial instruments is presented in Note 4 - Financial Risk Management.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 112

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 11 Equity-accounted investees

11.1 Investments in associates recognized according to the equity method of accounting

As of June 30, 2018 and December 31, 2017, in accordance with criteria established in Note 3.19, investment in associates recognized according to the equity method of accounting and joint ventures are as follows:

Associates	Equity-accounted investees		Share in profit (loss) of associates and joint ventures accounted for using the equity method		Share in other comprehensive income of associates and joint ventures accounted for using the equity method, net of tax		Share in total other comprehensive income of associates and joint ventures accounted for using the equity method	
	6/30/2018 ThUS\$	12/31/2017 ThUS\$	6/30/2018 ThUS\$	12/31/2017 ThUS\$	6/30/2018 ThUS\$	12/31/2017 ThUS\$	6/30/2018 ThUS\$	12/31/2017 ThUS\$
Abu Dhabi Fertilizer Industries WWL	10,613	15,936	332	1,483	-	-	332	1,483
Doktor Tarsa Tarim Sanayi AS	23,908	21,788	5,376	6,427	-	-	5,376	6,427
Ajay North America	15,234	14,432	2,524	3,677	-	-	2,524	3,677
Ajay Europe SARL	7,277	8,144	598	1,049	(6)	26	592	1,075
Charlee SQM Thailand Co, Ltd,	2,046	2,301	179	393	-	-	179	393
SQM Eastmed Turkey,	302	-	372	(25)	-	-	372	(25)
Kore Potash Ltd,	23,000	20,000	-	-	-	-	-	-
Total	82,380	82,601	9,381	13,004	(6)	26	9,375	13,030

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 113

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 11 Equity-accounted investees (continued)**11.1 Investments in associates recognized according to the equity method of accounting, continued**

Associate	Description of the nature of the relationship	Domicile	Country of incorporation	Share of ownership in associates	Dividends received	
					6/30/2018	12/31/2017
					ThUS\$	ThUS\$
Abu Dhabi Fertilizer Industries WWL	Distribution and commercialization of specialty plant nutrients in the Middle East.	PO Box 71871, Abu Dhabi	United Arab Emirates	37 %	6,720	-
Doktor Tarsa Tarim Sanayi AS	Distribution and commercialization of specialty plant nutrients in Turkey.	Organize Sanayi Bolgesi, Ikinci Kisim, 22 cadde TR07100 Antalya 1400 Industry	Turkey	50 %	-	-
Ajay North America	Production and distribution of iodine derivatives.	RD Power Springs GA 30129	United States	49 %	1,403	1,123
Ajay Europe SARL	Production and commercialization of iodine derivatives.	Z,I, du Grand Verger BP 227 53602 Evron Cedex	France	50 %	815	968
SQM Eastmed Turkey	Production and commercialization of specialty products.	Organize Sanayi Bolgesi, Ikinci Kisim, 22 cadde TR07100 Antalya	Turkey	50 %	-	-
Charlee SQM Thailand Co, Ltd,	Distribution and commercialization of specialty plant nutrients.	31 Soi 138 (Meesuk) LLapdrawrd, Bangkapi, 10240 Bangkok	Thailand	40 %	364	-
Kore Potash Ltd,	Prospecting, exploration and mining development.	L 3 88 William St Perth, was 6000	Australia	17,55 %	-	-
Total					9,302	2,091

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

The companies described in the table below are related parties of the following associates:

	(1)	Doktor Tarsa Tarim Sanayi AS					
	(2)	Terra Tarsa B.V.					
	Description of the nature of the relationship	Domicile	Country of incorporation	Share of ownership in associates		Dividends received	
Terra Tarsa B,V, (1)	Distribution and trading of specialty plant nutrients,	Herikerbergweg 238, Luna Arena, 1101CM Amsterdam PO Box 23393, 1100DW Amsterdam Zuidoost	Holland	50 %	-	-	-
Plantacote N,V, (1)	Sale of CRF and production and sales of WSNPK	Houtdok-Noordkaai 25a, 2030 Antwerpen, Belgium	Belgium	100 %	-	-	-
Doktolab Tarim Arastima San, Tic As (1)	Laboratory services	27, Cd, No:2, 07190 Aosb 2, Kısım/Döşemealtı, Antalya, Turkey	Turkey	100 %	-	-	-
Terra Tarsa Ukraine LLC (2)	Distribution and trading of specialty plant nutrients,	74800 Ukraine, Kakhovka, 4 Yuzhnaya Str,	Ukraine	100 %	-	-	-
Terra Tarsa Don LLC (2)	Distribution and sale of specialty fertilizers	Zorge Street, house 17, 344090, Rostov-on-Don	Russian Federation	100 %	-	-	-
Total					-	-	-

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 114

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 11 Equity-accounted investees (continued)

11.2

Assets, liabilities, revenue and expenses of associates

6/30/2018

	Assets		Liabilities		Revenue	Gain (loss) from continuing operations	Other comprehensive income	Comprehensive income
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Abu Dhabi Fertilizer Industries WWL	31,870	2,064	5,253	-	15,686	898	-	898
Doktor Tarsa Tarim Sanayi AS	98,738	10,650	58,882	2,695	49,042	10,751	-	10,751
Ajay North America	22,900	12,651	4,463	-	22,017	5,151	-	5,151
Ajay Europe SARL	22,593	1,252	9,292	-	21,121	1,195	(12)	1,183
Charlee SQM Thailand Co, Ltd,	9,044	717	4,392	254	7,385	447	-	447
SQM Eastmed Turkey	2,563	2,388	2,883	1,464	2,423	743	-	743
Total	187,708	29,722	85,165	4,413	117,674	19,185	(12)	19,173

12/31/2017

	Assets		Liabilities		Revenue	Gain (loss) from continuing operations	Other comprehensive income	Comprehensive income
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Abu Dhabi Fertilizer Industries WWL	44,801	2,032	3,764	-	35,131	4,008	-	4,008
Doktor Tarsa Tarim Sanayi AS	81,057	10,731	36,960	11,251	75,269	12,854	-	12,854
Ajay North America	19,426	12,498	2,470	-	36,185	7,505	-	7,505
Ajay Europe SARL	23,555	1,266	8,534	-	32,310	2,098	52	2,150
Charlee SQM Thailand Co, Ltd,	8,585	712	3,292	255	13,618	981	-	981
SQM Eastmed Turkey	3,981	2,671	4,487	2,260	2,389	(49)	-	(49)
Total	181,405	29,910	59,507	13,766	194,902	27,397	52	27,449

SQM S.A.

El Trovador 4285 115
Las Condes, Santiago, Chile
Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 11 Investment in Associates (continued)

11.3

Other information

The Company has no participation in unrecognized losses in investments in associates.

The Company has no investments that are not accounted for according to the equity method.

The equity method was applied to the Statement of Financial Position as of June 30, 2018 and December 31, 2017.

The basis of preparation of the financial information of associates corresponds to the amounts included in the financial statements in conformity with the entity's IFRS.

11.4

Disclosures on interest in associates

a) Transactions conducted in 2018:

During the first quarter, SQM S.A. increased its capital in Kore Potash Ltd, by ThUS\$3,000.

In March 2018 the company Abu Dhabi Fertilizer Industries WLL paid dividends of ThUS\$10,890. 50% of the distributed dividend was charged to retained earnings subsequent to 2014, in line with the Company's statutes that establish that 37% of the distributed dividend corresponds to SQM. The remaining 50% was charged to retained earnings generated between 2004 and 2014, in line with the Company's statutes that establish that 50% of the distributed dividend corresponds to SQM.

In March 2018 the company Ajay North America paid dividends of ThUS\$1,432.

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

In June 2018, the associate company Doktor Tarsa Tarim, made a capital increase of 86 million Turkish Lira (ThUS\$ 18,753), which was generated by the reclassification of retained earnings.

In June 2018 the company Abu Dhabi Fertilizer Industries WLL paid dividends of ThUS\$4,348. 50% of the distributed dividend was charged to retained earnings subsequent to 2014, in line with the Company's statutes that establish that 37% of the distributed dividend corresponds to SQM. The remaining 50% was charged to retained earnings generated between 2004 and 2014, in line with the Company's statutes that establish that 50% of the distributed dividend corresponds to SQM.

In June 2018 the company Ajay North America paid dividends of ThUS\$1,432.

In June 2018 the company Ajay North Europe SARL paid dividends of ThUS\$1,630.

In June 2018 the company Charlee SQM Thailand Co. Ltd. paid dividends of ThUS\$909.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 116

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 11 Investment in Associates (continued)

11.4 Disclosures on interest in associates, continued

b) Transactions conducted in 2017:

As of December 31, 2017, a capital increase was registered for Plantacote N.V, in a sum of ThUS\$4,208 (equivalent to Th€3,500), which is 100% owned by the associate company Doktor Tarsa Tarim, The functional currency of Plantacote N.V, is the Euro. The contribution was made under the heading “Subordinated loan from Dr, Tarsa”, This contribution had no impact on the Company's consolidated results.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 117

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 12 **Joint
Ventures**

12.1 Policy for the accounting of equity accounted investment in joint ventures

The method for recognizing joint ventures is that in which participation is initially recorded at cost, and subsequently adjusted, considering changes after the acquisition in the portion of the entity's net assets that correspond to the investor. Profit or loss for the period will include the portion of the entity's entire profit or loss that correspond to the investor. For these joint ventures there is no quoted market price to measure these investments.

There are no significant restrictions on these joint ventures for the transfer of funds as payment of dividends or others.

At the date of issuance of these financial statements, SQM is not aware of the existence of any significant contingent liabilities associated with the partnerships in joint ventures.

12.2 Disclosures of interest in joint ventures

a) Operations conducted in 2018

During the first quarter of 2018, Minera Exar S.A. increased its capital by ThUS\$13,000. The entity is a joint venture and contributions were made on January 25, 2018 (ThUS\$6,000) and February 14, 2018 (ThUS\$7,000) by SQM Potasio S.A. and Lithium Americas Corporation (LAC). Both partners share 50% ownership of the respective company, each contributing the same share in these capital increases.

On March 14, 2018, the company SQM Vitas Plantacote B.V. was closed.

As of the date of the presentation of these financial statements, Minera Exar S.A. has changed its functional currency from the Argentine peso to the United States dollar.

In April 2018, Minera Exar made a new capital increase of ThUS\$7,000, which was contributed in equal parts by its partners.

On May 15, 2018, the subsidiary Soquimich European Holdings BV, signed a joint venture agreement with PAVONI & C., SpA in Italy. Euros 5.5 million were paid for a 50% share, generating a lower value of EUR2,602,180. The functional currency of the joint venture is the Euro.

As of June 30, 2018, the investments in Minera Exar S.A. and Sichuan SQM Migao Chemical Fertilizers Co Ltda. are presented in the item Non-current assets or groups of assets classified as held for sale, as mentioned in Note 30.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 118

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 12 **Joint**
Ventures

12.2 Disclosures of interest in joint ventures, continued

b) Operations conducted in 2017

On June 30, 2017, SQM Potasio S.A. recognized the goodwill value generated by the acquisition of 50% of the joint venture Minera Exar S.A. in the amount ThUS\$6,205.

On October 6, 2017, a capital contribution of ThUS\$13,300 (ThARS230,422,5) was made in mining company EXAR S.A., which is 50% owned by the subsidiary SQM Potasio S.A. The functional currency of EXAR S.A. is the Argentine peso (ARS). This contribution had no impact on the Company's consolidated results.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 119

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 12 Joint Ventures (continued)

12.3 Investment in joint ventures accounted for under the equity method of accounting

Associate	Description of the nature of the relationship	Domicile	Country of incorporation	Share of interest in ownership		Dividends received	
				6/30/2018	6/30/2017	ThUS\$	ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co, Ltda, (2)	Production and distribution of soluble fertilizers,	Huangjing Road, Dawan Town, Qingbaijiang District, Chengdu Municipality, Sichuan Province	China	50 %	-	-	-
Coromandel SQM India	Production and distribution of potassium nitrate,	1-2-10, Sardar Patel Road, Secunderabad – 500003 Andhra Pradesh	India	50 %	-	-	-
SQM Vitas Fzco,	Production and commercialization of specialty plant and animal nutrition and industrial hygiene,	Jebel ALI Free Zone P,O, Box 18222, Dubai	United Arab Emirates	50 %	-	-	-
SQM Star Qingdao Corp Nutrition, Co, Ltd,	Production and distribution of nutrient plant solutions with specialties NPK soluble	Longquan Town, Jimo City, Qingdao Municipality, Shangdong Province	China	50 %	-	-	-
SQM Vitas Holland B,V (1)	Without information	Herikerbergweg 238, 1101 CM Amsterdam	Holland	50 %	-	-	-
Minera Exar S.A.	Exploration and exploitation of minerals, processing and trading of such minerals	Zuidoost Dr, Sabín 1082 Ciudad de Nieva – San Salvador de Jujuy- Jujuy- República Argentina	Argentina	50 %	-	-	-
Pavoni & C.,Spa	Production of specialized fertilizers and other products for distribution in Italy and other countries	Corso Italia 172, 95129 Catania (CT), Sicily	Italy	50 %	-	-	-

- (1) During May 2016, SQM Vitas Holland B.V, sold its interest in SQM Vitas Spain, to SQM Iberian S.A. resulting in the latter obtaining 100% in this transaction generating a loss of ThUS\$ 104.
- (2) June 30, 2018, these joint ventures are classified as Non-current assets or groups of assets classified as held for sale.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 120

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 12 Joint Ventures (continued)**12.3 Investment in joint ventures accounted for under the equity method of accounting, continued**

The companies described in the following table are related to the following joint ventures:

	(1)	SQM Vitas Fzco,				
	(2)	SQM Vitas Holland B.V,				
		Domicile	Country of incorporation in	Share of interest ownership	Dividends received	
SQM Vitas Brazil Agroindustria (1)	Production and commercialization of specialty plant and animal nutrition and industrial hygiene,	Via Cndeias, Km, 01 Sem Numero, Lote 4, Bairro Cia Norte, Candeias, Bahia,	Brazil	49,99 %	-	-
SQM Vitas Peru S.A.C (1),	Production and commercialization of specialty plant and animal nutrition and industrial hygiene	Av, Juan de Arona 187, Torre B, Oficina 301-II, San Isidro, Lima	Peru	50 %	-	-
SQM Vitas Plantacote B.V,(2)	Production and commercialization of controlled-released fertilizers	Herikerbergweg 238, 1101 CM Amsterdam Zuidoost	Holland	50 %	-	-

Note 12 Joint Ventures (continued)**12.3 Investment in joint ventures accounted for under the equity method of accounting, continued:**

Joint Venture	Final reporting period date	Accounting method
Coromandel SQM India	June 30, 2018	Equity method
SQM Vitas Fzco.	June 30, 2018	Equity method

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

SQM Star Qingdao Corp Nutrition Co., Ltd.	June 30, 2018	Equity method
SQM Vitas Brazil Agroindustria	June 30, 2018	Equity method
SQM Vitas Perú S.A.C.	June 30, 2018	Equity method
SQM Vitas Holland B.V.	June 30, 2018	Equity method
SQM Vitas Plantacote B.V.	June 30, 2018	Equity method
Pavoni & C. Spa.	June 30, 2018	Equity method

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 121

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 12 Joint Ventures (continued)**12.3 Investment in joint ventures accounted for under the equity method of accounting, continued:**

Joint Venture	Equity-accounted investees		Share in profit (loss) of associates and joint ventures accounted for using the equity method		Share on other comprehensive income of associates and joint ventures accounted for using the equity method, net of tax		Share on total other comprehensive income of associates and joint ventures accounted for using the equity method	
	6/30/2018 ThUS\$	12/31/2017 ThUS\$	6/30/2018 ThUS\$	12/31/2017 ThUS\$	6/30/2018 ThUS\$	12/31/2017 ThUS\$	6/30/2018 ThUS\$	12/31/2017 ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co, Ltd. (1)	-	11,444	(324)	(535)	-	-	(324)	(535)
Coromandel SQM India	1,663	1,633	78	165	-	-	78	165
SQM Vitas Fzco,	19,005	19,478	318	1,502	-	(5)	318	1,497
SQM Star Qingdao Corp, Nutrition Co, Ltd,	3,157	2,980	176	361	-	-	176	361
SQM Vitas Holland	1,380	1,429	(8)	(18)	-	-	(8)	(18)
Minera Exar S.A.	-	26,860	(204)	(27)	-	-	(204)	(27)
Pavoni & C., Spa	6,610	-	74	-	-	-	74	-
Total	31,815	63,824	110	1,448	-	(5)	110	1,443

(1) As of June 30, 2018, the table below does not present investments in joint ventures transferred to the item non-current assets or groups of assets classified as held for sale. For more information, see Note 30.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 122

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 12 Joint Ventures (continued)**12.3 Investment in joint ventures accounted for under the equity method of accounting, continued:**

Joint Venture	Equity-accounted investees		Share in profit (loss) of associates and joint ventures accounted for using the equity method		Share in other comprehensive income of associates and joint ventures accounted for using the equity method, net of tax		Share in total other comprehensive income of associates and joint ventures accounted for using the equity method	
	6/30/2018 ThUS\$	12/31/2017 ThUS\$	6/30/2018 ThUS\$	12/31/2017 ThUS\$	6/30/2018 ThUS\$	12/31/2017 ThUS\$	6/30/2018 ThUS\$	12/31/2017 ThUS\$
SQM Vitas Brazil Agroindustria(1)	8,958	11,003	(469)	1,753	(1,315)	(51)	(1,784)	826
SQM Vitas Peru S.A.C (1)	5,530	5,961	(354)	(216)	-	-	(354)	(108)
SQM Vitas Plantacote B,V, (2)	-	669	-	(1)	-	-	-	(1)
Total	14,488	17,633	(823)	1,536	(1,315)	(51)	(2,138)	717

The following companies are subsidiaries of

(1) SQM Vitas Fzco.

(2) SQM Vitas Holland

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 123

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 12 Joint Ventures (continued)

12.4 Assets, liabilities, revenue and expenses from joint ventures:

Joint Venture	6/30/2018				Revenue ThUS\$	Gain (loss) from continuing operations ThUS\$	Other comprehensive income ThUS\$	Comprehensive income ThUS\$
	Assets		Liabilities					
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$				
Sichuan SQM Migao Chemical Fertilizers Co, Ltda,	29,115	6,284	13,157	-	12	(645)	-	(645)
Coromandel SQM India	4,848	865	2,389	-	4,680	155	-	155
SQM Vitas Fzco,	26,359	14,656	3,008	-	9,477	636	(1)	635
SQM Star Qingdao Corp, Nutrition Co, Ltd,	7,230	139	1,057	-	6,940	353	-	353
SQM Vitas Brazil Agroindustria	39,942	7,266	38,249	-	30,405	(469)	(1,315)	(1,784)
SQM Vitas Peru S.A.C	16,629	8,205	13,488	5,816	13,854	(354)	-	(354)
SQM Vitas Holland B,V	2,765	-	5	-	-	(15)	-	(15)
SQM Vitas Plantacote B,V,	-	-	-	-	-	-	-	-
Minera Exar S.A.	11,576	103,286	43,601	-	-	(407)	-	(407)
Pavoni & C., Spa	14,101	6,331	12,824	694	4,396	148	-	148
Total	152,565	147,032	127,778	6,510	69,764	(598)	(1,316)	(1,914)

Joint Venture	12/31/2017				Revenue ThUS\$	Gain (loss) from continuing operations ThUS\$	Other comprehensive income ThUS\$	Comprehensive income ThUS\$
	Assets		Liabilities					
	Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$				
Sichuan SQM Migao Chemical Fertilizers Co, Ltda,	31,461	6,656	15,228	-	13,326	(1,070)	-	(1,070)
Coromandel SQM India	6,659	862	4,205	53	10,381	332	-	332
SQM Vitas Fzco,	23,699	17,479	2,221	-	15,518	3,003	(9)	2,994
SQM Star Qingdao Corp, Nutrition Co, Ltd,	6,941	171	1,152	-	12,631	721	-	721

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

SQM Vitas Brazil Agroindustria	30,303	8,453	27,752	-	60,131	1,753	(101)	1,652
SQM Vitas Peru S.A.C	20,933	8,534	17,380	6,126	35,299	(216)	-	(216)
SQM Vitas Holland B,V	2,190	669	-	-	-	(36)	-	(36)
SQM Vitas Plantacote B,V,	679	-	10	-	-	(1)	-	(1)
Minera Exar S.A.	19,277	73,114	38,670	-	-	(53)	-	(53)
Total	142,142	115,938	106,618	6,179	147,286	4,433	(110)	4,323

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 124

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 12 Joint Ventures (continued)

12.5

Other Joint Venture disclosures:

	Cash and cash equivalents		Other current financial liabilities		Other non-current financial liabilities	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017	6/30/2018	12/31/2017
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co, Ltda,	-	6,198	-	-	-	-
Coromandel SQM India	512	1,118	-	-	-	-
SQM Vitas Fzco,	15,800	15,307	-	-	-	-
SQM Star Qingdao Corp, Nutrition Co, Ltd,	3,558	3,675	-	-	-	-
SQM Vitas Brazil Agroindustria	2,153	5,139	11,301	7,342	-	-
SQM Vitas Peru S.A.C,	610	687	3,781	2,215	923	1,372
SQM Vitas Holland B,V	2,765	2,190	-	-	-	-
SQM Vitas Plantacote B,V	-	679	-	-	-	-
Minera Exar S.A.	-	9,189	-	-	-	-
Pavoni &C., Spa	2,048	-	7,060	-	-	-
Total	27,446	44,182	22,142	9,557	923	1,372

	Depreciation and amortization expense		Interest expense		Income tax expense, continuing operations	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017	6/30/2018	12/31/2017
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sichuan SQM Migao Chemical Fertilizers Co, Ltda,	-	(696)	-	(25)	-	303
Coromandel SQM India	(44)	-	(6)	(16)	(38)	(485)
SQM Vitas Fzco,	(343)	(553)	(4)	(19)	-	-
SQM Star Qingdao Corp, Nutrition Co, Ltd,	(34)	(68)	-	-	(126)	(174)
SQM Vitas Brazil Agroindustria	(206)	(453)	(435)	(1,253)	(54)	(283)
SQM Vitas Peru S.A.C,	(179)	(375)	(213)	(432)	(69)	(214)
SQM Vitas Holland B,V	-	-	-	-	-	-
SQM Vitas Plantacote B,V	-	-	-	(1)	-	-
Minera Exar S.A.	-	(523)	-	(32)	-	(620)
Pavoni & C., Spa	(389)	-	(198)	-	-	-
Total	(1,195)	(2,668)	(856)	(1,778)	(287)	(1,473)

The basis of preparation of the financial information of joint ventures corresponds to the amounts included in the financial statements in conformity with the entity's IFRS.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 125

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 13 Intangible assets and goodwill

13.1

Balances

	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Intangible assets other than goodwill	129,201	113,787
Goodwill (1)	34,758	44,177
Total	163,959	157,964

13.2

Disclosures on intangible assets and goodwill

Intangible assets relate to goodwill, water rights, trademarks, industrial patents, rights of way, software, and mining claims which correspond to exploitation rights acquired from third-parties.

Balances and movements in the main classes of intangible assets as of June 30, 2018 and December 31, 2017 are detailed as follows:

	Useful life	6/30/2018		Net Value ThUS\$
		Gross amount ThUS\$	Accumulated Amortization ThUS\$	
Intangible assets and goodwill				
Software	Finite	25,663	(21,436)	4,227
Intellectual property rights, patents and other industrial property rights, service	Finite	1,252	(1,078)	174
Mining property, water rights and rights of way.	Indefinite	122,918	-	122,918
Customer-related intangible assets	Indefinite	1,723	-	1,723
Other intangible assets	Indefinite	159	-	159
Intangible assets other than goodwill		151,715	(22,514)	129,201
Goodwill	Indefinite	34,758	-	34,758
Total intangible assets and goodwill		186,473	(22,514)	163,959

SQM S.A.

El Trovador 4285

126

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 13 Intangible assets and goodwill (continued)**13.2 Disclosures on intangible assets and goodwill, continued**

	Useful life	12/31/2017		Net Value ThUS\$
		Gross amount ThUS\$	Accumulated Amortization ThUS\$	
Intangible assets and goodwill				
Software	Finite	25,060	(19,769)	5,291
Intellectual property rights, patents and other industrial property rights, service	Finite	1,250	(1,061)	189
Mining property, water rights and rights of way	Indefinite	106,358	-	106,358
Customer-related intangible assets	Indefinite	1,778	-	1,778
Other intangible assets	Indefinite	171	-	171
Intangible assets other than goodwill		134,617	(20,830)	113,787
Goodwill	Indefinite	44,177	-	44,177
Total intangible assets and goodwill		178,794	(20,830)	157,964

a) Estimated useful lives or amortization rates used for finite identifiable intangible assets

Finite useful life measures the length of, or number of production or similar units constituting that useful life.

The estimated useful life for software is 3-6 years. For other assets with a finite useful life, the useful life over which they are amortized corresponds to the periods defined by the contracts or rights from which they originate.

Intellectual property rights, patents and other industrial property rights, service and exploitation rights, mainly relate to water rights and have a finite useful life to the extent to which they are subject to a fixed-term contract or otherwise they are considered to be indefinite.

b) Method used to express the amortization of identifiable intangible assets (life or rate)

The recoverable value of the cash-generating unit has been determined based on a calculation of value-in-use using cash flow projections for a period of 5 years, plus perpetuity. The present value of future cash flows generated by

these assets was calculated given a variation in sales volumes, market prices and costs, discounted at a WACC rate of 8.04%.

The Company has mining property and concession rights from the Chilean State for the exploration and extraction of caliche and brine. These rights have not incurred an initial cost beyond registration costs. Meanwhile, the Company has acquired mining concessions from third parties other than the Chilean State, which have been registered at the acquisition cost.

Expenses prior to obtaining the mining concessions are recognized in profit or loss for the year in which they are incurred.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 127

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 13 Intangible assets and goodwill (continued)**13.2 Disclosures on intangible assets and goodwill, continued****c) Minimum and maximum amortization lives or rates of intangible assets:**

Estimated useful lives or amortization rate	Minimum life or rate	Maximum life or rate
Mining property, water rights and rights of way	Indefinite	Indefinite
Intangible assets other than goodwill	Indefinite	Indefinite
Intellectual property rights, patents and other industrial property rights, service and exploitation rights	1 year	16 years
Trademarks	1 year	5 years
Software	2 years	6 years

The following table shows the movements in goodwill as of June 30, 2018:

Company	Goodwill 01/01/2018	Additional recognition	Impairment losses	Transferred to available for sale	Goodwill 06/30/2018
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
SQM Industrial S.A.	3,214	-	(3,214)	-	-
SQM S.A.	22,255	-	-	-	22,255
SQM Investment Corporation	86	-	-	-	86
Soquimich Comercial S.A.	320	-	-	-	320
Soquimich European Holding	11,373	-	-	-	11,373
SQM Potasio S.A.	6,929	-	-	(6,205)	724
Total	44,177	-	(3,214)	(6,205)	34,758

d) Information to be disclosed on assets generated internally

The Company has no intangible assets generated internally,

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 128

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 13 Intangible assets and goodwill (continued)**13.2 Disclosures on intangible assets and goodwill, continued****e) Movements in identifiable intangible assets as of June 30, 2018:**

	Trademarks	Software	Intellectual property rights, patents and other industrial	Intellectual property rights, patents and other industrial	Other intangible assets	Goodwill	Identifiable intangible assets
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening Balance	25,060	1,250	106,358	1,778	171	44,177	178,794
Additions	427	2	16,562	-	10	-	17,001
Increases (decreases) for transfers	-	-	-	-	-	-	-
Other increases / decreases for foreign currency exchange rates	(2)	-	-	-	-	-	(2)
(-) Impairment losses recognized in profit or loss for the year	-	-	(2)	(150)	-	(3,214)	(3,366)
Transferred to available for sale	-	-	-	-	-	(6,205)	(6,205)
Other increases (decreases)	178	-	-	95	(22)	-	251
Total increases (decreases)	603	2	16,560	(55)	(12)	(9,419)	7,679
Final balance	25,663	1,252	122,918	1,723	159	34,758	186,473
Accumulated amortization	IT programs		Intellectual property rights, patents and other industrial	Mining property, water rights and rights of way Indefinite	Customer related intangibles	Other Goodwill	Identifiable intangible assets
Movements in Identifiable intangible assets							

**property
rights,
service.**

Finite

	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening Balance	(19,769)	(1,061)	-	-	-	-	(20,830)
Additions	-	-	-	-	-	-	-
Other increases / decreases for foreign currency exchange rates	2	-	-	-	-	-	2
Amortization	(1,319)	(17)	-	-	-	-	(1,336)
Other increases (decreases)	(350)	-	-	-	-	-	(350)
Total increases (decreases)	(1,667)	(17)	-	-	-	-	(1,684)
Final balance	(21,436)	(1,078)	-	-	-	-	(22,514)

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 129

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

13.2 Disclosures on intangible assets and goodwill, continued**f) Movements in identifiable intangible assets as of June 30, 2018, continued**

Net value Movements in Identifiable intangible assets	IT	Intellectual property rights patents and other industrial property rights	Mining property rights and rights of way	Customer- related intangible assets	Other intangible assets	Goodwill	Identifiable intangible assets
	programs	Finite	Indefinite	assets	assets		
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening Balance	5,291	189	106,358	1,778	171	44,177	157,964
Additions	427	2	16,562	-	10	-	17,001
Increases (decreases) for transfers	-	-	-	-	-	-	-
Amortization	(1,319)	(17)	-	-	-	-	(1,336)
Impairment losses recognized in profit or loss for the year	-	-	(2)	(150)	-	(3,214)	(3,366)
Other increases / decreases for foreign currency exchange rates	-	-	-	-	-	-	-
Transferred to available for sale	-	-	-	-	-	(6,205)	(6,205)
Other increases (decreases)	(172)	-	-	95	(22)	-	(99)
Total increases (decreases)	(1,064)	(15)	16,560	(55)	(12)	(9,419)	5,995
Final balance	4,227	174	122,918	1,723	159	34,758	163,959

g) Movements in identifiable intangible assets as of December 31, 2017:

Gross value Movements in Identifiable intangible assets	IT	Intellectual property rights patents and other industrial property rights	Mining property rights and rights of way	Customer- related intangible assets	Other intangible assets	Goodwill	Identifiable intangible assets
	programs	Finite	Indefinite	assets	assets		
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening Balance	23,280	1,483	106,436	2,942	-	37,972	172,113
Additions	939	8	-	-	171	6,205	7,323
Increases (decreases) for transfers	-	-	(205)	-	-	-	(205)
(-) Impairment losses recognized in profit or loss for the year	-	-	-	-	-	-	-
Other increases (decreases)	841	(241)	127	(1,164)	-	-	(437)
Total increases (decreases)	1,780	(233)	(78)	(1,164)	171	6,205	6,681
Final balance	25,060	1,250	106,358	1,778	171	44,177	178,794

SQM S.A.

El Trovador 4285 130
Las Condes, Santiago, Chile
Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 13 Intangible assets and goodwill (continued)**13.2 Disclosures on intangible assets and goodwill, continued****g) Movements in identifiable intangible assets as of December 31, 2017:**

Movements in identifiable intangible assets, accumulated amortization	Trademarks	Software	Intellectual property, patents and other property rights, rights of way	Mineral property, rights and interests in mining property, service, indefinite.	Customer-related intangible assets	Other intangible assets	Goodwill	Identifiable intangible assets
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	-	(16,234)	(1,023)	-	-	-	-	(17,257)
Additions	-	-	-	-	-	-	-	-
Amortization	-	(2,653)	(38)	-	-	-	-	(2,691)
Other increases (decreases)	-	(882)	-	-	-	-	-	(882)
Total Increases (decreases)	-	(3,535)	(38)	-	-	-	-	(3,573)
Final balance	-	(19,769)	(1,061)	-	-	-	-	(20,830)

Movements in identifiable intangible assets, net	Trademarks	Software	Intellectual property, patents and other property rights, rights of way	Mineral property, rights and interests in mining property, service, indefinite.	Customer-related intangible assets	Other intangible assets	Goodwill	Identifiable intangible assets
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	-	7,046	460	106,436	2,942	-	37,972	154,856
Additions	-	939	8	-	-	171	6,205	7,323
Increases (decreases) for transfers	-	-	-	(205)	-	-	-	(205)
Amortization	-	(2,653)	(38)	-	-	-	-	(2,691)
Impairment	-	-	-	-	-	-	-	-
Increases (decreases) for transfers	-	-	-	-	-	-	-	-
Other increases (decreases)	-	(41)	(241)	127	(1,164)	-	-	(1,319)
Total Increases (decreases)	-	(1,755)	(271)	(78)	(1,164)	171	6,205	3,108
Final balance	-	5,291	189	106,358	1,778	171	44,177	157,964

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 131

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 14 Property, plant and equipment

As of June 30, 2018 and December 31, 2017, the detail of property, plant and equipment is as follows:

14.1	Types of property, plant and equipment	
	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Description of types of property, plant and equipment		
Property, plant and equipment, net		
Land	24,728	24,900
Buildings	217,692	230,319
Other property, plant and equipment	22,610	24,862
Transport equipment	2,877	3,257
Supplies and accessories	2,235	1,872
Office equipment	536	487
Network and communication equipment	792	1,050
Mining assets	14,769	16,237
IT equipment	3,825	3,401
Energy generating assets	7,016	7,861
Constructions in progress	226,805	165,054
Machinery, plant and equipment (1)	882,012	950,054
Total	1,405,897	1,429,354
Property, plant and equipment, gross		
Land	24,728	24,900
Buildings	612,422	610,264
Other property, plant and equipment	240,530	244,831
Transport equipment	11,143	11,195
Supplies and accessories	20,807	19,498
Office equipment	11,271	11,105
Network and communication equipment	7,362	7,356
Mining assets	131,853	129,028
IT equipment	27,984	27,038
Energy generating assets	36,870	36,643
Constructions in progress	226,805	165,054
Machinery, plant and equipment	2,956,603	2,938,287
Total	4,308,378	4,225,199
Accumulated depreciation and value impairment of property, plant and equipment, total		
Accumulated depreciation and impairment of buildings	(394,730)	(379,945)
Accumulated depreciation and impairment of other property, plant and equipment	(217,920)	(219,969)
Accumulated depreciation and impairment of transport equipment	(8,266)	(7,938)

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

Accumulated depreciation and impairment of supplies and accessories	(18,572)	(17,626)
Accumulated depreciation and impairment of office equipment	(10,735)	(10,618)
Accumulated depreciation and impairment of network and communication equipment	(6,570)	(6,306)
Accumulated depreciation and impairment of mining assets	(117,084)	(112,791)
Accumulated depreciation and impairment of IT equipment	(24,159)	(23,637)
Accumulated depreciation and impairment of energy generating assets	(29,854)	(28,782)
Accumulated depreciation and impairment of machinery, plant and equipment	(2,074,591)	(1,988,233)
Total	(2,902,481)	(2,795,845)

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 132

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 14 Property, plant and equipment, (continued)

14.1 Types of property, plant and equipment, continued

(1) The detail of machinery, plant and equipment is as follows:

	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Description of classes of property, plant and equipment		
Property, plant and equipment, net		
Pumps	27,671	33,614
Conveyor belt	23,144	24,832
Crystallizer	14,574	15,519
Plant equipment	172,760	186,885
Water tanks	10,458	11,296
Filter	17,552	18,572
Facilities/electrical equipment	97,639	105,600
Other machinery, plant and equipment	63,078	72,812
Piping	105,706	113,641
Pond	263,381	275,731
Well	41,807	46,802
Parts	44,242	44,750
Total	882,012	950,054

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 133

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 14 Property, plant and equipment (continued)

14.2 Reconciliation of changes in property, plant and equipment by type:

Reconciliation of changes in property, plant and equipment by class as of June 30, 2018 and December 31, 2017:

Reconciliation of changes in property, plant and equipment by class as of June 30, 2018, gross amount	Land	Buildings	Other property, plant and equipment	Transport equipment	Supplies and accessories	Equipment office	Network and communication equipment	Mining assets	IT equipment
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	24,900	610,264	244,831	11,195	19,498	11,105	7,356	129,028	27,000
Changes									
Additions	-	12	630	-	133	29	-	-	298
Disposals	-	(38)	(6,248)	(51)	-	-	-	-	-
Increase (decrease) in foreign currency translation difference	(31)	(65)	(4)	(1)	(9)	(3)	-	-	(5)
Reclassifications	-	2,249	1,261	-	1,253	141	6	2,825	500
Other increases (decreases) (*)	-	-	60	-	(68)	(1)	-	-	153
Decreases for classification as held for sale (1)	(141)	-	-	-	-	-	-	-	-
Total changes	(172)	2,158	(4,301)	(52)	1,309	166	6	2,825	946
Closing balance	24,728	612,422	240,530	11,143	20,807	11,271	7,362	131,853	27,946

Reconciliation of changes in property, plant and equipment by class as of June 30, 2018, accumulated depreciation	Land	Buildings	Other property, plant and equipment	Transport equipment	Supplies and accessories	Equipment office	Network and communication equipment	Mining assets	IT equipment
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	-	(379,945)	(219,969)	(7,938)	(17,626)	(10,618)	(6,306)	(112,791)	(23,000)
Changes									
Disposals	-	48	6,248	8	-	-	-	-	-
Depreciation expense	-	(15,126)	(3,444)	(364)	(881)	(140)	(249)	(4,294)	(590)
Impairment	-	-	-	-	-	-	-	-	-
Increase (decrease) in foreign currency translation difference	-	19	2	1	6	2	-	-	(2)
Reclassifications	-	246	(458)	(4)	(84)	(15)	(19)	1	93
Other increases (decreases) (*)	-	28	(299)	31	13	36	4	-	(23)
Decreases for classification as held for sale (1)	-	-	-	-	-	-	-	-	-

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

Total changes	-	(14,785)	2,049	(328)	(946)	(117)	(264)	(4,293)	(522
Closing balance	-	(394,730)	(217,920)	(8,266)	(18,572)	(10,735)	(6,570)	(117,084)	(24,

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 134

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 14 Property, plant and equipment (continued)**14.2 Reconciliation of changes in property, plant and equipment by type, continued:**

Reconciliation of changes in property, plant and equipment by class as of June 30, 2018, net amount	Land	Buildings	Other property, plant and equipment	Transportation equipment	Supplies and accessories	Equipment	Network and communication equipment	Mining assets	Intangible assets	Energy assets
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	24,900	230,319	24,862	3,257	1,872	487	1,050	16,237	3,401	7,000
Changes										
Additions	-	12	630	-	133	29	-	-	298	210
Disposals	-	10	-	(43)	-	-	-	-	-	-
Depreciation expense	-	(15,126)	(3,444)	(364)	(881)	(140)	(249)	(4,294)	(590)	(1,000)
Impairment	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in foreign currency translation difference	(31)	(46)	(2)	-	(3)	(1)	-	-	(7)	-
Reclassifications	-	2,495	803	(4)	1,169	126	(13)	2,826	593	160
Other increases (decreases) (*)	-	28	(239)	31	(55)	35	4	-	130	60
Decreases for classification as held for sale (1)	(141)	-	-	-	-	-	-	-	-	-
Total changes	(172)	(12,627)	(2,252)	(380)	363	49	(258)	(1,468)	424	(800)
Closing balance	24,728	217,692	22,610	2,877	2,235	536	792	14,769	3,825	7,000

(*) The net balance of other increases (decreases) corresponds to all those items that are reclassified to or from property, plant and equipment, They can have the following origin: 1) work in progress which is expensed to profit or loss, forming part of operating costs or other expenses per function, as appropriate. 2) the variation representing the purchase and use of materials and spare parts. 3) projects corresponding mainly to exploration expenditures and ground studies that are reclassified to the item other non-current financial assets. 4) Software that is reclassified to Intangibles.

(1) Any property, plant and equipment (disposal group) that, at the closing date of the financial statements, is subject to a commitment for sale or where the sales process has been initiated and where the sale is expected to occur within twelve months of that date, is classified by the Company as non-current assets held for sale.

These assets or disposal groups are valued at the lower of carrying amount or the estimated sales value less the costs to sell and stop being amortized from the moment they are classified as non-current assets held for sale.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 135

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 14 Property, plant and equipment (continued)**14.2 Reconciliation of changes in property, plant and equipment by type, continued:**

Reconciliation of changes in property, plant and equipment by class as of December 31, 2017, gross amount	Land	Buildings	Other property, plant and equipment	Transport equipment	Supplies and accessories	Equipment office	Network and communication equipment	Mining assets	ITS equipment
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	32,702	582,082	253,555	10,819	18,259	17,731	7,522	158,514	20,311
Changes									
Additions	-	189	541	-	115	42	12	-	899
Disposals	-	(59)	(11,623)	(321)	-	(23)	-	(30,082)	(57)
Increase (decrease) in foreign currency translation difference	45	103	3	1	-	-	-	-	(2)
Reclassifications	-	23,336	8,255	696	1,044	172	123	596	122
Other increases (decreases) (*)	(7,436)	4,669	(5,900)	-	80	(6,817)	(301)	-	5,760
Decreases for classification as held for sale (1)	(411)	(56)	-	-	-	-	-	-	-
Total changes	(7,802)	28,182	(8,724)	376	1,239	(6,626)	(166)	(29,486)	6,722
Closing balance	24,900	610,264	244,831	11,195	19,498	11,105	7,356	129,028	27,033

Reconciliation of changes in property, plant and equipment by class as of December 31, 2017, accumulated depreciation	Land	Buildings	Other property, plant and equipment	Transport equipment	Supplies and accessories	Equipment office	Network and communication equipment	Mining assets	ITS equipment
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	-	(344,497)	(227,138)	(7,464)	(16,486)	(14,089)	(5,836)	(133,871)	
Changes									
Disposals	-	58	11,622	312	-	3	-	30,083	
Depreciation expense	-	(33,306)	(6,759)	(730)	(1,047)	(357)	(665)	(10,638)	
Impairment	-	-	-	-	-	-	-	-	
Increase (decrease) in foreign currency translation difference	-	(35)	(3)	(2)	-	-	-	-	
Reclassifications	-	(62)	38	(32)	(110)	(69)	(25)	-	
Other increases (decreases) (*)	-	(2,102)	2,271	(22)	17	3,894	220	1,635	
Decreases for classification as held for sale (1)	-	(1)	-	-	-	-	-	-	
Total changes	-	(35,448)	7,169	(474)	(1,140)	3,471	(470)	21,080	
Closing balance	-	(379,945)	(219,969)	(7,938)	(17,626)	(10,618)	(6,306)	(112,791)	

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 136

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 14 Property, plant and equipment (continued)**14.2 Reconciliation of changes in property, plant and equipment by type, continued:**

Reconciliation of changes in property, plant and equipment by class as of December 31, 2017, net amount	Land	Buildings	Other property, plant and equipment	Transportation equipment	Supplies and accessories	Equipment office	Network and communication equipment	Intangible assets	Equipment	Other
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	32,702	237,585	26,417	3,355	1,773	3,642	1,686	24,643	366	8
Changes										
Additions	-	189	541	-	115	42	12	-	899	1
Disposals	-	(1)	(1)	(9)	-	(20)	-	1	(32)	-
Depreciation expense	-	(33,306)	(6,759)	(730)	(1,047)	(357)	(665)	(10,638)	(909)	()
Impairment	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in foreign currency translation difference	45	68	-	(1)	-	-	-	-	(13)	-
Reclassifications	-	23,274	8,293	664	934	103	98	596	76	1
Other increases (decreases) (*)	(7,436)	2,566	(3,629)	(22)	97	(2,923)	(81)	1,635	3,014	()
Decreases for classification as held for sale (1)	(411)	(56)	-	-	-	-	-	-	-	-
Total changes	(7,802)	(7,266)	(1,555)	(98)	99	(3,155)	(636)	(8,406)	3,035	()
Closing balance	24,900	230,319	24,862	3,257	1,872	487	1,050	16,237	3,401	7

(*) The net balance of other increases (decreases) corresponds to all those items that are reclassified to or from property, plant and equipment, They can have the following origin: 1) work in progress which is expensed to profit or loss, forming part of operating costs or other expenses per function, as appropriate. 2) the variation representing the purchase and use of materials and spare parts. 3) projects corresponding mainly to exploration expenditures and ground studies that are reclassified to the item other non-current financial assets. 4) assets for retirement obligations and 5) Software that is reclassified to Intangibles.

(1) Any property, plant and equipment (disposal group) that, at the closing date of the financial statements, is subject to a commitment for sale or where the sales process has been initiated and where the sale is expected to occur within twelve months of that date, is classified by the Company as non-current assets held for sale.

These assets or disposal groups are valued at the lower of carrying amount or the estimated sales value less the costs to sell and stop being amortized from the moment they are classified as non-current assets held for sale.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 137

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 14 Property, plant and equipment (continued)

14.3 Detail of property, plant and equipment pledged as guarantee

There are no restrictions in title or guarantees for compliance with obligations that affect property, plant and equipment.

14.4 Impairment of assets

As indicated in Note 3,28 to the financial statements, the recoverable amount of property, plant and equipment is measured provided that there is an indication that the asset could be impaired. As of June 30, 2018, there were no impairment adjustments and as of December 31, 2017 there were impairment adjustments associated with the closure of railway facilities for the transportation of products.

14.5 Additional information

Interest capitalized in construction-in-progress:

As of June 30, 2018, capitalized interest totaled ThUS\$2,650, while for the period January to December 2017, this item totaled ThUS\$4,382.

Financing costs are not capitalized for periods which exceed the normal term of acquisition, construction or installation of the asset, such as occur with delays, interruptions or a temporary suspension of the project due to technical, financial or other issues, which prevent the asset from being maintained in good condition for its use.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 138

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 15 Employee benefits

15.1

Provisions for employee benefits

Classes of benefits and expenses by employee	6/30/2018 ThUS\$	12/31/2017 ThUS\$
Current		
Profit sharing and bonuses	9,990	22,421
Total	9,990	22,421
Non-current		
Profit sharing and bonuses	8,429	6,487
Severance indemnity payments	26,620	27,445
Total	35,049	33,932

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 139

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 15 Employee benefits (continued)

15.2 Policies on defined benefit plan

This policy is applied to all benefits received for services provided by the Company's employees.

Short-term benefits for active employees are represented by salaries, social welfare benefits, paid time off, sickness and other types of leave, profit sharing and incentives and non-monetary benefits; e.g., healthcare service, housing, subsidized or free goods or services. These will be paid in a term which does not exceed twelve months.

The Company only provides compensation and benefits to active employees, with the exemption of SQM North America, which applies the definitions under 15,4 below.

SQM maintains incentive programs for its employees based on their personal performance, the Company's performance and other short-term and long-term indicators.

For each incentive bonus delivered to the Company's employees, there will be a disbursement in the first quarter of the following year and this will be calculated based on profit for the period at the end of each period applying a factor obtained subsequent to each employee's appraisal process.

Employee benefits include retention bonuses for the Company's executives, which are linked to the Company's share price and are paid in cash, The short-term portion is presented as a provision for current employee benefits and the long-term portion as non-current.

Staff severance indemnities are agreed and payable based on the final salary, calculated in accordance with each year of service to the Company, with certain maximum limits in respect of either the number of years or in monetary terms, In general, this benefit is payable when the employee or worker ceases to provide his/her services to the Company and there are a number of different circumstances through which a person can be eligible for it, as indicated in the respective agreements; e.g., retirement, dismissal, voluntary retirement, incapacity or disability, death, etc.

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

Law No, 19,728 published on May 14, 2001 which became effective on October 1, 2002 required “Compulsory Unemployment Insurance” in favor of all dependent employees regulated by the Chilean Labor Code, Article 5 of this law established that this insurance is paid through monthly contribution payments by both the employee and the employer.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 140

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 15 Employee benefits (continued)

15.3

Other long-term benefits

The other long-term benefits relate to staff severance indemnities and are recorded at their actuarial value, and an executive compensation plan (see Note 16).

Staff severance indemnities at actuarial value	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Staff severance indemnities, Chile	26,291	25,893
Executive severance plan	8,429	6,487
Severance for foreigners	329	1,552
Total other non-current liabilities	35,049	33,932

The actuarial assessment method has been used to calculate the Company's obligations with respect to staff severance indemnities, which relate to defined benefit plans consisting of days of remuneration per year served at the time of retirement under conditions agreed in the respective agreements established between the Company and its employees.

Under this benefit plan, the Company retains the obligation to pay staff severance indemnities related to retirement, without establishing a separate fund with specific assets, which is referred to as not funded, The discount interest rate of expected flows to be used was 4,89%.

Benefit payment conditions

The staff severance indemnity benefit relates to remuneration days for years worked for the Company without a limit being imposed in regard of amount of salary or years of service. It applies when employees cease to work for the Company because they are made redundant or in the event of their death, This benefit is applicable up to a maximum age of 65 for men and 60 for women, which are the usual retirement ages according to the Chilean pensions system as established in Decree Law 3,500 of 1,980.

Methodology

The Company's benefits obligation under IAS 19 Projected Benefit Obligation (PBO) is determined as follows:

To determine the Company's total liability, we used computer software to develop a mathematical simulation model using the data for each individual employee.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 141

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 15 Employee benefits (continued)

15.3 Other long-term benefits, continued

This model considered months as discrete time; i.e., the Company determined the age of each person and his/her salary on a monthly basis according to the growth rate. This, information on each person was simulated from the beginning of his/her employment contract or when he/she started earning benefits up to the month in which he/she reaches normal retirement age, generating in each period the possible retirement according to the Company's turnover rate and the mortality rate according to the age reached. When he/she reaches the retirement age, the employee finishes his/her service for the Company and receives a retirement indemnity.

The methodology followed to determine the accrual for all the employees covered by agreements took account of the turnover rates and the mortality rate RV-2009 established by the CMF to calculate pension-related life insurance reserves in Chile according to the Accumulated Benefit Valuation or Accrued Cost of Benefit Method. This methodology is established in IAS 19 on Retirement Benefit Costs.

15.4 Post-employment benefit obligations

Our subsidiary SQM North America, together with its employees established a pension plan until 2002 called the "SQM North America Retirement Income Plan". This obligation is calculated measuring the expected future forecast staff severance indemnity obligation using a net salary gradual rate of restatements for inflation, mortality and turnover assumptions, discounting the resulting amounts at present value using the interest rate defined by the authorities.

Since 2003, SQM North America offers to its employees benefits related to pension plans based on the 401-K system, which do not generate obligations for the Company.

15.5 Staff severance indemnities

As of June 30, 2018 and 2016, severance indemnities calculated at the actuarial value are as follows:

6/30/2018 12/31/2017

	ThUS\$	ThUS\$
Opening balance	(27,445)	(22,532)
Current cost of service	(645)	(934)
Interest cost	(885)	(1,488)
Actuarial gain/loss	(611)	(1,144)
Exchange rate difference	1,728	(2,284)
Benefits paid during the year	1,238	937
Balance	(26,620)	(27,445)

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 142

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 15 Employee benefits (continued)**15.5 Staff severance indemnities, continued***a) Actuarial assumptions*

The liability recorded for staff severance indemnity is valued at the actuarial value method, using the following actuarial assumptions:

	6/30/2018		12/31/2017	
Mortality rate	RV - 2014		RV - 2009	
Actual annual interest rate	5,078	%	5,114	%
Voluntary retirement rate:				
Men	6,49	%	6,49	% annual
Women	6,49	%	6,49	% annual
Salary increase	3,00	%	3,00	% annual
Retirement age:				
Men	65		65	years
Women	60		60	years

b) Sensitivity analysis of assumptions

As of June 30, 2018 and December 31, 2017, the Company has conducted a sensitivity analysis of the main assumptions of the actuarial calculation, determining the following:

	Effect + 100 basis points		Effect - 100 basis points
Sensitivity analysis 6/30/2018			
	ThUS\$		ThUS\$
Discount rate	(2,050	)	2,507
Employee turnover rate	(259	)	289
Sensitivity analysis 12/31/2017			
	ThUS\$		ThUS\$
Discount rate	(1,991	)	2,436
Employee turnover rate	(252	)	281

Sensitivity relates to an increase/decrease of 100 basis points.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 143

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 16 Executive compensation plan

The Company currently has a compensation plan with the purpose of motivating the Company's executives and encouraging them to remain with the Company, by granting payments based on the change in the price of SQM's shares.

Average Share Price Spread

Plan characteristics

This compensation plan is related to the Company's performance through the SQM Series B share price (Santiago Stock Exchange).

Plan participants

A total of 39 Company executives are entitled to this plan, provided that they continue to work for the Company through to the end of 2020. The payment dates, if applicable, will be during the first quarter of 2021.

Compensation

The compensation payable to each executive is calculated by multiplying a) by b):

- a) The average price of Series B shares on the Santiago Stock Exchange during the fourth quarter of 2020, at its equivalent amount in dollars (with a maximum amount or limit amount of US\$54 per share).
- b) By a number equal to the quantity of shares that have been individually assigned to each executive included in the plan.

This compensation plan was approved by the Company's Board of Directors and its application started on January 1, 2017.

The effect of the plan considers 510,404 shares reflected as a cost of ThUS\$1,943 in the results for the period ending June 30, 2018. As of December 31, 2017, the effect of the plan was 533,476 shares, equal to ThUS\$6,487 in costs in the profit or loss for 2017.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 144

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 17 Disclosures on equity

The detail and movements in the funds of equity accounts are shown in the consolidated statement of changes in equity.

17.1

Capital management

The main object of capital management relative to the administration of the Company's financial debt and equity is to ensure the regular conduct of operations and business continuity in the long term, with the constant intention of maintaining an adequate level of liquidity and in compliance with the financial safeguards established in the debt contracts in force. Within this framework, decisions are made in order to maximize the value of SQM.

Capital management must comply with, among others, the limits contemplated in the Financing Policy approved by the Shareholders' Meeting, which establish a maximum consolidated indebtedness level of 1,5 times the debt to equity ratio. This limit can be exceeded only if the Company's management has first obtained express approval at an Extraordinary Shareholders' Meeting.

In addition, capital management must comply with the external capital requirements (or covenants) imposed in its financial obligations, which regulate the indebtedness level to 1,2 times, its strictest level.

In conjunction with the level of indebtedness, it is also important for the Company to maintain a comfortable profile of maturities for its financial obligations, in order to oversee the relation between its short-term financial obligations and the long-term maturities, and the relation they have with the Company's asset distribution. Consequently, the Company has maintained a liquidity level of 3 times during the last periods.

The Company's management controls capital management based on the following ratios:

CAPITAL MANAGEMENT	6/30/2018	12/31/2017	Description (1)	Calculation (1)
Net Financial Debt ThUS\$	391,829	245,508	Financial Debt – Financial Resources	Other current Financial Liabilities + Other Non-Current Financial Liabilities – Cash and Cash Equivalents – Other Current Financial Assets – Hedging Assets,

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

Liquidity	3,64		3,29		Current Asset divided by Current Liability	non-current Total Current Assets / Total Current Liabilities
Net Debt / Capitalization	0,15		0,10		Net Financial Debt divided by Total Equity	Net financial debt / (Net financial debt + Total Equity)
ROE	22,1	%	19,1	%	Income divided by Total Equity	Total Income / Equity (UH 12 months)
EBITDA (THUS\$)	936,979		894,588		EBITDA	Gross Profit-Administrative Expenses + Adjustments for depreciation and amortization expenses,
ROA	22,23	%	21,3	%	EBITDA – Depreciation divided by Net Total Assets of financial resources less related parties' investments	(Gross Income – Administrative Expenses)/ (Total Assets – Cash and Cash Equivalents – Other Current Financial Assets – Other Non-Current Financial Assets – Equity-accounted Investees) (UH 12 months)
Indebtedness	1,01		0,91		Total Liability on Equity	Total Liabilities / Total Equity

(1) Assumes the absolute value of the accounting records

SQM S.A.

El Trovador 4285
Las Condes, Santiago, Chile
Tel: (56 2) 2425 2000 145

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 17 Disclosures on equity (continued)

17.1 Capital management, continued

The Company's capital requirements change according to variables such as working capital needs, new investment financing and dividends, among others, The Company manages its capital structure and makes adjustments on the basis of the predominant economic conditions so as to mitigate the risks associated with adverse market conditions and take advantage of the opportunities there may be to improve the liquidity position.

There have been no changes in the capital management objectives or policy within the years reported in this document. No breaches of external requirements of capital imposed (or covenants) have been recorded.

17.2 Disclosures on preferred share capital

Issued share capital is divided into 263,196,524 fully paid and subscribed shares composed of 142,819,552 Series "A" shares and 120,376,972 Series "B" shares, where both series are preferred shares.

The preferential voting rights for each series are detailed as follows:

Series "A":

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

Series "B":

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

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

As of June 30, 2018 and December 31, 2017, the Group does not maintain shares in the parent either directly or through those companies in which it has investments.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 146

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 17 Disclosures on equity (continued)**17.2 Disclosures on preferred share capital, continued**

Detail of types of capital in preference shares:

Type of capital in preferred shares Description of type of capital in preferred shares	6/30/2018		12/31/2017	
	Series A	Series B	Series A	Series B
Number of authorized shares	142,819,552	120,376,972	142,819,552	120,376,972
Number of fully subscribed and paid shares	142,819,552	120,376,972	142,819,552	120,376,972
Number of subscribed, partially paid shares	-	-	-	-
Par value of shares in ThUS\$	0.9435	2.8464	0.9435	2.8464
Increase (decrease) in the number of current shares	-	-	-	-
Number of current shares	142,819,552	120,376,972	142,819,552	120,376,972
Number of shares owned by the entity or its subsidiaries or associates	-	-	-	-
Number of shares whose issuance is reserved due to the existence of options or agreements to dispose shares	-	-	-	-
Capital amount in shares ThUS\$	134,750	342,636	134,750	342,636
Amount of premium issuance ThUS\$	-	-	-	-
Amount of reserves ThUS\$	-	-	-	-
Total number of subscribed shares, total	142,819,552	120,376,972	142,819,552	120,376,972

As of June 30, 2018 and December 31, 2017, the Company has not placed any new issuances of shares on the market.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 147

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 17 Disclosures on equity (continued)

17.3

Disclosures on reserves in equity

As of June 30, 2018 and December 31, 2017, this caption comprises the following:

	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Reserve for currency exchange conversion	(30,766)	(24,913)
Reserve for cash flow hedges	10,512	2,248
Reserve for gains and losses from financial assets measured at fair value through other comprehensive income	624	2,937
Reserve for actuarial gains or losses in defined benefit plans	(5,706)	(5,953)
Other reserves	11,693	11,332
Total other reserves	(13,643)	(14,349)

Reserves for foreign currency translation differences

This balance reflects retained earnings for changes in the exchange rate when converting the financial statements of subsidiaries whose functional currency is that of each company's origin country and the presentation currency is the US dollar.

Reserve for cash flow hedges

The Company maintains, as hedge instruments, financial derivatives related to obligations with the public issued in UF and Chilean pesos, Changes from the fair value of derivatives designated and classified as hedges are recognized under this classification.

Reserve for gains and losses from financial assets measured at fair value through other comprehensive income

This caption includes investments in shares where the Company has no significant influence and these have accordingly been measured at fair value through equity, In the event that such equity instruments are fully or partially

disposed of, the proportional accumulated effect of accumulated fair value will be transferred to profit or loss.

Reserve for actuarial gains or losses in defined benefit plans

For domestic subsidiaries the effects of changes in assumptions are considered, mainly changes in the discount rate.

The subsidiary SQM North America has established pension plans for its retired employees that are calculated by measuring the projected obligation of staff severance indemnities using a net salary progressive rate net of adjustments to inflation, mortality and turnover assumptions, deducting the resulting amounts at present value using a 5,5% interest rate for 2017 and 2016.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 148

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 17 Disclosures on equity (continued)**17.3 Disclosures on reserves in equity, continued**

Movements in other reserves and changes in interest were as follows:

Movements	Foreign currency translation difference	Reserve for cash flow hedges	Reserve for actual defined benefit plans	Reserve for gains (losses) from financial instruments measured at fair value through other comprehensive income	Other reserves	Total reserves	Deferred taxes	Total reserves			
	Before tax ThUS\$	Before tax ThUS\$	Before taxes ThUS\$	Deferred taxes ThUS\$	Before taxes ThUS\$	Deferred taxes ThUS\$	Before tax ThUS\$	Reserves ThUS\$	Deferred taxes ThUS\$	Total reserves ThUS\$	
Opening balance as of 1/1/2017	(19,463)	89	(25)	(5,446)	612	4,813	(1,300)	7,832	(12,175)	(713)	(12,888)
Increase (decrease) in reserves	(5,450)	2,159	-	(1,401)		(26)	-	3,500	(1,218)	-	(1,218)
Deferred taxes	-	-	25	-	282	-	(550)	-	-	(243)	(243)
Reclassification of loss in reserves	-	-	-	-	-	-	-	-	-	-	-
Closing balance as of 12/31/2017	(24,913)	2,248	-	(6,847)	894	4,787	(1,850)	11,332	(13,393)	(956)	(14,349)
Increase (decrease) in reserves	(5,853)	8,264	-	84		(3,176)	-	361	(320)	-	(320)
Deferred taxes	-	-	-	-	163	-	863	-	-	1,026	1,026
Reclassification of loss in reserves	-	-	-	-	-	-	-	-	-	-	-
Closing balance as of 6/30/2018	(30,766)	10,512	-	(6,763)	1,057	1,611	(987)	11,693	(13,713)	70	(13,643)

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 149

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 17 Disclosures on equity (continued)**17.3 Disclosures on reserves in equity, continued****Other reserves**

This caption corresponds to the legal reserves reported in the individual financial statements of the subsidiaries that are mentioned below and that have been recognized in SQM's equity through the application of the equity method.

(*) In the case of SQM Iberian S.A., the balance corresponds to the results obtained in the previous financial year which are presented as forming part of other reserves because of local regulations.

	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Subsidiary - Associate		
SQM Iberian S.A. (*)	9,903	9,464
SQM Europe NV	1,815	1,957
Soquimich European holding B,V,	828	828
Abu Dhabi Fertilizer Industries WWL(**)	(351)	455
Doktor Tarsa Tarim Sanayi AS	803	305
Other companies	372	-
Total	13,370	13,009
Corresponds to the acquisition of the subsidiary SQM Iberian S.A., which was already under Company ownership at the acquisition date (IAS 27 R).	(1,677)	(1,677)
Total Other reserves	11,693	11,332

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 150

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 17 Disclosures on equity (continued)

17.4

Dividend policies

As required by Article 79 of the Chilean Companies Act, unless otherwise decided by unanimous vote of the holders of issued and subscribed shares, we must distribute a cash dividend in an amount equal to at least 30% of our consolidated profit for the year ended as of December 31, unless and except to the extent it has a deficit in retained earnings (losses not absorbed in prior years).

On May 23, 2018, the Company's Board of Directors approved the following:

To pay a provisional dividend equivalent to US\$0.43247 per share with a charge to profit for 2018. Such amount will be paid in its equivalent in Chilean pesos, the domestic currency, according to the observed U.S. dollar exchange rate published in the Official Gazette on May 31, 2018.

This dividend will be paid to shareholders, in person or through their duly authorized representatives, starting at 9.00 a.m. on June 15, 2018. The shareholders who are registered in the Shareholders' Registry five business days prior to the date of payment will be entitled to the dividend.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 151

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 17 Disclosures on equity (continued)

17.4 Dividend policies, continued

The Company has defined the following dividend policy:

(a) To distribute and pay a dividend to the respective shareholders a percentage of the profits to be determined as follows:

-100% of the profit for 2018 if all the following financial parameters are met: (a) that the total of cash and cash equivalents and other current financial assets ("Cash") divided by the addition of other current financial liabilities (the "Short-term Financial Liabilities") is equal to or more than 2.5 times, and (b) the total of current liabilities and non-current liabilities ("Total Liabilities") divided by total equity ("Equity") is equal to or less than 1.1 times.

-80% of the profit for 2018 if all the following financial parameters are met: (a) that Cash divided by Short-term Financial Liabilities is equal to or more than 2.0 times, and (b) Total Liabilities divided by Total Equity is equal to or less than 1.2 times.

-60% of the profit for 2018 if all the following financial parameters are met: (a) that Cash divided by Short-term Financial Liabilities is equal to or more than 1.5 times, and (b) Total Liabilities divided by Total Equity is equal to or less than 1.3 times.

Should none of these parameters be met, the Company will distribute and pay to the respective shareholders a dividend of 50% of the profit for 2018.

(b) To distribute and pay, if possible, during 2018, three provisional dividends which will be set against the definitive dividend. These provisional dividends will probably be paid in the month following that in which the interim financial statements for March, June and September 2018 are approved. Their amounts will be calculated as follows:

-For those provisional dividends with a charge to retained earnings reflected in the interim financial statements as of June 2018, the percentage corresponding to the financial parameters outlined in (a) above will be distributed.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 152

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 17 Disclosures on equity (continued)

17.5

Interim and provisional dividends

For those provisional dividends with a charge to retained earnings reflected in the interim financial statements as of June 2018, the percentage corresponding to the financial parameters outlined in (a) above will be distributed, discounting the amount of the provisional dividends previously distributed during 2018.

-For those provisional dividends with a charge to retained earnings reflected in the interim financial statements as of September 2018, the percentage corresponding to the financial parameters outlined in (a) above will be distributed, discounting the amount of the provisional dividends previously distributed during 2018.

(c) The amount of these provisional dividends could be higher or lower, provided that, according to the information available to the Board of Directors on the date when their distribution is agreed, this will not have a material and negative effect on the Company's capacity to carry out its approved investments and financing in general and that it complies with the investment and financing policy approved by the Ordinary Shareholders' Meeting.

(d) For the ordinary meeting held in 2019, the Board of Directors will propose a definitive dividend in line with the percentage corresponding to the financial parameters outlined in (a) above, discounting the amount of the provisional dividends previously distributed during 2018.

(e) Any remaining amount from the net profits from 2018 can be retained and used to finance the Company's own operations or one or more of its investment projects, without prejudice to a possible distribution of dividends charged to accumulated profit that might be approved by the shareholders' meeting or the possible future capitalization of all or part of it.

(f) The payment of additional dividends is not being considered.

It must be expressly stated that this dividends policy details the intention of the Board of Directors and its fulfillment depends on the actual profits obtained, as well as on the results indicated by the projections the Company makes from time to time or on the existence of particular conditions, as appropriate. In any event, if the dividends policy established by the Board should be subject to any substantial change, the Company will communicate this as a material event.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 153

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 17 Disclosures on equity (continued)

17.5 Interim and provisional dividends, continued

At the General Ordinary Shareholders' Meeting of April 27, 2018, the shareholders agreed to the payment of a dividend of US\$1.62501 per share from the net profit for distribution obtained during the 2017 fiscal year, from which must be discounted the sum of US\$1.20533 per share, which was already paid as a provisional dividend. This results in a remaining balance of US\$0.41968 per share. This dividend will be paid to shareholders on May 10, 2018.”

“The Ordinary Shareholders’ Meeting held on April 27, 2018 agreed to change the Company’s Dividend Policy for 2017 which was presented to the Ordinary Shareholders’ Meeting held on April 28, 2017, by incorporating a potential dividend of US\$100,000,000, equivalent to US\$0.37994 per share which would be paid with a charge to the Company’s retained earnings. This dividend was paid to shareholders on May 10, 2018.

On November 22, 2017, the Board approved payment of a provisional dividend equivalent to US\$0.42879 per share with a charge to earnings for 2017. Such amount will be paid in its equivalent in Chilean pesos, the domestic currency, according to the observed U.S. dollar exchange rate published in the Official Gazette on November 30, 2017.

This dividend will be paid to shareholders, in person or through their duly authorized representatives, starting at 9.00 a.m. on December 14, 2017. The shareholders who are registered in the Shareholders’ Registry five business days prior to the date of payment will be entitled to the dividend.

On August 23, 2017, the Board approved payment of a provisional dividend equivalent to US\$0.38432 per share with a charge to earnings for 2017. Such amount will be paid in its equivalent in Chilean pesos, the domestic currency, according to the observed U.S. dollar exchange rate published in the Official Gazette on August 31, 2017.

On May 17, 2017, the Board approved payment of a provisional dividend equivalent to US\$0.39222 per share with a charge to earnings for 2017. Such amount will be paid in its equivalent in Chilean pesos, the domestic currency, according to the observed U.S. dollar exchange rate published in the Official Gazette on Wednesday, May 31, 2017.

At the General Ordinary Shareholders' Meeting of April 28, 2017, the shareholders agreed to the payment of a dividend of US\$1.05735 per share from the net profit for distribution obtained during the 2016 fiscal year, from which must be discounted the sum of US\$0.85487 per share, which was already paid as a provisional dividend, resulting in a

remaining balance of US\$0.20248 per share.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 154

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 17 Disclosures on equity (continued)

17.5 Interim and provisional dividends, continued

The dividends presented as deducted from equity are as follows:

	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Dividends attributable to owners of the parent	440	55,501
Provisional dividend	113,825	317,243
Potential dividend	107,871	-
Dividend payable	133,872	110,529
Total	356,008	483,273

SQM S.A.

El Trovador 4285
 Las Condes, Santiago, Chile
 Tel: (56 2) 2425 2000 155

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 18 Provisions and other non-financial liabilities

18.1

Types of provisions

	6/30/2018			12/31/2017		
	Current	Non-current	Total	Current	Non-current	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Provision for legal complaints (*)	10,999	3,000	13,999	16,419	3,000	19,419
Provision for dismantling, restoration and rehabilitation cost (**)	-	25,196	25,196	-	26,954	26,954
Other provisions(***)	68,890	6	68,896	47,026	47	47,073
Total	79,889	28,202	108,091	63,445	30,001	93,446

(*) These provisions correspond to legal processes that are pending resolution or that have not yet been disbursed. These provisions are mainly related to litigation involving the subsidiaries located in Chile, Brazil and the United States (see note 19.1).

(**) The commitments related to Sernageomin have been incorporated through the issuance of the guarantee for the restoration of the place where the production sites are located.

(***)See Note 18.2

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 156

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 18 Provisions and other non-financial liabilities (continued)

18.2	Description of other provisions	
Current provisions, other short-term provisions	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Provision for tax loss in fiscal litigation	710	739
Rent under Lease contract with Corfo(*)	55,478	32,331
Provision for additional tax related to foreign loans	388	416
End of agreement bonus	2,271	4,522
Directors' per diem allowance	1,628	2,630
Provision for subsidiary restructuring	6,000	6,000
Foreign mining company property tax provision	2,060	-
Miscellaneous provisions	355	388
Total	68,890	47,026
Other long-term provisions		
Investments with negative equity	6	47
Total	6	47

(*)Rent for the lease contract with CORFO: This relates to the lease of mining properties that SQM Salar S.A. pays on a quarterly basis to the state entity Corporación de Fomento de la Producción ("Corfo"). The amount payable for the lease is calculated based on the sales of products extracted from the Salar de Atacama. 2018 includes the quarterly payment to Corfo and the provision for contributions to research and development of the communities and regional governments in proportion to the lifetime of the contract and which are paid annually. 2017 includes US\$20.4 million corresponding to the payment that forms part of the agreement reached between SQM Salar and Corfo (see note 19.1).

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 157

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 18 Provisions and other non-financial liabilities (continued)

18.3

Other current liabilities

These amounts are paid on a quarterly basis,

Other liabilities non-financial current

Description of other liabilities	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Tax withholdings	5,977	7,404
VAT payable	5,714	3,344
Guarantees received	2,638	2,638
Accrual for dividend	133,872	110,529
Monthly tax provisional payments	16,600	11,684
Deferred income	10,791	5,301
Withholdings from employees and salaries payable	5,663	6,725
Accrued vacations (*)	18,279	19,042
Other current liabilities	5,717	2,137
Total	205,251	168,804

(*) Vacation benefit (short-term benefits to employees, current) is in line with the provisions established in Chile's Labor Code, which indicates that employees with more than a year of service will be entitled to annual vacation for a period of at least fifteen paid business days, The Company provides the benefit of two additional vacation days.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 158

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 18 Provisions and other non-financial liabilities (continued)

Description of items that gave rise to variations as of 6/30/2018	Changes in provisions			
	Legal complaints ThUS\$	Provision for dismantling, restoration and rehabilitation cost ThUS\$	Other provisions ThUS\$	Total ThUS\$
Total provisions, initial balance	19,419	26,954	47,073	93,446
Changes in provisions:				
Additional provisions	-	-	61,903	61,903
Provision used	(5,420)	(1,758)	(40,051)	(47,229)
Increase(decrease) in foreign currency exchange others	-	-	(29)	(29)
Total Increase (decreases)	(5,420)	(1,758)	21,823	14,645
Total provisions, final balance	13,999	25,196	68,896	108,091

Description of items that gave rise to variations as of 12/31/2017	Changes in provisions			
	Legal complaints ThUS\$	Provision for dismantling, restoration and rehabilitation cost ThUS\$	Other provisions ThUS\$	Total ThUS\$
Total provisions, initial balance	23,867	5,890	21,089	50,846
Changes in provisions:				
Additional provisions	6,352	21,064	33,507	60,923
Provision used	(10,800)	-	(7,538)	(18,338)
Increase(decrease) in foreign currency exchange Others	-	-	9	9
Total Increase (decreases)	(4,448)	21,064	25,984	42,600
Total provisions, final balance	19,419	26,954	47,073	93,446

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 159

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 19 Contingencies and restrictions

In accordance with note 18,1, the Company has only registered a provision for those lawsuits in which there is a probability that the judgments will be unfavorable to the Company, The Company is party to the following lawsuits and other relevant legal actions:

19.1 Lawsuits and other relevant events

1. Plaintiff : Nancy Erika Urrea Muñoz,
 Defendants : Fresia Flores Zamorano, Duratec-Vinilit S.A. and the Company and their Insurers.
 Date : December 2008.
 Court : 1st Civil Court of Santiago.
 Reason : Labor Accident.
 Status : Judgment favorable for the Company. Dated March 11, 2016. Appeal filed by the plaintiff which has not been pronounced on. Awaiting notification of the sentence.
 Nominal value : ThUS\$550.

2. Plaintiff : City of Pomona, California USA.
 Defendant : SQM North America Corporation.
 Date : December 2010.
 Court : United States District Court Central District of California.
 Reason : Payment of expenses and other amounts related to the treatment of groundwater to allow for its consumption by removing the existing perchlorate in such groundwater that allegedly comes from Chilean fertilizers.
 Status : On May 17, 2018 district judge Gary Klausner sentenced in favor of SQM NA following the verdict of the jury with regard to the appeal of the plaintiffs.
 Nominal value : ThUS\$32,000.

3. Plaintiff : City of Lindsay, California USA.
 Defendant : SQM NA and the Company (still not noticed)
 Date : December 2010.
 Court : United States District Court Eastern District of California.
 Reason : Payment of expenses and other amounts related to the treatment of groundwater to allow for its consumption by removing the existing perchlorate in such groundwater that allegedly comes from Chilean fertilizers.
 Status : Filing of the case, Processing suspended.
 Nominal value : Not possible to determine.

SQM S.A.

El Trovador 4285 160
Las Condes, Santiago, Chile
Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 19 **Contingencies and restrictions
(continued)**

19.1 Lawsuits and other relevant events, continued

4. Plaintiff : H&V Van Mele N.V.
 Defendant : NV Euroports, SQM Europe N,V, and its insurance companies,
 Date : July 2013.
 Court : Commercial Court of Dendermonde,
 Reason : Alleged indirect responsibility for the absence of adequate specifications for the SOP–WS by the Belgian distributor.
 Status : Sentencing against NV Euroports and subsidy SQM Europe N,V,, for EUR 206,675,91, Appeal presented in November 2017.
 Nominal value : ThUS\$430.
5. Plaintiff : Carlos Aravena Carrizo et al,
 Defendant : SQM Nitratos S.A. (“SQM Nitratos”) and its insurers,
 Date : May 2014.
 Court : 18th Civil Court of Santiago.
 Reason : Lawsuit seeking compensation for damages for alleged civil liability under tort as a result of an explosion that occurred during 2010 near Baquedano, causing the death of 6 employees.
 Status : Summons to hear sentence
 Nominal value : ThUS\$1,235.
6. Plaintiff : Evt Consulting SpA.
 Defendant : SQM Nitratos.
 Date : October 2014.
 Court : 23th Civil Court of Santiago,
 Reason : Lawsuit seeking compensation for damages related to the termination of the purchase and sale agreement for metallic structures,
 Status : On November 13, 2017, the Santiago Appeals Court sentenced SQM Nitratos S.A. to pay US\$304,620. Cassation in form and substance presented before the Supreme Court in December 2017.

SQM S.A.

El Trovador 4285
 Las Condes, Santiago, Chile
 Tel: (56 2) 2425 2000 161

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 19 **Contingencies and restrictions
(continued)**

19.1 Lawsuits and other relevant events, continued

7. Plaintiff : SQM Salar and the Company.
 Defendant : Seguros Generales Suramericana S.A. (formerly - RSA Seguros Chile S.A.)
 Date : August 29, 2016.
 Court : Arbitration Court – Arbitrator Mr, Gonzalo Fernández.
 Reason : Complaint for forced compliance and collection of indemnification for insurance claim of February 7 and 8, 2013.
 Status : Evidence stage.
 Nominal value : ThUS\$20,658.
8. Plaintiff : Tyne and Wear Pension Fund as represented by the Council of the Borough of South Tyneside acting as Lead Plaintiff.
 Defendant : The Company
 Date : January 2016.
 Court : United States District Court – Southern District of New York.
 Reason : Alleged damage to ADS holders of the Company resulting from alleged noncompliance with the securities regulations in the United States by the Company.
 Status : Initial stage of disclosure of background information.
 Nominal value : Not determined.
9. Plaintiff : Ernesto Saldaña González et al.
 Defendant : SQM Salar S.A., SQM Industrial S.A. (“SQM Industrial”) and their insurance companies.
 Date : May 2016.
 Court : 13th Civil Court of Santiago.
 Reason : Lawsuit seeking compensation for damages for alleged civil liability under tort law arising from the accident that occurred in July 2014 in the María Elena location.
 Status : Evidence stage
 Nominal value : ThUS\$515.

SQM S.A.

El Trovador 4285
 Las Condes, Santiago, Chile
 Tel: (56 2) 2425 2000 162

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 19 **Contingencies and restrictions
(continued)**

19.1 Lawsuits and other relevant events, continued

10. Plaintiff : María Yolanda Achiardi Tapia et al.
 Defendant : SQM Salar and its insurance companies and other 5 defendants
 Date : February 2015.
 Court : 1st Civil Court of Antofagasta.
 Reason : Lawsuit seeking compensation for damages for alleged civil liability under tort law arising from a traffic accident that occurred in April 2011 in the city of Antofagasta.
 Status : Evidence stage.
 Nominal value : ThUS\$1,265.
11. Plaintiff : The Company
 Defendants : AES Gener S.A. (“Gener”) and Empresa Eléctrica Cochrane SpA (“Cochrane”).
 Date : May 11, 2017.
 Court : Arbitration award in accordance with the arbitration rules established by the Center for Arbitration and Mediation of the Santiago Chamber of Commerce (“CAM”).
 Reason : Request for the interpretation of an electricity supply agreement alleging the right by the plaintiff to receive a collection in conformity with such agreement,
 Instance : Conciliation stage.
 Nominal value : Not determined.
12. Plaintiff : Gener and Cochrane.
 Defendant : The Company.
 Date : May 2017.
 Court : Arbitration in accordance with the rules established by the Center for Arbitration and Mediation (CAM).
 Reason : Discrepancy with respect to the amount of an alleged right by the plaintiff to receive a collection in conformity with the agreement entered into by the parties,
 Instance : The discussion stage has finished.
 Nominal value : Not determined.

SQM S.A.

El Trovador 4285
 Las Condes, Santiago, Chile
 Tel: (56 2) 2425 2000 163

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 19 **Contingencies and restrictions
(continued)**

19.1 Lawsuits and other relevant events, continued

13. Plaintiffs : Employee Union No. 2 of SQN Nitratos Nueva Victoria.
 Defendant : SQM Nitratos S.A.
 Date : November 23, 2016.
 Court : Labor Court of Iquique.
 Reason : Lawsuit alleging differences in the calculation of the bonus payable under the collective bargaining agreement.
 Instance : On June 20, 2018, the court found in favor of SQM Nitratos.
 Nominal value : ThUS\$385.
- 14 Plaintiffs : Transportes Buen Destino
 Defendant : SQM Salar.
 Date : None.
 Court : Arbitration in accordance with the rules established by the Center for Arbitration and Mediation (CAM).
 Reason : Discrepancies generated in the implementation of the following contracts entered into between TBD and SQM Salar: (i) lithium brine transportation; and (ii) salt transportation.
 Instance : The case has not been presented yet.
 Nominal value : Undetermined.
- 15 Plaintiffs : Castillo, Hernán et al.
 Defendants : Servicios Integrales de Tránsitos y Transferencias S.A. and SQM Industrial S.A.
 Date : September 15, 2017.
 Court : 1st Labor Court of Santiago.
 Reason : Lawsuit to assert labor rights, seeking collection of wages owed and other amounts.
 Instance : Evidence stage.
 Nominal value : ThUS\$1,940.
- 16 Plaintiffs : Acosta Tapia, Eloisa del Tránsito and others as successors and assigns of Araya Castillo, Raimundo del Rosario.
 Defendants : SQM Salar.
 Date : January 19, 2018.
 Court : 2nd Labor Court of Santiago.
 Reason : Lawsuit for damages for pain and suffering as a result of occupational illness.
 Instance : Evidence stage
 Nominal value : ThUS\$472.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 164

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 19 **Contingencies and restrictions
(continued)**

19.1 Lawsuits and other relevant events, continued

- 17 Plaintiffs :Roa Maluenda, Rosa del Carmen as successor and assign of Sánchez Gamboa, Gerónimo Iván.
 Defendants :SQM S.A., SQM Nitratos S.A. and SQM Industrial S.A.
 Date :January 23, 2018.
 Court :1st Labor Court of Santiago.
 Reason :Lawsuit for damages for pain and suffering as a result of occupational illness.
 Instance :Preparatory hearing pending.
 Nominal value :ThUS\$472.
18. Appellants :Asociación Indígena Consejo Pueblos Atacameños and others.
 Appellees :Corfo, the Company, SQM Salar and SQM Potasio S.A.
 Date of appeal :February 15, 2018.
 Court :Santiago Court of Appeals
 Reason :Appeal requesting annulment of amendments to contracts signed by the defendants on January 17, 2018.
 Instance :Awaiting court decision.
 Nominal value :Undetermined.
- 19 Plaintiffs: :Monroy Castillo, Patricio.
 Defendants :SQM Nitratos.
 Date :May 5, 2018.
 Court :Labor Court of Iquique.
 Reason :Lawsuit for damages for consequential damages, loss of earnings and moral damages as a result of an accident at work.
 Instance :Final hearing pending.
 Nominal value :ThUS\$254,126.

SQM S.A.

El Trovador 4285
 Las Condes, Santiago, Chile
 Tel: (56 2) 2425 2000 165

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 19 **Contingencies and restrictions
(continued)**

19.1 Lawsuits and other relevant events, continued

20. Claimant : The Company.
Defendant : Office of the Superintendent of the Environment (“SMA”).
Date : July 20, 2017.
Court : Second Environmental Court of Santiago.
Reason : Appeal against the resolution rejecting the compliance program.
On August 21, 2018, the Second Environmental Court accepted the Company’s claim, ordering the
Instance : SMA to take the procedure back to the stage prior to their resolution rejecting the compliance
program presented by the Company.
Nominal
value : Undetermined.
21. Claimant : The Company
Defendant : Office of the Superintendent of the Environment (“SMA”).
Date : January 4, 2018.
Court : First Environmental Court of Antofagasta
Reason : Appeal against urgent, transitory measure
Instance : Awaiting court decision.
Nominal
value : Undetermined.
22. Claimant : The Company
Defendant : Office of the Superintendent of the Environment (“SMA”).
Date : May 15, 2018.
Court : First Environmental Court of Antofagasta
Reason : Appeal against urgent, transitory measure
Instance : Pending the case hearing.
Nominal
value : Undetermined.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 166

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 19 **Contingencies and restrictions
(continued)**

19.1 Lawsuits and other relevant events, continued

The Company and its subsidiaries have been involved and will probably continue to be involved either as plaintiffs or defendants in certain judicial proceedings that have been and will be heard by the arbitration or ordinary courts of justice that will make the final decision. Those proceedings that are regulated by the appropriate legal regulations are intended to exercise or oppose certain actions or exceptions related to certain mining claims either granted or to be granted and that do not or will not affect in an essential manner the development of the Company and its subsidiaries.

Soquimich Comercial S.A. has been involved and will probably continue being involved either as plaintiff or defendant in certain judicial proceedings through which it intends to collect and receive the amounts owed, the total nominal value of which is approximately US\$1,2 million.

The Company has made efforts and continues making efforts to obtain payment of certain amounts that are still owed it on occasion of their activities. Such amounts will continue to be required using judicial or non-judicial means by the plaintiffs, and the actions and exercise related to these are currently in full force and effect.

The Company and its subsidiaries have received no legal notice on lawsuits other than those indicated above, which exceed US\$0,2 million.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 167

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 19 **Contingencies and restrictions
(continued)**

19.3

Environmental contingencies

On June 6, 2016, the “SMA” filed charges against the Company with respect to the Pampa Hermosa project for possible noncompliance with RCA 890/2010.

This relates to charges related to certain variables of the follow-up plan and the implementation of a mitigation measure included in the respective environmental impact assessment. The Company has presented for the approval of SMA a compliance program detailing the actions and commitments it will carry out to address the SMA's objections.

On June 29, 2017, the SMA rejected the compliance program presented by the Company. On July 10, 2017, the Company presented its rebuttals to the charges made by the SMA. On August 21, 2018, the Second Environmental Court accepted the Company’s claim, ordering the SMA to take the procedure back to the stage prior to their resolution rejecting the compliance program presented by the Company.

On December 13, 2017, the First Environmental Court of Antofagasta ordered the temporary and partial closure of the water extraction wells located in the Salar de Llamara. These wells allow the Company to extract around 124 liters/second of water, which is approximately 15% of the water used in Chile’s First Region.

Through a ruling dated November 28, 2016, which was modified by a ruling dated December 23, 2016, the SMA filed charges against SQM Salar for extracting brine in excess of authorized amounts, progressively impacting the vitality of algarrobo trees, delivering incomplete information, modifying variables and other matters.

SQM Salar has presented a compliance program detailing the actions and commitments it will carry out to address the SMA's objections. The SMA is reviewing the compliance program.

In keeping with the monitoring plans established in the current environmental qualification resolution for the operation at the Salar de Atacama, SQM Salar periodically monitors the flora, fauna, hydrogeological and meteorological variables, along with 225 monitoring points and 48 continuous measuring points for the brine and water levels in different parts of the salar basin, which it periodically reports to the corresponding authorities. If any of the monitoring points falls below predefined levels, various actions are considered, which are part of the

environmental monitoring plan.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 169

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 19 **Contingencies and restrictions
(continued)**

19.3 Environmental contingencies, continued

On May 20, 2018, 2 of the 225 points were 1cm below the predefined level for those points. These points are on the route of one of the outlets for a lagoon located on the eastern edge of the Salar de Atacama. Historically flows from the lagoons of the deposit have varied in location and route. That has happened in this case and the flow has moved with regard to the location of the monitoring well in question. Both the levels and the flows from the lagoons have behaved normally and no changes in the ecosystem that is being monitored in the area have been observed.

Following the protocol established for these cases, total pumping flow from SQM Salar operations in the Salar de Atacama has been reduced for a 6-month period, from a maximum annual average of 1,500 liters per second to an average annual flow of 1,250 liters per second. In addition, within the next few weeks, SQM Salar will send a complete analysis to the authorities, and if so determined, will require the relocation of the monitoring points analyzed. During this period, SQM Salar and the authorities must assess and agree on the causes behind the reduction in the level of the points in question and must define any potentially necessary measures.

The Company estimates that an average annual reduction of 250 l/s will not have an impact on current and projected lithium carbonate and hydroxide production levels. For potassium chloride, the company estimates that the reduction in pumping would imply a reduction in production and sales of approximately 170,000 tons per year.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 170

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 19 **Contingencies and restrictions
(continued)**

19.4 Tax contingency

During 2015, the Company, SQM Salar and SQM Industrial submitted to the Chilean IRS four tax amendments (two by the Company, one by SQM Salar and one by SQM Industrial).

The first two (one for SQM and one for SQM Salar), after being approved by the SII, generated payments for taxes, interests and other charges for US\$8,1 million. A provision for such amount was made in the profit or loss for the first quarter of 2015.

Additionally, during August 2015, the Chilean IRS was provided, for its review and approval, with the documentation necessary for amending the annual tax returns of the Company and SQM Industrial. As a result of such amendments, the Company paid an approximate sum of US\$1,4 million for taxes, interests and other charges. This amount was recorded in a provision in the profit or loss for the second quarter of 2015.

Finally, during 2016, the last 12 invoices were amended with a payment of approximately US\$50,000.

Accordingly, the SQM Group understands the internal analysis they have been performing has ended, the purpose of which was the identification of the expenses incurred by them during the fiscal years 2008 to 2014 and which could be a matter of tax amendment.

Because of the aforementioned amendments, the Company, SQM Salar and SQM Industrial might be affected by additional penalties established in the first subparagraph, No, 4 of Article 97 of the Tax Code, for an amount ranging between 50% and 300% of the taxes paid. The Company has not considered it necessary to make any provisions related to this possible additional penalty.

SQM S.A.

El Trovador 4285 171
Las Condes, Santiago, Chile
Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 19 **Contingencies and restrictions
(continued)**

19.4 Tax contingency, continued

On August 26, 2016, SQM Salar filed with the Third Tax and Customs Court of the Metropolitan Region a tax claim against tax assessments Nos, 169, 170, 171 and 172, which seek to expand the application of the specific tax on mining activities for the exploitation of lithium. The amount involved is approximately ThUS\$17,809. A summons to hear sentence has been received for this claim.

On March 24, 2017, SQM Salar filed with the Third Tax and Customs Court of the Metropolitan Region a tax claim against tax assessment No, 207 of 2016 and ruling No, 156 of 2016, both issued by the Chilean IRS, which seek to expand application of the specific tax on mining activities to include lithium exploitation for tax years 2015 and 2016. The amount involved is approximately US\$14,4 million. A summons to hear sentence has been received for this claim.

These amounts are classified as taxes for current assets, non-current, as of December 31, 2017 and the same as of June 30, 2018.

Of the US\$32,2 million under dispute, approximately US\$25,2 million correspond to the potential specific tax on mining activities related to lithium and US\$7,0 million correspond to an excess charge levied by the Chilean IRS.

The Chilean IRS has not issued an assessment claiming differences in the specific tax on mining activities filed for the years 2016, 2017 and 2018. As of the date of these financial statements, the Company has not made any provisions for these possible differences.

If the Chilean IRS uses criteria similar to that used in previous years, it may issue an assessment in the future for the 2016, 2017 and 2018 financial years. It is reasonable to expect that should these assessments for the period 2016 to the first half of 2018 be issued, the value would be approximately US\$46 million (without considering potential interest and fines).

SQM S.A.

El Trovador 4285

172

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 19 **Contingencies and restrictions
(continued)**

19.5 Contingencies regarding the Changes to the Contracts with Corfo. Appeal No. 10301-2018, Santiago Court of Appeals:

20 In January 2018, indigenous communities and various parties presented an appeal for legal protection against Corfo, the Company, SQM Salar and SQM Potasio (the “Companies”), with regard to the changes to the contract for the project in the Salar de Atacama and the OMA mining property lease contract dated January 17, 2018, both granted as a result of a conciliation process proposed by the arbitration court which took place at the end of arbitration between the parties (the “Changes”). According to the appellants, the Changes will deprive, disturb and threaten in an illegal and arbitrary way the constitutional rights of the appellants established in article 19, numbers 8, 21 and 24 of the Political Constitution. The appellants have therefore requested the following: (i) that the acts subject to appeal be declared invalid, vacated or without effect, (ii) that the Changes be reviewed according to the provisions of Convention 169 (iii) that the counterparts be expressly made liable for the costs, given the clearly illegal and arbitrary nature of what has occurred.

21 Once informed of the appeal, the Companies requested that it be rejected for the following reasons. Firstly because it is extemporaneous. Secondly, as the matter is one that requires the interpretation and verification of the application or effects of contractual clauses, it goes beyond the scope of this cautionary action. Thirdly it should be challenged because of the principle of specialty, because there is a special procedure which would better apply. In terms of substance, the Companies have indicated to the Court that an increase in the lithium quota, authorized through contractual changes adopted through a conciliation process proposed by the Arbitration Judge does not constitute an arbitrary or illegal act and that no indigenous consultation took place as per article 6 of Convention 169 because these changes were not legislative or administrative measures likely to directly affect the indigenous peoples. The Companies have sustained that the Changes are the implementation of a conciliation agreement, that is the jurisdictional equivalent of res judicata, which was proposed by the arbitration judge and does not correspond to the exercise of public powers, as required in article 6 of Convention 169.

22 The appeal is currently awaiting sentence in the Santiago Court of Appeals. Such sentence could be subject to appeal by the parties. In the opinion of the Companies and the lawyer who represents them, there are facts that show that this appeal should be rejected and that the Changes could not affect the fundamental rights of the appellants.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 173

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 19 **Contingencies and restrictions
(continued)**

19.5 Contingencies regarding the Changes to the Contracts with Corfo. Appeal No. 10301-2018, Santiago Court of Appeals (continued)

In the event that a ruling is made to leave without effect the Changes and if there are no appeals by the parties, the contracts prior to the Changes will once again be valid, although this resolution should not affect the efficiency and validity of the conciliation reached regarding the matters debated in arbitration.

The court has the faculties to adopt the decisions it considers necessary to reestablish the rule of law and ensure the protection of the affected party.

19.6 Restricted or pledged cash

The subsidiary Isapre Norte Grande Ltda., in compliance with the provisions established by the Chilean Superintendence of Healthcare, which regulates the running of pension-related health institutions, maintains a guarantee in financial instruments delivered in deposits, custody and administration to Banco de Chile.

This guarantee, according to the regulations issued by the Chilean Superintendence of Healthcare is equivalent to the total sum owed to its members and medical providers, Banco de Chile reports the present value of the guarantee to the Chilean Superintendence of Healthcare and Isapre Norte Grande Ltda, on a daily basis, As of June 30, 2018, the guarantee amounts to ThUS\$749.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 174

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 19 **Contingencies and restrictions**
(continued)

19.7 Securities obtained from third parties

The main security received (exceeding ThUS\$100) from third parties to guarantee Soquimich Comercial S.A.'s compliance with obligations in contracts of commercial mandates for the distribution and sale of fertilizers amounted to ThUS\$10,002 and ThUS\$12,103 on June 30, 2018 and December 31, 2017 respectively; which is detailed as follows:

Grantor	Relationship	6/30/2018	12/31/2017
		ThUS\$	ThUS\$
Ferosor Agrícola S.A.	Unrelated third party	3,839	4,067
Tattersall Agroinsumos S.A.	Unrelated third party	2,000	2,000
Contador Frutos S.A.	Unrelated third party	1,668	1,743
Agrícola Lobert Ltda.	Unrelated third party	-	1,264
Covepa SPA	Unrelated third party	768	813
Johannes Epple Davanzo	Unrelated third party	343	363
Hortofrutícola La Serena	Unrelated third party	309	323
Juan Luis Gaete Chesta	Unrelated third party	208	262
Arena Fertilizantes y Semillas	Unrelated third party	230	244
Vicente Oyarce Castro	Unrelated third party	233	244
Soc. Agrocom. Julio Polanco	Unrelated third party	154	163
Bernardo Guzmán Schmidt	Unrelated third party	132	138
Gilberto Rivas Y Cia. Ltda.	Unrelated third party	-	138
Lemp Martin Julian	Unrelated third party	118	124
Comercial Agrosal Ltda.	Unrelated third party	-	116
Soc.Comercial el Mimbral	Unrelated third party	-	101
Total		10,002	12,103

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 175

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 19 **Contingencies and restrictions**
(continued)

19.8 Indirect guarantees

Guarantees in which there is no pending balance indirectly reflect that the respective guarantees are in force, have been approved by the Company's Board of Directors and have not been used by the respective subsidiary.

The bonds which disclose a balance as of June 30, 2018 and December 31, 2017 are detailed below:

Creditor of the guarantee	Debtor Name	Relationship	Type of guarantee	Balances as of the closing date of the financial statements	
				6/30/2018 ThUS\$	12/31/2017 ThUS\$
Australian and New Zealand Bank	SQM North America Corp	Subsidiary	Bond	-	-
Australian and New Zealand Bank	SQM Europe N,V,	Subsidiary	Bond	-	-
Generale Bank	SQM North America Corp	Subsidiary	Bond	-	-
Generale Bank	SQM Europe N,V,	Subsidiary	Bond	-	-
Kredietbank	SQM North America Corp	Subsidiary	Bond	-	-
Kredietbank	SQM Europe N,V,	Subsidiary	Bond	-	-
Banks and financial institutions	SQM Investment Corp, N,V,	Subsidiary	Bond	-	-
Banks and financial institutions	SQM Europe N,V,	Subsidiary	Bond	-	-
Banks and financial institutions	SQM North America Corp	Subsidiary	Bond	-	-
Banks and financial institutions	Nitratos Naturais do Chile Ltda,	Subsidiary	Bond	-	-
Banks and financial institutions	SQM México S.A. de C,V,	Subsidiary	Bond	-	-
Banks and financial institutions	SQM Brasil Ltda,	Subsidiary	Bond	-	-
"BNP"	SQM Investment Corp, N,V,	Subsidiary	Bond	-	-
Sociedad Nacional de Minería A,G,	SQM Potasio S.A.	Subsidiary	Bond	-	-
Scotiabank & Trust (Cayman) Ltd,	Royal Seed Trading A,V,V,	Subsidiary	Bond	-	-
Scotiabank & Trust (Cayman) Ltd,	Royal Seed Trading A,V,V,	Subsidiary	Bond	-	-
Bank of America	Royal Seed Trading A,V,V,	Subsidiary	Bond	-	-
Export Development Canada	Royal Seed Trading A,V,V,	Subsidiary	Bond	-	-
The Bank of Tokyo-Mitsubishi UFJ Ltd,	Royal Seed Trading A,V,V,	Subsidiary	Bond	-	-
JP Morgan Chase Bank	SQM Industrial S.A.	Subsidiary	Bond	-	-
The Bank of Nova Scotia	SQM Investment Corp, N,V,	Subsidiary	Bond	-	-

SQM S.A.

El Trovador 4285 176
Las Condes, Santiago, Chile
Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 19 **Contingencies and restrictions**
(continued)

19.8 Indirect guarantees, continued

Creditor of the guarantee	Debtor Name	Relationship	Type of Guarantee	Pending balances as of the closing date of the financial statements	
				6/30/2018 ThUS\$	12/31/2017 ThUS\$
Credit Suisse International	SQM Investment Corp, N,V,	Subsidiary	Bond	-	-
Morgan Stanley Capital Services	SQM Investment Corp, N,V,	Subsidiary	Bond	-	-
The Bank of Tokyo-Mitsubishi UFJ Ltd,	SQM Investment Corp, N,V,	Subsidiary	Bond	-	-
HSBC	SQM Investment Corp, N,V,	Subsidiary	Bond	-	-
Deutsche Bank AG	SQM Investment Corp, N,V,	Subsidiary	Bond	-	-

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 177

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 20 Earnings per share

Basic earnings per share are calculated by dividing net income attributable to the Company's shareholders by the weighted average of the number of shares in circulation during that period.

As expressed, earnings per share are detailed as follows:

	6/30/2018	6/30/2017
	ThUS\$	ThUS\$
Basic earnings per share		
Earnings (losses) attributable to owners of the parent	247,697	204,386

	6/30/2018	12/31/2017
	Units	Units
Number of common shares in circulation	263,196,524	263,196,524

	6/30/2018	6/30/2017
Basic earnings per share (US\$ per share)	0,9411	0,7766

The Company has not made any operations with a potential dilutive effect that assumes diluted earnings per share are different from the basic earnings per share.

Note 21 Borrowing costs

The cost of interest is recognized as an expense in the year in which it is incurred, except for interest that is directly related to the acquisition and construction of tangible property, plant and equipment assets and that complies with the requirements of IAS 23, As of June 30, 2018, total interest expenses incurred amount to ThUS\$28,361 (ThUS\$25,546 as of June 30, 2017).

The Company capitalizes all interest costs directly related to the construction or to the acquisition of property, plant and equipment, which require a substantial time to be suitable for use.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 178

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 21 Borrowing costs (continued)

21.1 Costs of capitalized interest, property, plant and equipment

The cost of capitalized interest is determined by applying the average or weighted average of all financing costs incurred by the Company to the monthly end balances of works-in-progress meeting the requirements of IAS 23.

The rates and costs for capitalized interest of property, plant and equipment are detailed as follows:

	6/30/2018		6/30/2017	
Capitalization rate of costs for capitalized interest, property, plant and equipment	4	%	4	%
Amount of costs for interest capitalized in ThUS\$	2,650		2,462	

Note 22 Effect of fluctuations in foreign currency exchange rates

a) Foreign currency exchange differences recognized in profit or loss except for financial instruments measured at fair value through profit or loss:

	6/30/2018		6/30/2017	
	ThUS\$		ThUS\$	
Conversion foreign exchange gains (losses) recognized in the result of the year.	(602	)	(4,707)
Conversion foreign exchange reserves attributable to the owners of the controlling entity.	(5,943	)	(1,501)
Conversion foreign exchange reserves attributable to the non-controlling entity.	82		3	

SQM S.A.

El Trovador 4285 179
 Las Condes, Santiago, Chile
 Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 22 Effect of fluctuations in foreign currency exchange rates (continued)**b) Reserves for foreign currency exchange differences:**

As of June 30, 2018 and 2017, foreign currency exchange differences are detailed as follows:

Detail	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Changes in equity generated by conversion of equity value:		
Comercial Hydro S.A.	1,004	1,004
SQMC Internacional Ltda.	(9)	(2)
Proinsa Ltda,	(9)	(7)
Comercial Agrorama Ltda,	(32)	(44)
Isapre Norte Grande Ltda.	(111)	(74)
Almacenes y Depósitos Ltda,	95	97
Sacal S.A.	14	-
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	(5)	-
Agrorama S.A.	11	(98)
Doktor Tarsa	(17,851)	(14,447)
SQM Vitas Fzco	(2,605)	(1,779)
Ajay Europe	(1,092)	(831)
SQM Eastmed Turkey	(84)	(92)
Charlee SQM (Thailand) Co. Ltd.	(297)	(285)
Coromandel SQM India	(359)	(234)
SQM Italia SRL	(195)	(154)
SQM Oceania Pty Ltd,	(634)	(634)
SQM Indonesia S.A.	(124)	(124)
Abu Dhabi Fertilizers Industries WWL.	(436)	(435)
SQM Vitas Holland	(142)	(101)
SQM Thailand Limited	(68)	(68)
SQM Europe N.V.	(1,550)	(1,550)
Minera Exar S.A.	(5,256)	(5,209)
SQM Australia Pty Ltd.	(1,031)	154
Total	(30,766)	(24,913)

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 180

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 22 Effect of fluctuations in foreign currency exchange rates (continued)

c) Functional and presentation currency

The functional currency of these companies corresponds to the currency of the country of origin of each entity, and its presentation currency is the U,S, dollar.

d) Reasons to use one presentation currency and a different functional currency

- The total revenues of these subsidiaries are associated with the local currency.
- The commercialization cost structure of these companies is affected by the local currency.
 - The equities of these companies are expressed in local currency (Chilean peso).

Note 23 Environment

23.1 Disclosures of disbursements related to the environment

The Company is continuously concerned with protecting the environment both in its production processes and with respect to products manufactured. This commitment is supported by the principles indicated in the Company's Sustainable Development Policy. The Company is currently operating under an Environmental Management System (EMS) that has allowed it to strengthen its environmental performance through the effective application of the Company's Sustainable Development Policy.

Operations that use caliche as a raw material are carried out in desert areas with climatic conditions that are favorable for drying solids and evaporating liquids using solar energy. Operations involving the open-pit extraction of minerals, due to their low waste-to-mineral ratio, generate remaining deposits that slightly alter the environment. A portion of the ore extracted is crushed, a process in which particle emissions occur, Currently this operation is conducted only at the Pedro de Valdivia worksite and no ore crushing process is conducted in the María Elena sector.

Many of the Company's products are shipped in bulk at the Port of Tocopilla. In 2007, the city of Tocopilla was declared a zone saturated with MP10 Particles mainly due to the emissions from the electric power plants that operate in that city, In October 2010, the Decontamination Plan for Tocopilla was put in place. Accordingly, the Company has

committed to taking several measures to mitigate the effects derived from bulk product movements in the port. These measures have been successfully implemented since 2007.

The Company carries out environmental follow-up and monitoring plans based on specialized scientific studies. Within this context, the Company entered into a contract with the National Forestry Corporation (CONAF) aimed at researching the activities of flamingo groups that live in the Salar de Atacama (Atacama Saltpeter Deposit) lagoons. Such research includes a population count of the birds, as well as breeding research. Environmental monitoring activities carried out by the Company at the Salar de Atacama and other systems in which it operates are supported by a number of studies that have integrated diverse scientific efforts from prestigious research centers, including Dictuc from the Pontificia Universidad Católica in Santiago and the School of Agricultural Science of the Universidad de Chile.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 181

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 23 Environment (continued)

23.1 Disclosures of disbursements related to the environment, continued

Furthermore, within the framework of the environmental studies which the Company is conducting, the Company performs significant activities in relation to the recording of Pre-Columbian and historical cultural heritage, as well as the protection of heritage sites, in accordance with current Chilean laws. These activities have been especially performed in the areas surrounding Maria Elena and the Nueva Victoria plant. This effort is being accompanied by cultural initiatives within the community and the organization of exhibits in local and regional museums.

As emphasized in its Sustainable Development Policy, the Company strives to maintain positive relationships with the communities surrounding the locations in which it carries out its operations, as well as to participate in communities' development by supporting joint projects and activities which help to improve the quality of life for residents. For this purpose, the Company has focused its efforts on activities involving the rescue of historical heritage, education and culture, as well as development.

In order to do so, it acts both individually and in conjunction with private and public entities.

23.2 Detail of information on disbursements related to the environment

The cumulative disbursements which the Company had incurred as of June 30, 2018 for the concept of investments in production processes, verification and control of compliance with ordinances and laws relative to industrial processes and facilities, including prior year disbursements related to these projects amounted to ThUS\$6,375 and are detailed as follows:

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 182

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 23 Environment (continued)**23.2 Detail of information on disbursements related to the environment, continued****Accumulated expenses as of 6/30/2018**

Identification of the Parent or subsidiary	Name of the project with which expenditure is associated	Concept for which the expenditure was made or will be made
Miscellaneous	Environment - Operating Area	Not classified
SQM S.A.	01-I005500 - Standardization of SO2 plants	Environmental processing
SQM S.A.	01-I007300 - Compliance with Iodine Gas Exposure Standard	Environmental processing
SQM S.A.	01-I012200 - Repair or replacement of well	Sustainability: Environment and Risk Prevention
SQM S.A.	01-I013800 - Increase height of Absorber Tower	Sustainability: Environment and Risk Prevention
SQM S.A.	01-I017200 - CEDAM at Puquíos (ponds) at Llamara	Sustainability: Environment and Risk Prevention
SQM S.A.	01-I017400 - Development of Pintados and surrounding area	Sustainability: Environment and Risk Prevention
SQM S.A.	01-I018300 - Cultural Heritage Baseline Environmental Impact Statement (EIS) Mina Oeste N.V.	Environmental processing
SQM S.A.	01-I018700 - Penalization Process for Salar de Llamara	Environmental processing
SQM S.A.	EIA Expansion of TEA and Seawater Impulsion	Environmental processing
SQM Industrial S.A.	04-J007000 - Environmental Impact Statement	Environmental processing
SQM Industrial S.A.	04-P003600 - Opening of NPT IV Project (NK engineering studies)	Sustainability: Environment and Risk Prevention
SQM Industrial S.A.	04-J010200 - NK CS (KNO3-NaNO3 salt production at NPT2 plant)	Sustainability: Environment and Risk Prevention
SQM Industrial S.A.	04-I015600 - Recovery of Reject Water from Osmosis Plant, NV Iodine Plant	Sustainability: Environment and Risk Prevention
SQM Industrial S.A.	04-J012200 - Environmental Impact Statement and Regularization of CS Ponds	Environmental processing
SQM Industrial S.A.	04-J013500 - Handling of Equipment associated with PCBs	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T003400 - 2016 Port maintenance Capex	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T001900 - Storage Warehouse Cover	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T001800 - Mechanization of Shipment from Ca	Sustainability: Environment and Risk Prevention

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

SIT S.A.	03-T003200 - Mechanization of Shipment from Ca	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T003600 - Improved P bulk storage	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T004200 - Encapsulation and Collectors Yards 8 and 9	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T004500 - Belt 5 Extension and Overhaul	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T005000 - Ground leveling and paving of warehouse	Sustainability: Environment and Risk Prevention

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 183

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 23 Environment (continued)

23.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses as of 6/30/2018

Identification of the Parent or subsidiary	Name of the project with which expenditure is associated	Concept for which the expenditure was made or will be made
SQM Salar S.A.	19-L012200 - Installation of flow meters per environmental standard	Sustainability: Environment and Risk Prevention
SQM Salar S.A.	19-C002300 - Extension of LIOH 7,000 TPA Plant	Sustainability: Environment and Risk Prevention
SQM Salar S.A.	19-L012100 – Regularization of weather station	Sustainability: Environment and Risk Prevention
SQM Salar S.A.	19-L014700 - Industrial Waste Management	Sustainability: Environment and Risk Prevention
SQM Nitratos S.A.	12-I012700 - Mine Site Workshop Water Recovery Plant	Sustainability: Environment and Risk Prevention
Total		

SQM S.A.

El Trovador 4285
 Las Condes, Santiago, Chile
 Tel: (56 2) 2425 2000 184

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 23 Environment (continued)**23.2 Detail of information on disbursements related to the environment, continued****Future expenses as of 6/30/2018**

Identification of the Parent or subsidiary	Name of the project with which expenditure is associated	Concept for which the expenditure was made or will be made
Miscellaneous	Environment - Operating Area	Not classified
SQM S.A.	01-I005500 - Standardization of SO2 plants	Environmental processing
SQM S.A.	01-I012200 - Repair or replacement of well	Sustainability: Environment and Risk Prevention
SQM S.A.	01-I013800 - Increase height of Absorber Tower	Sustainability: Environment and Risk Prevention
SQM S.A.	01-I017200 - CEDAM at Puquíos (ponds) at Llamara	Sustainability: Environment and Risk Prevention
SQM S.A.	01-I017400 - Development of Pintados and surrounding area	Sustainability: Environment and Risk Prevention
SQM S.A.	01-I018300 - Cultural Heritage Baseline Environmental Impact Statement (EIS) Mina Oeste N.V.	Environmental processing
SQM S.A.	01-I018700 - Penalization Process for Salar de Llamara	Environmental processing
SQM S.A.	EIA Expansion of TEA and Seawater Impulsion	Environmental processing
SQM Industrial S.A.	04-P003600 - Opening of NPT IV Project (NK engineering studies)	Sustainability: Environment and Risk Prevention
SQM Industrial S.A.	04-I015600 - Recovery of Reject Water from Osmosis Plant, NV Iodine Plant	Sustainability: Environment and Risk Prevention
SQM Industrial S.A.	04-J012200 - Environmental Impact Statement and Regularization of CS Ponds	Sustainability: Environment and Risk Prevention
SQM Industrial S.A.	04-J013500 - Handling of Equipment associated with PCBs	Environmental processing
SIT S.A.	03-T001900 - Storage Warehouse Cover	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T001800 - Mechanization of Shipment from Ca	Sustainability: Environment and Risk Prevention

SQM S.A.

El Trovador 4285 185
Las Condes, Santiago, Chile
Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 23 Environment (continued)**23.2 Detail of information on disbursements related to the environment, continued****Future expenses as of 6/30/2018**

Identification of the Parent or subsidiary	Name of the project with which expenditure is associated	Concept for which the expenditure was made or will be made
SIT S.A.	03-T003200 - Mechanization of Shipment from Ca	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T003600 - Improved P bulk storage	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T004200 - Encapsulation and Collectors Yards 8 and 9	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T004500 - Belt 5 Extension and Overhaul	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T005000 - Ground leveling and paving of warehouse	Sustainability: Environment and Risk Prevention
SQM Salar S.A.	19-L012100 – Regularization of weather station	Sustainability: Environment and Risk Prevention
SQM Salar S.A.	19-C002300 - Extension of LIOH 7,000 TPA Plant	Sustainability: Environment and Risk Prevention
SQM Nitratos S.A	12-I012700 - Mine Site Workshop Water Recovery Plant	Sustainability: Environment and Risk Prevention
Total.		

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 186

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 23 Environment (continued)**23.2 Detail of information on disbursements related to the environment, continued****Accumulated expenses as of 12/31/2017**

Identification of the Parent or subsidiary	Name of the project with which expenditure is associated	Concept for which the expenditure was made or will be made
Miscellaneous	Environment - Operating Area	Not classified
SQM Industrial S.A.	04-IQWZ00 - Normalization TK NV liquid fuels	Environmental processing
SQM Industrial S.A.	04-PPZU00 - Standardize and Certify Plant Fuel Tanks	Environmental processing
SQM Industrial S.A.	04-J007000 - Environmental Impact Statement	Environmental processing
SQM Industrial S.A.	04-P003600 - Opening of NPT IV Project (NK engineering studies)	Sustainability: Environment and Risk Prevention
SQM Industrial S.A.	04-I012400 - Acquisition of Power Generator to Back up the Injection System at Puquios in Salar de Llamara	Sustainability: Environment and Risk Prevention
SQM Industrial S.A.	04-J004300 - Energy efficiency study	Sustainability: Environment and Risk Prevention
SQM Industrial S.A.	04-J010200 - NK CS (KNO ₃ -NaNO ₃ salt production at NPT2 plant)	Sustainability: Environment and Risk Prevention
SQM Industrial S.A.	04-I015600 - Recovery of Reject Water from Osmosis Plant, NV Iodine Plant	Sustainability: Environment and Risk Prevention
SQM S.A.	01-I005500 - Standardization of SO ₂ plants	Environmental processing
SQM S.A.	01-I007100 - Environmental Follow-up Plan for Pampa del Tamarugal for 2015-2016	Environmental processing
SQM S.A.	01-I007200 - Environmental Follow-up Plan for Salar de Llamara for 2015-2016	Sustainability: Environment and Risk Prevention
SQM S.A.	01-I013800 - Increase height of Absorber Tower	Sustainability: Environment and Risk Prevention
SQM S.A.	01-I007300 - Compliance with Iodine Gas Exposure Standard	Environmental processing
SQM S.A.	01-I012200 - Repair or replacement of well	Sustainability: Environment and Risk Prevention
SQM Salar S.A.	19-L008100 - EIS Salar 2015	Environmental processing
SQM Salar S.A.	19-L012200 - Installation of flow meters per environmental standard	Sustainability: Environment and Risk Prevention
SQM Salar S.A.	19-C002300 - Extension of LIOH 7,000 TPA Plant	Sustainability: Environment and Risk Prevention
SQM Salar S.A.	19-L012100 - Renovation of equipment which must be certified in order to gain environmental approval (RCA)	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T003400 - 2016 Port maintenance Capex	

		Sustainability: Environment and Risk Prevention
SIT S.A.	03-T001900 - Storage Warehouse Cover	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T001800 - Mechanization of Shipment from Ca	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T003200 - Mechanization of Shipment from Ca	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T004200 - Encapsulation and Collectors Yards 8 and 9	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T004500 - Belt 5 Extension and Overhaul	Environmental processing
Total		

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 187

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 23 Environment (continued)**23.2 Detail of information on disbursements related to the environment, continued****Future expenses as of 12/31/2017**

Identification of the Parent or subsidiary	Name of the project with which expenditure is associated	Concept for which the expenditure was made or will be made
Miscellaneous	Environment - Operating Area	Not classified
SQM Industrial S.A.	04-J010200 - NK CS (KNO ₃ -NaNO ₃ salt production at NPT2 plant)	Sustainability: Environment and Risk Prevention
SQM Industrial S.A.	04-I015600 - Recovery of Reject Water from Osmosis Plant, NV Iodine Plant	Sustainability: Environment and Risk Prevention
SQM S.A.	01-I005500 - Standardization of SO ₂ plants	Environmental processing
SQM S.A.	01-I012200 - Repair or replacement of well	Sustainability: Environment and Risk Prevention
SQM S.A.	01-I013800 - Increase height of Absorber Tower	Sustainability: Environment and Risk Prevention
SQM S.A.	01-I017200 - CEDAM at Puquíos (ponds) at Llamara	Sustainability: Environment and Risk Prevention
SQM S.A.	01-I017400 - Development of Pintados and surrounding area	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T001900 - Storage Warehouse Cover	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T001800 - Mechanization of Shipment from Ca	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T003200 - Mechanization of Shipment from Ca	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T004200 - Encapsulation and Collectors Yards 8 and 9	Sustainability: Environment and Risk Prevention
SIT S.A.	03-T004500 - Belt 5 Extension and Overhaul	Environmental processing
SIT S.A.	03-T005000 - Ground leveling and paving of warehouse	Sustainability: Environment and Risk Prevention
SQM Salar S.A.	19-L012100 - Renovation of equipment which must be certified in order to gain environmental approval (RCA)	Sustainability: Environment and Risk Prevention
SQM Salar S.A.	19-L012200 - Installation of flow meters per environmental standard	Sustainability: Environment and Risk Prevention
SQM Salar S.A.	19-C002300 - Extension of LIOH 7,000 TPA Plant	Sustainability: Environment and Risk Prevention
SQM Nitratos S,A	12-I012700 - Mine Site Workshop Water Recovery Plant	Sustainability: Environment and Risk Prevention

Total

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 188

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 23 Environment (continued)

23.3 Description of each project, indicating whether these are in process or have been finished

SOM S.A.

I0055: In the SO₂ plant, the gas/liquid ratio is deficient, preventing the absorption of SO₂; producing a loss of free iodine through inadequate stripping of kerosene and prilling air. This also causes the ducts and furnaces to be blocked (unplanned shutdowns), a very polluted environment for people (aberration in health and hygiene), excessive acid rain (corrosion of facilities) and a high sulfur and sodium metabisulfite consumption factor. By changing the gas extractors to increase air flows and the SO₂ absorption towers for prilling, the diameter of the ducts will be increased. This will ensure that the gas/liquid ratio is increased and sustained. In order to decrease SO₂ emissions, a scrubber unit (tower, pump, gas extractor and piping) needs to be installed following the same concept as was developed at the ME Iodine SO₂ plant.

I0073: The system for capturing iodine gases is operating very inefficiently. The iodine steam levels are between 150% and 4,900% above the levels allowed for jobs at iodine plants and warehouses as established in Article 61 of Supreme Decree No. 594/1999, approving Basic Sanitary and Environmental Conditions in Workplaces. This project is in progress.

I0122: The project consists of repairing and/or replacing the environmental follow-up wells that need to be deepened. It also includes implementing improvements in mine shaft type wells to avoid risk conditions. The priority wells are Nos. 8 and 10-S-1 in Pampa del Tamarugal and PO-5 in Salar de Llamara.

I0138: This project is to increase the height of each SO₂ absorber tower (regular and stand-by towers) by 2,5 meters. The towers' additional height will allow the height of the packing to be increased by 2,5, thereby improving the efficiency of the SO₂ absorption. The main activities are: Basic and detailed engineering; supply of the bodies of the absorber towers (frp), liquid distributors, tower brine pump pad, tri-pack packing type, polyethylene pipes and fitting; gas measurement service; metallic structure manufacturing and installation services; and project start-up.

I0172: The commitments of the Pampa Hermosa project for the Salar de Llamara include the Tamarugos Environmental Management Plan (PMAT), which contemplates an Environmental Education Program that includes the design, construction and start-up of an Environmental Education Center (CEDAM) at Puquios de Llamara. Conceptual design, detailed design, construction and start-up are necessary for the CEDAM, which will be subject to approval by the authorities so its duration and costs are subject to the approval of third parties.

I0174: One of the commitments of the Pampa Hermosa project involves developing the former Pintados station. The development proposal was presented to the authorities and once approved, it needs to be implemented (parking, footpath, shade and information panels). One of the commitments for the Nueva Victoria and Pampa Hermosa mining area projects is to prepare a storage place in Humberstone for storing the archaeological materials that are recovered. This is part of the archaeological compensation measures involved in these projects. A proposal needs to be developed and subsequently developed for the Humberstone deposit, which is subject to approval by the authorities so its duration and costs are subject to the approval of third parties.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 189

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 23 Environment (continued)

23.3 Description of each project, indicating whether these are in process or have been finished, continued

I0183: A heritage baseline will be taken for the eastern mine sector, required for the EIS

I0187: The project involves the implementation of measures that were committed to during the penalty process, including urgent and transitory measures. Actions to be implemented include monthly biotic monitoring, quarterly landscape monitoring, metagenomic analysis, study accrediting the nonexistence of environmental effects in puquios (aquatic biota) and study accrediting the implementation of adequate water quality control of water injected into the system, both accredited by a center for excellence in a state or state-recognized university.

I0194: Tender and awarding of environmental permits, implement archeology, biota, human environment campaigns, etc., develop marine studies, prepare reports and enter study into the assessment system, monitor and respond to addenda until the system is approved. Prepare and submit claims to third parties associated with the request for rights of way.

SOM Industrial S.A.

J0070: This project relates to the preparation and processing of an Environmental Impact Statement (EIS), with the purpose of obtaining the environmental authorization (RCA) for the yards. The information to be presented includes the air quality baseline, so a PM 2.5 and gas monitoring station has been installed to complement the existing stations at ME. This project is in progress.

P0036: The project consists of enabling the reuse of the crystallization plant and all of its facilities associated with the production of nitrate salts.

J0102: It is proposed to build a new PTS plant that is integrated into the NPT 2 crystallization process. The engineering design of this plant considers the reuse of the equipment already acquired for the NK PV plant. The plant includes a new raw materials yard, a grinder stage (sizer), a wet mill, a dissolution stage with reactors and thickener and a filtration and centrifuge unit for discarded salt. The crystallization from the NPT1 and NPT2 plants will be reused, as well as the refining plant at the NPT2 plant.

I0156: The project will enable the recovery of reject water from the osmosis plant to be used in the leach pile area, increasing the efficiency of water use.

J0122: The project consists of entering the Coya Sur wells into the environmental impact assessment system (SEIA) and processing the permits for these wells with the General Directorate of Water Resources (DGA).

J0135: This project consists of dealing with all the oils and components that contain 50ppm or more of PCB by 2025 at the latest. The activities to be undertaken will be to deal with all those elements with oil that have previously been identified as having more than 50ppm of PCB.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 190

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 23 Environment (continued)

23.3 Description of each project, indicating whether these are in process or have been finished, continued

SIT S.A.

T0034: The project seeks to make all the investments associated with maintaining the port's operating capacity, guaranteeing high equipment availability for shipment purposes. While this is an operating improvement, the project also has an environmental component. The project consists of the replenishment and/or replacement of the impaired wind barrier membranes in Yard No. 3, which is an action to control emissions, as committed to in the Tocopilla EDP. This project has been completed.

T0019: This project consists of the installation of covers (ceiling and side cover) in the 4 new storage boxes, which will be built in the area of current yards Nos. 8 and 9. While this is an operating improvement, the project has an environmental component as the project involves the building of a warehouse as an emissions control measure to improve compliance with the Tocopilla EDP and reduce dust emissions. This project has been completed.

T0018: The project consists of the installation of an underground conveyor belt running outside of the storage boxes in yards Nos. 8 and 9, connected to belt 5 and subsequently to the shipment system. While this is an operating improvement, the project has an environmental component as the project involves the implementation and purchase of belt covers as an internal emissions control measure to improve compliance with the Tocopilla EDP. This project is in progress.

T0032: The project consists of the installation of an underground conveyor belt running outside of the storage boxes in Yard No. 6, with feeding points of access directly connected to belt 6 and subsequently to the shipment system. While this is an operating improvement, the project has an environmental component as it includes the implementation of conveyor belt No. 6 from Yard No. 6, which is an action to control emissions as per the commitments within the Tocopilla EDP. This project is at the start-up stage.

T0036: The project involves the installation of rainwater collection channels in the storage warehouses and engineering that studies the possibility of storing multiple products in a single silo and the possibility of installing vibrating floors that enable free runoff of the product, thereby preventing the risks of manual operation and the effect that this provokes in shipments.

T0042: In order to comply with Article 13 of Supreme Decree No. 70/2010 Tocopilla EDP must incorporate dust collectors on the TV-1 and TV-2 hoppers in yard Nos.8 and 9.

T0045: The conveyor belts in yard numbers 8 and 9 will be completed by being connected to conveyor belt no. 5 and thus forming part of the shipment system. This involves the extension, connection and overhaul of conveyor belt no. 5, together with the connection to pan feeder 3 and the corresponding improvements to become an integral part of the shipment system. This will be done in compliance with the environmental regulations established in the Tocopilla Decontamination Plan. Atmospheric Decontamination Plan for the City of Tocopilla and surrounding area Supreme Decree No. 70/2010, Art.13 II.3.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 191

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 23 Environment (continued)

23.3 Description of each project, indicating whether these are in process or have been finished, continued

T0050: The loose earth soil around the storage warehouse in yard 17 is uneven, which creates operational difficulties and poses a risk both for the warehouse and operationally. The area of land to be paved measures 2100 m². A hazardous waste patio is also to be built.

SQM Salar.

L0122: The project considers the change in flow meters to the new standard in addition to adding standby flow meters. This project is in progress.

C0023: A new plant extension is to be built with the capacity for 7,000 TPA of product. This project is in progress.

L0121: Change of the weather station equipment to comply with the standard.

L0147: This project involves the elimination of these unauthorized industrial waste storage points. This work will be undertaken by an external company that separates, organizes and packages different types of industrial waste according to the environmental authorization and legislation in force. The waste can then be removed from the same points for final disposal off site.

SQM Nitratos S.A.

I0127: By installing a reverse osmosis system or a process that enables the recovery of industrial water and that reduces the hardness of the water for cleaning the equipment, we can reuse this water to wash equipment again, thereby reducing the damage to the electrical systems of the equipment as a result of corrosion.

SQM S.A.

El Trovador 4285 192
Las Condes, Santiago, Chile
Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 24 Other current and non-current non-financial assets

As of June 30, 2018, and December 31, 2017, the detail of other current and non-current assets is as follows:

Other non-financial assets, current	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Domestic Value Added Tax	16,964	7,488
Foreign Value Added Tax	4,366	5,122
Prepaid mining licenses	5,304	1,205
Prepaid insurance	2,022	2,446
Other prepayments	2,008	1,443
Refund of Value Added Tax to exporters	3,937	4,937
Other taxes	3,297	4,027
Other assets	352	215
Total	38,250	26,883

Other non-financial assets, non-current	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Stain development expenses and prospecting expenses (1)	26,659	17,721
Guarantee deposits	749	771
Other assets	730	770
Total	28,138	19,262

1) Reconciliation of changes in assets for exploration and mineral resource evaluation, by type

Movements in assets for the exploration and evaluation of mineral resources as of June 30, 2018, and December 31, 2017:

Reconciliation	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Opening balance	17,721	23,008
Changes		
Additions, other than business combinations	10,064	-
Increase (decrease) due to transfers and other charges	(1,126)	(5,287)
Total changes	8,938	(5,287)
Total	26,659	17,721

As of the presentation date, no reevaluations of assets for exploration and assessment of mineral resources have been conducted.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 193

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 25 Reportable segments

25.1 Reportable segments

General information:

The amount of each item presented in each operating segment is equal to that reported to the maximum authority that makes decisions regarding the operation, in order to decide on the allocation of resources to the defined segments and to assess its performance.

These operating segments mentioned are consistent with the way the Company is managed and how results will be reported by the Company. These segments reflect separate operating results that are regularly reviewed by the person responsible for operational decisions in order to make decisions about the resources to be allocated to the segment and assess its performance (See Note 25.2).

The performance of each segment is measured based on net income and revenues. Sales between segments are conducted using terms and conditions at current market rates.

Factors used to identify segments on which a report should be presented:

The segments covered in the report are strategic business units that offer different products and services. These are managed separately because each business requires different technology and marketing strategies.

Description of the types of products and services from which each reportable segment obtains its income from ordinary activities

The operating segments, which obtain income from ordinary activities, generate expenses and whose operating results are reviewed on a regular basis by the maximum authority who makes decisions regarding operations, relate to the following groups of products:

1. Specialty plant nutrients
2. Iodine and its derivatives
3. Lithium and its derivatives
4. Industrial chemicals
5. Potassium
6. Other products and services

Description of income sources for all the other segments

Information regarding assets, liabilities, profits and expenses that cannot be assigned to the segments indicated above, due to the nature of production processes, is included under the "Unassigned amounts" category of the disclosed information.

Basis of accounting for transactions between reportable segments

Sales between segments are made under the same conditions as those made to third parties, and how they are presented in the income statement is constantly monitored.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 194

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 25 Reportable segments (continued)

25.1 Reportable segments, continued

Description of the nature of the differences between measurements of results of reportable segments and the result of the entity before the expense or income tax expense of incomes and discontinued operations,

The information reported in the segments is extracted from the Company's consolidated financial statements and therefore there is no need to prepare reconciliations between the data mentioned above and those reported in the respective segments, according to what is stated in paragraph 28 of IFRS 8, "Operating Segments".

For the process of cost allocation in inventory valuation, we identify the direct costs (can be assigned directly to a product) and the common costs (belong to processes of co-production, for example costs of common leaching for the production of iodine and nitrates). The direct costs are directly associated with the product and the common costs are allocated using percentages of sales, prices and inventory rotation.

The allocation of other common costs that are not included in the inventory valuation process, but go straight to the cost of sales, use similar criteria: the costs associated with a product or sales in particular are assigned to that particular product or sales, and the common costs associated with different products or business lines are allocated according to the sales.

Description of the nature of the differences between measurements of assets of reportable segments and the Company's assets

Assets are not shown classified by segments, as this information is not readily available. Some of these assets are not separable by the type of activity by which they are affected since this information is not used by management in decision-making with respect to resources to be allocated to each defined segment. All assets are disclosed in the "unallocated amounts" category.

Description of the nature of the differences between measurements of liabilities of reportable segments and the Company's liabilities

Liabilities are not shown classified by segments, as this information is not readily available. Some of these liabilities are not separable by the type of activity by which they are affected, since this information is not used by management in decision-making regarding resources to be allocated to each defined segment. All liabilities are disclosed in the "unallocated amounts" category.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 195

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 25 Reportable segments (continued)

25.2 Reportable segment disclosures:

6/30/2018

Operating segment items	Specialty plant nutrients	Iodine and its derivatives	Lithium and its derivatives	Industrial chemicals	Potassium	Other products and services	Reportable segments	Operating segments	Elimination of inter-amounts
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue	412,446	160,241	348,154	75,146	139,853	21,580	1,157,420	1,157,420	-
Revenues from transactions with other operating segments of the same entity	260,470	219,160	366,242	32,752	123,131	130,125	1,131,880	1,131,880	(1,131,880)
Revenues from external customers and transactions with other operating segments of the same entity	672,916	379,401	714,396	107,898	262,984	151,705	2,289,300	2,289,300	(1,157,420)
Costs of sales	(327,834)	(107,772)	(111,605)	(52,926)	(121,128)	(19,099)	(740,364)	(740,364)	-
Administrative expenses	-	-	-	-	-	-	-	-	2,700
Interest expense	-	-	-	-	-	-	-	-	26,300
Depreciation and amortization expense	(51,136)	(16,436)	(17,111)	(8,394)	(19,098)	(2,855)	(115,030)	(115,030)	-
The entity's interest in the profit or loss of associates and joint ventures accounted for by the equity method	-	-	-	-	-	-	-	-	(75,000)
Income tax expense, continuing operations	-	-	-	-	-	-	-	-	(4,300)
Other items other than significant cash	-	-	-	-	-	-	-	-	-
Income (loss) before taxes	84,612	52,469	236,549	22,220	18,725	2,481	417,056	417,056	(49,000)
Net income (loss) from continuing operations	84,612	52,469	236,549	22,220	18,725	2,481	417,056	417,056	(49,000)
Net income (loss) from discontinued operations	-	-	-	-	-	-	-	-	-
Net income (loss)	84,612	52,469	236,549	22,220	18,725	2,481	417,056	417,056	(49,000)

Assets	-	-	-	-	-	-	-	-	(6,7
Equity-accounted investees	-	-	-	-	-	-	-	-	(3,8
Increase of non-current assets	-	-	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-	-	(2,7
Impairment loss recognized in profit or loss	(4,866)	(1,693)	509	(991)	(3,597)	12	(10,626)	(10,626)	-
Reversal of impairment losses recognized in profit or loss for the period	-	-	-	-	-	-	-	-	-
Cash flows from (used in) operating activities	-	-	-	-	-	-	-	-	-
Cash flows from (used in) investing activities	-	-	-	-	-	-	-	-	-
Cash flows from (used in) financing activities	-	-	-	-	-	-	-	-	-

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 196

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 25 Reportable segments (continued)**25.2 Reportable segment disclosures, continued****6/30/2017**

Operating segment items	Specialty plant nutrients	Iodine and its derivatives	Lithium and its derivatives	Industrial chemicals	Potassium	Other products and services	Reportable segments	Operating segments	Unall amount
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue	325,749	129,054	297,445	66,379	187,955	17,283	1,023,865	1,023,865	-
Revenues from transactions with other operating segments of the same entity	147,056	146,530	253,918	94,174	133,266	94,684	869,628	869,628	(869,628)
Revenues from external customers and transactions with other operating segments of the same entity	472,805	275,584	551,363	160,553	321,221	111,967	1,893,493	1,893,493	(869,628)
Costs of sales	(261,527)	(104,803)	(80,770)	(46,488)	(157,688)	(14,739)	(666,015)	(666,015)	-
Administrative expenses	-	-	-	-	-	-	-	-	2,760
Interest expense	-	-	-	-	-	-	-	-	39,400
Depreciation and amortization expense	(47,029)	(18,847)	(14,525)	(8,360)	(28,357)	(2,649)	(119,767)	(119,767)	-
The entity's interest in the profit or loss of associates and joint ventures accounted for by the equity method	-	-	-	-	-	-	-	-	-
Income tax expense, continuing operations	-	-	-	-	-	-	-	-	(1,070)
Other items other than significant cash	-	-	-	-	-	-	-	-	-
Income (loss) before taxes	64,222	24,251	216,675	19,891	30,267	2,544	357,850	357,850	(346,800)
Net income (loss) from continuing operations	64,222	24,251	216,675	19,891	30,267	2,544	357,850	357,850	(347,870)
Net income (loss) from discontinued operations	-	-	-	-	-	-	-	-	-
Net income (loss)	64,222	24,251	216,675	19,891	30,267	2,544	357,850	357,850	(347,870)

Assets	-	-	-	-	-	-	-	-	-	(6,73
Equity-accounted investees	-	-	-	-	-	-	-	-	-	(2,90
Increase of non-current assets	-	-	-	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-	-	-	(3,5
Impairment loss recognized in profit or loss	(5,576)	(259)	(243)	(2,559)	(894)	(59)	(9,590)	(9,590)	-	-
Reversal of impairment losses recognized in profit or loss for the period	-	-	-	-	-	-	-	-	-	-
Cash flows from (used in) operating activities	-	-	-	-	-	-	-	-	-	-
Cash flows from (used in) investing activities	-	-	-	-	-	-	-	-	-	-
Cash flows from (used in) financing activities	-	-	-	-	-	-	-	-	-	-

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 197

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 25 Reportable segments (continued)

25.3 Statement of comprehensive income classified by reportable segments based on groups of products

Items in the statement of comprehensive income	6/30/2018							Corporate Unit ThUS\$	Total segment and Corporate unit ThUS\$
	Specialty plant nutrients ThUS\$	Iodine and its derivatives ThUS\$	Lithium and its derivatives ThUS\$	Industrial chemicals ThUS\$	Potassium ThUS\$	Other products and services ThUS\$			
Revenue	412,446	160,241	348,154	75,146	139,853	21,580	-	1,057,320	
Cost of sales	(327,834)	(107,772)	(111,605)	(52,926)	(121,128)	(19,099)	-	(730,364)	
Gross profit	84,612	52,469	236,549	22,220	18,725	2,481	-	326,957	
Other incomes by function	-	-	-	-	-	-	9,477	9,477	
Administrative expenses	-	-	-	-	-	-	(56,264)	(56,264)	
Other expenses by function	-	-	-	-	-	-	(17,305)	(17,305)	
Other gains (losses)	-	-	-	-	-	-	(462)	(462)	
Financial income	-	-	-	-	-	-	10,693	10,693	
Financial costs	-	-	-	-	-	-	(28,361)	(28,361)	
interest in the profit or loss of associates and joint ventures accounted for by the equity method	-	-	-	-	-	-	9,491	9,491	
Exchange differences	-	-	-	-	-	-	(602)	(602)	
Profit (loss) before taxes	84,612	52,469	236,549	22,220	18,725	2,481	(73,333)	343,261	
Income tax expense	-	-	-	-	-	-	(96,155)	(96,155)	
Profit (loss) from continuing operations	84,612	52,469	236,549	22,220	18,725	2,481	(169,488)	246,103	
Profit (loss) from discontinued operations	-	-	-	-	-	-	-	-	
Profit (loss)	84,612	52,469	236,549	22,220	18,725	2,481	(169,488)	246,103	
Profit (loss), attributable to									
Profit (loss) attributable to the controller's owners	-	-	-	-	-	-	-	246,103	
Profit (loss) attributable to the non-controllers	-	-	-	-	-	-	-	(1,000)	
Profit (loss)	-	-	-	-	-	-	-	245,103	

SQM S.A.

El Trovador 4285 198

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 25 Reportable segments (continued)**25.3 Statement of comprehensive income classified by reportable segments based on groups of products, continued**

Items in the statement of comprehensive income	6/30/2017							Corporate Unit ThUS\$	Total segment and Corporate unit ThUS\$
	Specialty plant nutrients ThUS\$	Iodine and its derivatives ThUS\$	Lithium and its derivatives ThUS\$	Industrial chemicals ThUS\$	Potassium ThUS\$	Other products and services ThUS\$			
Revenue	325,749	129,054	297,445	66,379	187,955	17,283	-	1,0	
Cost of sales	(261,527)	(104,803)	(80,770)	(46,488)	(157,688)	(14,739)	-	(66	
Gross profit	64,222	24,251	216,675	19,891	30,267	2,544	-	357	
Other incomes by function	-	-	-	-	-	-	5,862	5,8	
Administrative expenses	-	-	-	-	-	-	(46,087)	(46	
Other expenses by function	-	-	-	-	-	-	(13,396)	(13	
Other gains (losses)	-	-	-	-	-	-	(991)	(99	
Financial income	-	-	-	-	-	-	5,716	5,7	
Financial costs	-	-	-	-	-	-	(25,546)	(25	
interest in the profit or loss of associates and joint ventures accounted for by the equity method	-	-	-	-	-	-	7,824	7,8	
Exchange differences	-	-	-	-	-	-	(4,707)	(4,7	
Profit (loss) before taxes	64,222	24,251	216,675	19,891	30,267	2,544	(71,325)	286	
Income tax expense	-	-	-	-	-	-	(82,610)	(82	
Profit (loss) from continuing operations	64,222	24,251	216,675	19,891	30,267	2,544	(153,935)	203	
Profit (loss) from discontinued operations	-	-	-	-	-	-	-	-	
Profit (loss)	64,222	24,251	216,675	19,891	30,267	2,544	(153,935)	203	
Profit (loss), attributable to									
Profit (loss) attributable to the controller's owners	-	-	-	-	-	-	-	204	
Profit (loss) attributable to the non-controllers	-	-	-	-	-	-	-	(47	
Profit (loss)	-	-	-	-	-	-	-	203	

SQM S.A.

El Trovador 4285 199
Las Condes, Santiago, Chile
Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 25 Reportable segments (continued)

25.4 Revenue from transactions with other Company's operating segments

6/30/2018

Items in the statement of comprehensive income	Specialty plant nutrients ThUS\$	Iodine and its derivatives ThUS\$	Lithium and its derivatives ThUS\$	Industrial chemicals ThUS\$	Potassium ThUS\$	Other products and services ThUS\$	Total segments and Corporate unit ThUS\$
Revenue	412,446	160,241	348,154	75,146	139,853	21,580	1,157,420

6/30/2017

Items in the statement of comprehensive income	Specialty plant nutrients ThUS\$	Iodine and its derivatives ThUS\$	Lithium and its derivatives ThUS\$	Industrial chemicals ThUS\$	Potassium ThUS\$	Other products and services ThUS\$	Total segments and Corporate unit ThUS\$
Revenue	325,749	129,054	297,445	66,379	187,955	17,283	1,023,865

25.5 Disclosures on geographical areas

As indicated in paragraph 33 of IFRS 8, the entity discloses geographical information on its revenue from operating activities with external customers and from non-current assets that are not financial instruments, deferred income tax assets, assets related to post-employment benefits or rights derived from insurance contracts.

25.6 Disclosures on main customers

With respect to the degree of dependency of the Company on its customers, in accordance with paragraph N° 34 of IFRS N° 8, the Company has no external customers who individually represent 10% or more of its revenue. Credit risk concentrations with respect to trade and other accounts receivable are limited due to the significant number of entities in the Company's portfolio and its worldwide distribution.

The Company's policy requires guarantees (such as letters of credit, guarantee clauses and others) and/or to maintain insurance policies for certain accounts as deemed necessary by the Company's Management.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 200

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 25 Reportable segments (continued)

25.7 Segments by geographical areas as of June 30, 2018 and 2017

Items	6/30/2018					Total ThUS\$
	CHILE ThUS\$	Latin America and the Caribbean ThUS\$	Europe ThUS\$	North America ThUS\$	Asia and others ThUS\$	
Revenue	56,629	87,228	263,380	258,779	491,404	1,157,420
Investment accounted for under the equity method	(6,233)	-	41,894	16,314	62,220	114,195
Intangible assets other than goodwill	112,019	-	453	167	16,562	129,201
Goodwill	22,575	86	11,373	724	-	34,758
Property, plant and equipment, net	1,397,140	345	3,870	2,896	1,646	1,405,897
Investment property	-	-	-	-	-	-
Other non-current assets	22,072	23	-	(891)	6,934	28,138
Non-current assets that are not financial instruments	1,547,573	454	57,590	19,210	87,362	1,712,189

Items	6/30/2017					Total ThUS\$
	CHILE ThUS\$	Latin America and the Caribbean ThUS\$	Europe ThUS\$	North America ThUS\$	Asia and others ThUS\$	
Revenue	47,358	109,948	501,900	242,156	122,503	1,023,865
Investment accounted for under the equity method	(6,154)	16,080	32,483	14,166	52,757	109,332
Intangible assets other than goodwill	108,218	-	515	199	-	108,932
Goodwill	23,731	6,290	11,373	724	2,059	44,177
Property, plant and equipment, net	1,441,051	222	3,550	2,531	1,419	1,448,773
Investment property	-	-	-	-	-	-
Other non-current assets	31,133	28	-	-	-	31,161
Non-current assets that are not financial instruments	1,597,979	22,620	47,921	17,620	56,235	1,742,375

SQM S.A.

El Trovador 4285 201
Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 25 Reportable segments (continued)

25.8 Property, plant and equipment classified by geographical areas

The company's main production facilities are located near their mines and extraction facilities in northern Chile. The following table presents the main production facilities as of June 30, 2018 and December 31, 2017:

Location	Products
-Pedro de Valdivia	:Production of iodine and nitrate salts
-María Elena	:Production of iodine and nitrate salts
-Coya Sur	:Production of nitrate salts
-Nueva Victoria	:Production of iodine and nitrate salts
-Salar de Atacama	:Potassium chloride, lithium chloride, boric acid and potassium sulfate
-Salar del Carmen	:Production of lithium carbonate and lithium hydroxide
-Tocopilla	:Port facilities

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 202

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 26 Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature

26.1 Revenue

	January to June	
	2018	2017
Products and Services	ThUS\$	ThUS\$
Specialty vegetal nutrition	412,446	325,749
Iodine and derivatives	160,241	129,054
Lithium and derivatives	348,154	297,445
Potassium	139,853	187,955
Industrial chemicals	75,146	66,379
Other	21,580	17,283
Total	1,157,420	1,023,865

26.2 Cost of sales

	6/30/2018	6/30/2017
	ThUS\$	ThUS\$
Raw materials and consumables used	(126,020)	(111,076)
Classes of employee benefit expenses	(95,531)	(76,001)
Depreciation expense	(112,559)	(120,752)
Amortization expense	(1,359)	(1,356)
Ground study amortization expense	(1,111)	(950)
Operating leases	(40,113)	(37,743)
Investment plan expenses	(7,825)	(2,297)
Contractors	(38,495)	(34,987)
Mining concessions	(4,044)	(3,936)
Operations transport	(31,778)	(32,093)
Freight and product transport costs	(29,608)	(26,727)
Purchase of products from third parties	(113,950)	(89,045)
Insurance	(4,774)	(6,171)
CORFO rights	(67,850)	(21,612)
Export costs	(47,172)	(40,699)
Variation in inventory	3,693	(41,215)
Other expenses, by nature	(21,868)	(19,355)
Total	(740,364)	(666,015)

SQM S.A.

El Trovador 4285 203
Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 26 Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature (continued)

26.3 Other income

	6/30/2018	6/30/2017
	ThUS\$	ThUS\$
Discounts obtained from suppliers	366	157
Fines charged to suppliers	304	41
Amounts recovered from insurance	1,023	154
Overestimate of provisions for third-party obligations	60	493
Sale of materials, spare parts and supplies	566	490
Options on mining claims	3,868	3,289
Easements, pipelines and roads	2,372	211
Reimbursement mining licenses and notary expenses	377	690
Shares obtained in junior mining companies through options	541	337
Total	9,477	5,862

26.4 Administrative expenses

	6/30/2018	6/30/2017
	ThUS\$	ThUS\$
Employee benefit expenses by nature		
Remuneration and benefits to employees	(33,647)	(26,997)
Amortization expenses	(7)	(4)
Advisory services	(6,326)	(5,120)
Marketing costs	(1,789)	(881)
Rent buildings and facilities	(2,451)	(1,961)
Contractors	(2,686)	(2,614)
Other expenses, by nature	(9,358)	(8,510)
Total	(56,264)	(46,087)

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 204

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 26 Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature (continued)

26.5 Other expenses by function

	12/31/2017	6/30/2017
	ThUS\$	ThUS\$
Classes of Employee Benefit Expenses		
Depreciation and amortization expense		
Depreciation of assets not in use	(43)	(45)
Subtotal	(43)	(45)
Impairment losses (reversals of impairment losses) recognized in profit (loss) for the year		
Impairment of doubtful accounts	(888)	(2,697)
Subtotal	(888)	(2,697)
Other expenses, by nature		
Legal expenses	(5,573)	(5,292)
VAT and other unrecoverable taxes	(583)	(640)
Fines paid	(222)	(810)
Advisory services	(35)	(36)
Investment plan expenses	(6,930)	(2,093)
Donations not accepted as tax credit	(2,089)	(1,039)
Provision for inventory of materials, spare parts and supplies	-	(39)
Termination benefits paid	-	(153)
Other operating expenses	(942)	(552)
Subtotal	(16,374)	(10,654)
Total	(17,305)	(13,396)

26.6 Other income (expenses)

	6/30/2018	6/30/2017
	ThUS\$	ThUS\$
Adjust previous year application method of participation	(2,688)	455
Termination expenses	-	192
Others	2,226	(1,638)
Total	(462)	(991)

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 205

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 26 Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature (continued)

This table corresponds to the summary required by the CMF and considers notes 26.2, 26.4 and 26.5.

26.7 Summary of expenses by nature

	January to March		April to June	
	2018 ThUS\$	2017 ThUS\$	2018 ThUS\$	2017 ThUS\$
Raw materials and consumables	(126,020)	(111,076)	(64,405)	(56,021)
Classes of Employee Benefit Expenses				
Personnel expenses	(129,178)	(102,998)	(65,592)	(54,936)
Depreciation and amortization expense				
Depreciation expense	(112,602)	(120,797)	(57,712)	(60,129)
Amortization expense	(1,366)	(1,360)	(699)	(678)
Ground study amortization expense	(1,111)	(950)	609	(481)
Impairment of uncollectible debts	(888)	(2,697)	(1,487)	(40)
Operating leases	(42,564)	(39,704)	(21,510)	(21,767)
Fines paid	(222)	(810)	(76)	(179)
Investment plan expenses	(14,755)	(4,390)	(3,088)	(378)
Contractors	(41,181)	(37,601)	(21,199)	(20,329)
Mining concessions	(4,044)	(3,936)	(2,724)	(2,079)
Operation transport	(31,778)	(32,093)	(17,211)	(15,665)
Freight and product transport costs	(29,608)	(26,727)	(18,252)	(12,072)
Purchase of products from third parties	(113,950)	(89,045)	(65,682)	(53,550)
Insurance	(4,774)	(6,171)	(2,874)	(3,256)
CORFO rights	(67,850)	(21,612)	(55,446)	(9,604)
Export costs	(47,172)	(40,699)	(24,751)	(18,819)
Advisory services	(6,326)	(5,120)	(2,993)	(2,258)
Marketing costs	(1,789)	(881)	(890)	(567)
Variation in inventory	3,693	(41,215)	(17,890)	(7,483)
Other expenses, by nature	(40,448)	(35,616)	(12,368)	(16,575)
Other expenses by nature	(813,933)	(725,498)	(456,240)	(356,866)

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 206

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 26 Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature (continued)

26.8 Finance expenses

	January to March	
	2017	2016
	THUS\$	THUS\$
Interest expense from bank borrowings and overdrafts	(841)	(830)
Interest expense from bonds	(26,770)	(25,369)
Interest expense from loans	(1,291)	(1,206)
Capitalized interest expenses	2,650	2,462
Other finance costs	(2,109)	(603)
Total	(28,361)	(25,546)

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 207

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 27 Income tax and deferred taxes

Accounts receivable from taxes as of June 30, 2018 and December 31, 2017, are as follows:

27.1 Current and non-current tax assets

a) Current tax assets

	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Monthly provisional income tax payments, Chilean companies	20,342	17,613
Monthly provisional payment Royalty	697	588
Monthly provisional income tax payments, foreign companies	2,611	1,644
Corporate tax credits (1)	488	944
Taxes in recovery process	17,129	11,502
Total	41,267	32,291

b) Non-current tax assets

	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
Monthly provisional income tax payments, Chilean companies	6,398	6,398
Specific tax on mining activities paid (on consignment)	25,781	25,781
Total	32,179	32,179

These credits are available to companies and relate to the corporate tax payment in April of the following year.

- (1) These credits include, amongst other items, training expense credits (SENCE) and property, plant and equipment acquisition credits that are equivalent to 4% of the property, plant and equipment purchases made during the year. In addition, some credits relate to the donations the Group has made during 2018 and 2017.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 208

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 27 Income tax and deferred taxes (continued)

27.1 Current and non-current tax assets, continued

27.2 Current tax liabilities

Current tax liabilities	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
1st Category income tax	24,063	45,479
Foreign company income tax	34,586	28,996
Article 21 single tax	397	927
Total	59,046	75,402

Income tax is calculated based on the profit or loss for tax purposes that is applied to the effective tax rate applicable in Chile. As established by Law No.20,780, a progressive income tax rate has been established, which from 2018 is 27%.

The royalty is determined by applying the taxable rate to the net operating income obtained. In line with the current table, the Company is paying 5%.

The income tax rate for the main countries where the Company operates is presented below:

Country	Income tax	Income tax
	2017	2016
Spain	25%	25%
Belgium	33,99%	33,99%
Mexico	30%	30%
United States	21% + 6%	34%+6%
South Africa	28%	28%

Both items represent the amount that the Company estimates it will have to pay in income tax and the specific tax on mining.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 209

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 27 Income tax and deferred taxes (continued)

27.3 Income tax and deferred taxes

Assets and liabilities recognized in the statement of financial position are offset if and only if:

¹ The Company has legally recognized before the right of the tax authority to offset the amounts recognized in these entries; and

² Deferred income tax assets and liabilities are derived from income tax related to the same tax authority on:

(i) the same entity or tax subject; or

different entities or tax subjects who intend either to settle current fiscal assets and liabilities for their net amount, (ii) or to realize assets and pay liabilities simultaneously in each of the future periods in which the Company expects to settle or recover significant amounts of deferred tax assets or liabilities.

Recognized deferred income tax assets are the income taxes that are to be recovered in future periods, related to:

a) deductible temporary differences.

b) the offsetting of losses obtained in prior periods and not yet subject to tax deduction; and

c) the offsetting of unused credits from prior periods.

The Company recognizes a deferred tax asset when there is certainty that these can be offset with tax income from subsequent periods, losses or fiscal credits not yet used, but solely as long as it is more likely than not that there will be tax earnings in the future against which to charge these losses or unused fiscal credits.

Recognized deferred tax liabilities refer to the amounts of income taxes payable in future periods related to taxable temporary differences.

SQM S.A.

El Trovador 4285

210

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 27 Income tax and deferred taxes (continued)

27.3 Income tax and deferred taxes, continued

d.1) Income tax assets and liabilities as of June 30, 2018 are detailed as follows:

Description of deferred tax assets and liabilities	Net liability position	
	Assets ThUS\$	Liabilities ThUS\$
Unrealized loss	-	(70,942)
Property, plant and equipment and capitalized interest	200,658	-
Facility closure provision	-	(5,335)
Manufacturing expenses	99,382	-
Staff severance indemnities ,unemployment insurance	6,765	-
Vacation accrual	-	(4,732)
Inventory provision	-	(27,406)
Materials provision	-	(7,574)
Forwards	-	(2,855)
Employee benefits	-	(2,588)
Research and development expenses	3,266	-
Accounts receivable	-	(3,642)
Provision for legal complaints and expenses	-	(3,780)
Loan approval expenses	2,476	-
Junior mining companies (valued based on stock price)	1,616	-
Royalty	4,037	-
Tax loss benefit	-	(1,727)
Other	-	(2,061)
Foreign items (other)	-	(1,645)
Balances to date	318,200	(134,287)
Net balance	183,913	-

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 211

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 27 Income tax and deferred taxes (continued)**27.3 Income tax and deferred taxes, continued**

d.2) Income tax assets and liabilities as of December 31, 2017 are detailed as follows

Description of deferred tax assets and liabilities	Net liability position	
	Assets ThUS\$	Liabilities ThUS\$
Unrealized loss	-	(68,544)
Property, plant and equipment and capitalized interest	211,435	-
Facility closure provision	-	(3,469)
Manufacturing expenses	102,748	-
Staff severance indemnities ,unemployment	6,792	-
Vacation accrual	-	(4,887)
Inventory provision	-	(25,098)
Materials provision	-	(7,107)
Forwards	-	(624)
Employee benefits	-	(2,317)
Research and development expenses	3,501	-
Accounts receivable	-	(4,222)
Provision for legal complaints and expenses	-	(10,750)
Loan approval expenses	2,670	-
Junior mining companies (valued based on stock price)	2,474	-
Royalty	4,084	-
Tax loss benefit	-	(1,437)
Other	544	-
Foreign items (other)	-	(510)
Balances to date	334,248	(128,965)
Net balance	205,283	-

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 212

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 27 Income tax and deferred taxes (continued)**27.3 Income tax and deferred taxes, continued**

d.3) Reconciliation of changes in deferred tax liabilities (assets) as of June 30, 2018

	Deferred tax liability (asset) at beginning of period	Deferred tax expense (benefit) recognized in profit (loss) for the year	Deferred taxes related to items credited (charged) directly to equity	Total increases (decreases) in deferred tax liabilities (assets)	Deferred tax liability (asset) at end of period
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Unrealized loss	(68,544)	(2,398)	-	(2,398)	(70,942)
Property, plant and equipment and capitalized interest	211,435	(10,777)	-	(10,777)	200,658
Facility closure provision	(3,469)	(1,866)	-	(1,866)	(5,335)
Manufacturing expenses	102,748	(3,366)	-	(3,366)	99,382
Individual savings plans, unemployment insurance	6,792	164	(191)	(27)	6,765
Vacation accrual	(4,887)	155	-	155	(4,732)
Inventory provision	(25,098)	(2,308)	-	(2,308)	(27,406)
Materials provision	(7,107)	(467)	-	(467)	(7,574)
Forwards	(624)	(2,231)	-	(2,231)	(2,855)
Employee benefits	(2,317)	(271)	-	(271)	(2,588)
Research and development expenses	3,501	(235)	-	(235)	3,266
Accounts receivable	(4,222)	580	-	580	(3,642)
Provision for legal complaints and expenses	(10,750)	6,970	-	6,970	(3,780)
Loan approval expenses	2,670	(194)	-	(194)	2,476
Junior mining companies (valued based on stock price)	2,474	-	(858)	(858)	1,616
Royalty	4,084	(51)	4	(47)	4,037
Tax loss benefit	(1,437)	(290)	-	(290)	(1,727)
Other	544	(2,605)	-	(2,605)	(2,061)
Foreign items (other)	(510)	(1,135)	-	(1,135)	(1,645)
Total temporary differences, unused losses and unused tax credits	205,283	(20,325)	(1,045)	(21,370)	183,913

SQM S.A.

El Trovador 4285 213
Las Condes, Santiago, Chile
Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 27 Income tax and deferred taxes (continued)**27.3 Income tax and deferred taxes, continued**

d.4) Reconciliation of changes in deferred tax liabilities (assets) as of December 31, 2017

	Deferred tax liability (asset) at beginning of period	Deferred tax expense (benefit) recognized in profit (loss) for the year	Deferred taxes related to items credited (charged) directly to equity	Total increases (decreases) in deferred tax liabilities (assets)	Deferred tax liability (asset) at end of period
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Unrealized loss	(86,156)	17,612	-	17,612	(68,544)
Property, plant and equipment and capitalized interest	225,124	(13,689)	-	(13,689)	211,435
Facility closure provision	(1,590)	(1,879)	-	(1,879)	(3,469)
Manufacturing expenses	110,630	(7,882)	-	(7,882)	102,748
Individual savings plans, unemployment insurance	5,214	1,876	(298)	1,578	6,792
Vacation accrual	(4,061)	(826)	-	(826)	(4,887)
Inventory provision	(20,608)	(4,490)	-	(4,490)	(25,098)
Materials provision	(7,776)	669	-	669	(7,107)
Forwards	(10,206)	9,582	-	9,582	(624)
Employee benefits	(6,783)	4,466	-	4,466	(2,317)
Research and development expenses	4,641	(1,140)	-	(1,140)	3,501
Accounts receivable	(4,273)	51	-	51	(4,222)
Provision for legal complaints and expenses	(7,686)	(3,064)	-	(3,064)	(10,750)
Loan approval expenses	3,115	(445)	-	(445)	2,670
Junior mining companies (valued based on stock price)	1,300	624	550	1,174	2,474
Royalty	6,457	(2,389)	16	(2,373)	4,084
Tax loss benefit	(1,302)	(135)	-	(135)	(1,437)
Other	79	465	-	465	544
Foreign items (other)	(664)	154	-	154	(510)
Total temporary differences, unused losses and unused tax credits	205,455	(440)	268	(172)	205,283

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

During the period ended June 30, 2018 and December 31, 2017, the Company calculated and accounted for taxable income considering a rate of 24% and 22,5% respectively, in conformity with Law No, 20,780, Tax Reform, published in the Official Gazette on September 29, 2014.

The main amendments include a gradual increase in the corporate income tax rate up to 27% starting from 2018.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 214

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 27 **Income tax and deferred taxes (continued)****27.3** **Income tax and deferred taxes, continued**

d.5) Deferred taxes related to benefits for tax losses

The Company's tax loss carryforwards (NOL carryforwards) were mainly generated by losses in Chile, which in accordance with current Chilean tax regulations have no expiration date.

As of June 30, 2018 and December 31, 2017, tax loss carryforwards are detailed as follows:

	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
CHILE	1,727	1,437
Total	1,727	1,437

Tax losses as of June 30, 2018 correspond mainly to SQM S.A., Exploraciones Mineras S.A., SQMC S.A., Comercial Agrorama S.A., Agrorama and Orcoma SpA.

d.6) Unrecognized deferred income tax assets and liabilities

Unrecognized deferred tax assets and liabilities as of June 30, 2018 and December 31, 2017 are as follows:

	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
	Assets (liabilities)	Assets (liabilities)
Tax losses (NOLs)	-	37
Doubtful accounts impairment	-	48
Inventory impairment	-	1,347
Pensions plan	-	1
Accrued vacations	-	19
Depreciation	-	(139)

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

Other	-	(36)
Balances to date	-	1,277	

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 215

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 27 **Income tax and deferred taxes (continued)**

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

d.7) **Movements in deferred tax assets and liabilities**

Movements in deferred tax assets and liabilities as of June 30, 2018 and December 31, 2017 are detailed as follows:

	6/30/2018	12/31/2017
	ThUS\$	ThUS\$
	Liabilities	Liabilities
	(assets)	(assets)
Deferred tax assets and liabilities, net opening balance	205,283	205,455
Increase (decrease) in deferred taxes in profit or loss	(20,325)	(440)
Increase (decrease) in deferred taxes in equity	(1,045)	268
Balances to date	183,913	205,283

d.8) **Disclosures on income tax expense (income)**

The Company recognizes current and deferred taxes as income or expenses, and they are included in profit or loss, unless they arise from:

(a) a transaction or event recognized in the same period or in a different period, outside profit or loss either in other comprehensive income or directly in equity; or

(b) a business combination

Current and deferred tax expenses (income) are detailed as follows:

6/30/2018	6/30/2017
ThUS\$	ThUS\$
Income	Income

	(expenses)	(expenses)
Current income tax expense		
Current income tax expense	(114,480)	(81,126)
Adjustments to prior year current income tax	(2,000)	15,707
Current income tax expense, net, total	(116,480)	(65,419)
Deferred tax expense		
Deferred tax expense (income) relating to the creation and reversal of temporary differences	20,325	(17,191)
Deferred tax expense, net, total	20,325	(17,191)
Tax expense (income)	(96,155)	(82,610)

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 216

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 27 **Income tax and deferred taxes (continued)****27.3** **Income tax and deferred taxes, continued**

Tax expenses (income) for foreign and domestic parties are detailed as follows:

	6/30/2018		6/30/2017	
	ThUS\$		ThUS\$	
	Income (expenses)		Income (expenses)	
Current income tax expense by foreign and domestic parties, net				
Current income tax expense, foreign parties, net	(16,560	)	(4,096)
Current income tax expense, domestic, net	(99,920	)	(61,323)
Current income tax expense, net, total	(116,480	)	(65,419)
Deferred tax expense by foreign and domestic parties, net				
Deferred tax expense, foreign parties, net	1,135		(8)
Deferred tax expense, domestic, net	19,190		(17,183)
Deferred tax expense, net, total	20,325		(17,191)
Income tax expense	(96,155	)	(82,610)

d.9) Equity interest in taxation attributable to equity-accounted investees

The Company does not recognize any deferred tax liability in all cases of taxable temporary differences associated with investments in subsidiaries, branches and associated companies or interest in joint ventures, because as indicated in the standard, the following two conditions are jointly met:

- (a) the parent, investor or interest holder is able to control the time for reversal of the temporary difference; and
- (b) It is more likely than not that the temporary difference will not be reversed in the foreseeable future.

In addition, the Company does not recognize deferred income tax assets for all deductible temporary differences from investments in subsidiaries, branches and associated companies or interests in joint ventures because it is unlikely that they will meet the following requirements:

- (a) Temporary differences are reversed in a foreseeable future; and
- (b) The Company has tax earnings, against which temporary differences can be used.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 217

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 27 **Income tax and deferred taxes (continued)****27.3** **Income tax and deferred taxes, continued**

d.10) Disclosures on the tax effects of other comprehensive income components:

Income tax related to other income and expense components with a charge or credit to net equity	Amount before taxes (expense) gain 6/30/2018 ThUS\$	(Expense) income for income taxes 6/30/2018 ThUS\$	Amount after taxes 6/30/2018 ThUS\$
Gain (loss) from defined benefit plans	65	182	247
Cash flow hedge	8,264	-	8,264
Reserve for gains (losses) from financial assets measured at fair value through other comprehensive income	(3,176)	) 863	(2,313)
Total	5,153	1,045	6,198

Income tax related to other income and expense components with a charge or credit to net equity	Amount before taxes (expense) gain 6/30/2017 ThUS\$	(Expense) income for income taxes 6/30/2017 ThUS\$	Amount after taxes 6/30/2017 ThUS\$
Gain (loss) from defined benefit plans	(606)	) 129	(477)
Cash flow hedge	2,133	24	2,157
Reserve for gains (losses) from financial assets measured at fair value through other comprehensive income	(3,865)	) (38)	(3,903)
Total	(2,338)	) 115	(2,223)

d.11) Explanation of the relationship between expense (income) for tax purposes and accounting income.

Based on IAS 12, paragraph 81, letter “c”, the company has estimated that the method that reveals the most significant information for users of the financial statements is the numeric conciliation between the tax expense (income) and the result of multiplying the accounting profit by the current rate in Chile. The aforementioned election is based on the fact that the main office and subsidiaries established in Chile generate a large part of the company’s tax expense (income).

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 218

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 27 Income tax and deferred taxes (continued)

27.3 Income tax and deferred taxes, continued

Reconciliation of numbers in income tax expenses (income) and the result of multiplying financial gain by the rate prevailing in Chile,

	Income (expense)	
	6/30/2018	6/30/2017
	ThUS\$	ThUS\$
Consolidated income before taxes	343,723	286,526
Income tax rate in force in Chile	27 %	25,5 %
Tax expense using the legal rate	(92,805)	(73,064)
Effect of royalty tax expense and passive income	(3,281)	(1,637)
Tax effect of non-taxable revenue	1,837	1,723
Effect of taxable rate of non-deductible expenses for determination of taxable income (loss)	(1,643)	(2,243)
Tax effect of tax rates borne abroad	(1,980)	(4,988)
Variation in assets and liabilities for unrecognized deferred taxes	1,277	-
Other tax effects from the reconciliation between the accounting income and tax expense	440	(2,401)
Tax expense using the effective rate	(96,155)	(82,610)

d.12)

Tax periods potentially subject to verification:

The Group's Companies are potentially subject to income tax audits by tax authorities in each country. These audits are limited to a number of interim tax periods, which, in general, when they elapse, give rise to the expiration of these inspections.

Tax audits, due to their nature, are often complex and may require several years. Below, we provide a summary of tax periods that are potentially subject to verification, in accordance with the tax regulations in force in the country of origin:

Chile

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

According to article 200 of Decree Law No 830, the taxes will be reviewed for any deficiencies in terms of payment and to generate any taxes that might arise. There is a 3-year prescriptive period for such review, dating from the expiration of the legal deadline when payment should have been made. This prescriptive period can be extended to 6 years for the revision of taxes subject to declaration, when such declaration has not been filed or has been presented with maliciously false information.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 219

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 27 **Income tax and deferred taxes (continued)**

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

United States

In the United States, the tax authority may review tax returns for up to 3 years from the expiration date of the tax return. In the event that an omission or error is detected in the tax return of sales or cost of sales, the review can be extended for a period of up to 6 years.

SQM North America Corp, a subsidiary of the Company, is being reviewed by the United States' tax authorities. This review could lead to adjustments to the tax declarations made by the subsidiary in the United States.

Mexico:

In Mexico, the tax authority can review tax returns up to 5 years from the expiration date of the tax return.

Spain:

In Spain, the tax authority can review tax returns up to 4 years from the expiration date of the tax return.

Belgium:

In Belgium, the tax authority may review tax returns for up to 3 years from the expiration date of the tax return if no tax losses exist. In the event of detecting an omission or error in the tax return, the review can be extended for a period of up to 5 years.

South Africa:

In South Africa, the tax authority may review tax returns for up to 3 years from the expiration date of the tax return. In the event that an omission or error in the tax return is detected, the review can be extended for a period of up to 5 years.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 220

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 28 Disclosures on the effects of fluctuations in foreign currency exchange rates

Assets held in foreign currency subject to fluctuations in exchange rates are detailed as follows:

Class of assets	Currency	6/30/2018	12/31/2017
		ThUS	ThUS\$
Current assets:			
Cash and cash equivalents	ARS	2	1
Cash and cash equivalents	BRL	3	38
Cash and cash equivalents	CLP	6,285	579
Cash and cash equivalents	CNY	1,656	1,143
Cash and cash equivalents	EUR	14,802	9,782
Cash and cash equivalents	GBP	133	55
Cash and cash equivalents	AUD	843	-
Cash and cash equivalents	MXN	929	258
Cash and cash equivalents	PEN	7	8
Cash and cash equivalents	YEN	1,642	1,773
Cash and cash equivalents	ZAR	2,313	4,074
Subtotal cash and cash equivalents		28,615	17,711
Other current financial assets	CLF	-	-
Other current financial assets	CLP	11,767	39,126
Subtotal other current financial assets		11,767	39,126
Other current non-financial assets	BRL	1,346	1
Other current non-financial assets	COP	-	30
Other current non-financial assets	CLF	34	46
Other current non-financial assets	CLP	21,407	12,172
Other current non-financial assets	CNY	17	12
Other current non-financial assets	EUR	582	235
Other current non-financial assets	MXN	832	1,429
Other current non-financial assets	THB	2	279
Other current non-financial assets	PEN	-	20
Other current non-financial assets	YEN	27	18
Other current non-financial assets	ZAR	517	2,941
Subtotal other current non-financial assets		24,764	17,183
Trade and other receivables	ARS	-	6
Trade and other receivables	BRL	20	23
Trade and other receivables	CLF	377	427
Trade and other receivables	CLP	49,591	85,837
Trade and other receivables	CNY	10,005	10,426
Trade and other receivables	EUR	50,022	49,627
Trade and other receivables	GBP	826	90
Trade and other receivables	MXN	258	195
Trade and other receivables	AED	2,286	546

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

Trade and other receivables	THB	1,833	791
Trade and other receivables	YEN	51,078	41,582
Trade and other receivables	ZAR	13,363	23,825
Subtotal trade and other receivables		179,659	213,375
Receivables from related parties	EUR	98	58
Receivables from related parties	THB	-	74
Receivables from related parties	CNY	206	-
Subtotal receivables from related parties		304	132

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 221

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 28 Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)

Class of assets	Currency	6/30/2018	12/31/2017
		ThUS\$	ThUS\$
Current tax assets	ARS	2	4
Current tax assets	CLP	1,637	1,413
Current tax assets	EUR	254	183
Current tax assets	ZAR	-	431
Current tax assets	MXN	55	-
Current tax assets	PEN	199	201
Subtotal current tax assets		2,147	2,232
Subtotal current assets		247,256	289,759
Non-current assets			
Other non-current financial assets	CLP	20	20
Other non-current financial assets	YEN	77	42
Subtotal other non-current financial assets		97	62
Other non-current non-financial assets	BRL	23	27
Other non-current non-financial assets	CLP	798	822
Subtotal other non-current non-financial assets		821	849
Non-current right receivable	CLF	412	209
Non-current right receivable	COP	41	47
Non-current right receivable	CLP	941	1,256
Subtotal non-current rights receivable		1,394	1,512
Equity-accounted investees	AED	29,622	35,414
Equity-accounted investees	EUR	13,886	8,144
Equity-accounted investees	INR	1,663	1,632
Equity-accounted investees	THB	2,278	2,491
Equity-accounted investees	TRY	24,208	21,741
Subtotal equity-accounted investees		71,657	69,422
Intangible assets other than goodwill	CLP	91	48
Subtotal intangible assets other than goodwill		91	48
Property, plant and equipment	CLP	3,352	3,574
Subtotal property, plant and equipment		3,352	3,574
Total non-current assets		77,412	75,467
Total assets		324,668	365,226

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 222

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 28 Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)

Liabilities held in foreign currencies are detailed as follows:

Class of liability	Currency	6/30/2018		Total ThUS\$	12/31/2017		Total ThUS\$
		91 days to 1 year ThUS\$	91 days to 1 year ThUS\$		Up to90 days ThUS\$	91 days to 1 year ThUS\$	
Current liabilities							
Other current financial liabilities	CLF	6,531	-	6,531	4,947	-	4,947
Subtotal other current financial liabilities		6,531	-	6,531	4,947	-	4,947
Trade and other payables	BRL	31	-	31	37	-	37
Trade and other payables	THB	79	-	79	91	-	91
Trade and other payables	CLP	69,437	3,158	72,595	61,310	4,361	65,671
Trade and other payables	EUR	22,179	-	22,179	32,896	-	32,896
Trade and other payables	GBP	19	-	19	11	-	11
Trade and other payables	INR	1	-	1	1	-	1
Trade and other payables	MXN	298	-	298	13	-	13
Trade and other payables	PEN	-	-	-	3	-	3
Trade and other payables	ZAR	1,747	-	1,747	2,541	-	2,541
Subtotal trade and other payables		93,791	3,158	96,949	96,903	4,361	101,264
Other current provisions	ARS	1	-	1	-	12	12
Other current provisions	BRL	710	-	710	739	-	739
Other current provisions	CLP	-	61	61	-	80	80
Other current provisions	EUR	243	-	243	243	-	243
Subtotal other current provisions		954	61	1,015	982	92	1,074
Current tax liabilities	CLP	-	238	238	-	326	326
Current tax liabilities	BRL	-	-	-	-	6	6
Current tax liabilities	CNY	-	-	-	3	-	3
Current tax liabilities	EUR	611	1,208	1,819	-	644	644
Current tax liabilities	ZAR	-	56	56	264	-	264
Current tax liabilities	MXN	-	30	30	3	3,071	3,074
Subtotal current tax liabilities		611	1,532	2,143	270	4,047	4,317

SQM S.A.

El Trovador 4285 223

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 28 Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)

Class of liability	Currency	6/30/2018			12/31/2017		
		Up to 90 days	over 90 days to 1 year	Total	Up to 90 days	Over 90 days to 1 year	Total
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Other current non-financial liabilities	BRL	2	-	2	15	-	15
Other current non-financial liabilities	CLP	6,742	4,043	10,785	8,708	1,824	10,532
Other current non-financial liabilities	CNY	13	-	13	7	-	7
Other current non-financial liabilities	EUR	116	1,642	1,758	2,955	-	2,955
Other current non-financial liabilities	MXN	98	24	122	346	34	380
Other current non-financial liabilities	YEN	-	14	14	-	-	-
Other current non-financial liabilities	PEN	70	-	70	70	-	70
Other current non-financial liabilities	ZAR	363	-	363	12	-	12
Subtotal other current non-financial liabilities		7,404	5,723	13,127	12,113	1,858	13,971
Total current liabilities		109,291	10,474	119,765	115,215	10,358	125,573

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 224

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 28 Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)

Class of liability	6/30/2018						Total ThUS\$
		1 to 2	2 to 3	3 to 4	4 to 5	Over 5	
	Currency	years	years	years	years	years	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
Non-current liabilities							
Other non-current financial liabilities	CLF	-	-	-	-	352,012	352,012
Subtotal other non-current financial liabilities		-	-	-	-	352,012	352,012
Non-current provisions for employee benefits	CLP	-	-	-	-	536	536
Non-current provisions for employee benefits	MXN	-	-	-	-	72	72
Non-current provisions for employee benefits	YEN	-	-	-	-	172	172
Subtotal non-current provisions for employee benefits		-	-	-	-	780	780
Total non-current liabilities		-	-	-	-	352,792	352,792

Class of liability	12/31/2017						Total ThUS\$
		1 to 2	2 to 3	3 to 4	4 to 5	Over 5	
	Currency	years	years	years	years	years	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	
Non-current liabilities							
Other non-current financial liabilities	CLF	-	-	-	-	237,279	237,279
Subtotal other non-current financial liabilities		-	-	-	-	237,279	237,279
Non-current provisions for employee benefits	CLP	-	-	-	-	601	601
Non-current provisions for employee benefits	MXN	-	-	-	-	65	65
Non-current provisions for employee benefits	YEN	-	-	-	-	626	626
Subtotal non-current provisions for employee benefits		-	-	-	-	1,292	1,292
Total non-current liabilities		-	-	-	-	238,571	238,571

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 225

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 29

Mineral resource exploration and evaluation expenditure

Because of the nature of the operations of Sociedad Química y Minera de Chile S.A. and its subsidiaries and the type of exploration they conduct (which is different from other mining businesses, where the exploration process takes a significant amount of time), the exploration process and the definition of economic feasibility normally occur within the year. Accordingly, although expenditure is initially capitalized, it could be recognized in profit or loss for the same year should it not be technically and commercially feasible. This means that there is no significant expenditure that lacks a feasibility study at the end of the year.

Prospecting expenditure can be found in 4 different stages: execution, economically feasible, not economically feasible and under exploitation:

1. Execution: prospecting expenditures that are under execution and where the economic feasibility is not yet known are classified in the caption property, plant and equipment. As of June 30, 2018 and December 31, 2017, the balance amounted to ThUS\$15,790 and ThUS\$ 21,013, respectively.
2. Economically feasible: prospecting expenditure, which upon completion, has been determined to be economically feasible is classified in the caption non-current assets in other non-current non-financial assets. As of June 30, 2018 and December 31, 2017, this totaled ThUS\$26,659 and ThUS\$ 17,721 respectively.
3. Not economically feasible: Prospecting disbursements, which were concluded not to be economically feasible once finalized, are applied to the results. As of June 30, 2018, the amount is ThUS\$87 and as of December 31, 2017, there are no disbursements for this concept.
4. Under exploitation: Prospecting expenditure under exploitation is classified in the caption current assets in current inventories. These are amortized considering the exploited material. As of June 30, 2018 and December 31, 2017, the balance amounted to ThUS\$535 and ThUS\$ 521 respectively.

For the amount of capitalized expenditure, the total amount disbursed in exploration and evaluation of mineral resources as of June 30, 2018 was ThUS\$3,688, and corresponded to non-metallic projects. Such expenditure mainly corresponds to research, including topographical, geological, exploratory drilling and sampling studies.

With respect to this expenditure, the Company classifies it in accordance with paragraph 9 IFRS 6.

Exploration expenditure where the mineral has low ore grade that is not economically exploitable is debited directly to profit or loss.

If studies determine that the ore grade is economically exploitable, it is classified in other non-current assets in the caption ground studies and prospecting expenses. At the time of making the decision to exploit the zone, it is classified in the caption inventories as part of the cost of raw materials required for production purposes.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 226

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 30

Assets held for sale

The non-current assets held for sale and the components of the disposal groups classified as held for sale are presented in the Consolidated Statement of Financial Position under the item “Non-current assets or groups of assets classified as held for sale”.

The following table shows the movements in assets held for sale:

Assets held for sale	06/30/2018	12/31/2017
	ThUS\$	ThUS\$
Investment in Minera Exar S.A.	41,835	-
Ongoing construction at Minera Exar S.A.	7,796	-
Subtotal of Assets at Minera Exar S.A.	49,631	
Investment in Sichuan SQM Migao Chemical Fertilizers Co Ltd.	11,122	-
Subtotal of Assets at Sichuan SQM Migao Chemical Fertilizers Co Ltd. Ltd.	11,122	-
Terrenos Soquimich Comercial S.A.	1,443	1,480
Facilities and fixtures at Soquimich Comercial S.A.	109	109
Subtotal Soquimich Comercial S.A.	1,552	1,589
Total assets held for sale	62,305	1,589

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 227

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 31

Lawsuits and complaints

Lawsuits and complaints

During 2015, the Chilean IRS has filed several lawsuits and complaints against a number of individuals related to the so-called “SQM Case”, which are associated with the irregular financing of politicians. Amongst those affected by these legal claims are the legal representatives of the Company: the CEO, Patricio de Sominihac T, and the Vice President of Corporate Services, Ricardo Ramos R. Basically, those lawsuits and complaints relate to alleged tax crimes associated with a possible undue decrease in the taxable net income of the Company and two of its subsidiaries over the last seven years by recording as expenses in their accounting records invoices and fee receipts, which could be considered to be ideologically false. Such legal actions are also filed against the taxpayers who provided the tax documents that allowed the alleged performance of the related illicit acts. In December 2017, the Public Prosecutor confirmed that no charges will be brought against the CEO or Vice President of Corporate Services.

Actions performed by the Authority

The Public Ministry and the Chilean IRS (Servicio de Impuestos Internos (SII)) have performed a number of actions within the framework of the so-called “SQM Case”, where the Company and its executives have provided their cooperation. Several of the Company’s executives have granted access to their computers and made several statements at the request of the Prosecutors responsible for the investigation. Additionally, SQM has provided physical and digital copies of its accounting records and its subsidiaries’ accounting records. In addition, SQM has also provided the Public Ministry with its email files and all the documentation that has been required by the related authority.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 228

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 31

Lawsuits and complaints, (continued)

Shearman & Sterling and Ad-Hoc Committee

On February 26, 2015, the Board of Directors of SQM established an ad-hoc committee comprised of three directors (the “Ad-hoc Committee”), which was authorized to conduct an investigation on the matters described in the preceding paragraph and to request any external advisory services it deemed necessary. The original members of the Ad-hoc Committee were José María Eyzaguirre B., Juan Antonio Guzmán M, and Wolf von Appen B.

The Ad-hoc Committee hired its own legal counsel in Chile and the United States as well as forensic accountants in the United States to support its internal investigation. The U.S. attorneys hired by the Ad-hoc Committee were mainly charged with reviewing the important facts and analyzing them in the context of the United States Foreign Corrupt Practices Act (“FCPA”). However, the Ad-hoc Committee’s factual conclusions were shared with both Chilean authorities and U.S. authorities.

On December 15, 2015, the Ad-hoc Committee presented the conclusions of its investigation to the Board of Directors. In addition to discussing the facts related to the referenced payments, the Ad-hoc Committee concluded that, for the purposes of the FCPA:

- a. payments were identified that had been authorized by the former CEO of SQM for which the Company did not find sufficient supporting documentation;
- b. no evidence was identified that demonstrated that such payments were made in order to prompt a public official to act or abstain from acting in order to help SQM obtain economic benefits;
- c. in relation to the cost centers managed by the former CEO of SQM, it was concluded that the Company's books did not accurately reflect the transactions in question but that these transactions were determined to be quantitatively immaterial in comparison to SQM's equity, sales, expenses and profits during that period; and that
- d. SQM's internal controls were insufficient to supervise the expenses within the cost center managed by the former CEO of SQM and relied on the proper use of resources by Patricio Contesse G, himself.

After the Ad-hoc Committee presented its conclusions to the Board of Directors, the Company voluntarily shared these conclusions with the Chilean and U.S. Authorities (including the SEC and the U.S. Department of Justice (“DOJ”)) and has since collaborated by handing over documents and additional information requested by these authorities regarding this investigation.”

SQM S.A.

El Trovador 4285 229
Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 31

Lawsuits and complaints, (continued)

Investigation by the Department of Justice and the Securities Exchange Commission

SQM informed the US regulating entities (Department of Justice and Securities and Exchange Commission) about the investigation being performed by Shearman & Sterling, in conformity with the standards effective in the United States of America. The outcome of the investigation was delivered to these regulating entities, which have started investigations to determine the existence of possible noncompliance with FCPA (Foreign Corruption Practices Act) or internal control standards.

On January 13, 2017, the Company entered into agreements with the Department of Justice (the “DOJ”) and the Securities and Exchange Commission (the “SEC”), both based in the United States of America (the “United States”), with respect to the investigations that those agencies had conducted as a result of payments to suppliers and entities that might have been related to politically exposed persons during the years from 2008 through 2015, which resulted in the performance of an internal investigation at the Company through an Ad-hoc Committee from its Board of Directors and which was led by the law firm Shearman & Sterling (the “Investigated Facts”). Because the Company’s securities are traded in the United States, the Company is subject to U.S. legislation. The Company has voluntarily provided the results of its internal investigation and supporting documentation to the DOJ, the SEC and the relevant Chilean authorities.

In conformity with the terms of the agreement entered into with the DOJ, referred to as Deferred Prosecution Agreement (the “DPA”), the Company has accepted that the DOJ presents (i) a charge for the infractions referred to the absence of implementation of effective internal accounting systems and internal accounting controls and (ii) a charge for infractions related to failure to properly maintain accounting ledgers, records and sections with respect to the Investigated Facts. By virtue of the DPA, the DOJ has agreed not to prosecute those charges against the Company for a period of 3 years, releasing the Company from such responsibility after such period to the extent that within such term the Company complies with the terms in the DPA, which include the payment of a fine of US\$15,487,500 (“U.S. dollars”) and the acceptance of an external monitor for a term of 24 months (the “Monitor”) who will evaluate the Company’s compliance program and a subsequent independent report by the Company for an additional year.

With respect to the agreement entered into with the SEC, the Company has agreed to (i) pay a fine of US\$15 million and (ii) maintain the Monitor for the aforementioned term.

The SEC has issued a Cease and Desist Order which does not identify any other events of noncompliance with the standards applicable in the United States.

The aforementioned amounts of approximately US\$30.5 million were reflected in the profit or loss of SQM during the fourth quarter of 2016 in the line item Other expenses by function.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 230

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 32

Sanction proceedings

On April 1, 2015, the SVS started an administrative proceeding against five Directors of the Company for allegedly not having provided to the market on a timely and truthful basis information which could be significant for making investment decisions. Such information mainly relates to the preliminary estimate of the impact on the Company's financial statements of certain expenses paid by the Company between 2008 and 2014 and which might not qualify as expenses under current Chilean tax regulations because of the absence of supporting documentation.

On December 31, 2015, Sociedad Química y Minera de Chile S.A. informed the CMF that it had decided to penalize Patricio Contesse Fica, Julio Ponce Lerou, Juan Antonio Guzmán Molinari and Wolf von Appen Berhmann, all former directors of the Company, and Hernan Büchi Buc – a current director – for not having informed the market in a timely manner in March 2015 in the form of an essential event as directors of the Company at that time regarding the expenses SQM incurred during certain years for which the Company did not have sufficient supporting documentation or that could be considered expenses not necessary for producing income. This penalty, consisting of a fine of UF 1,000 for each person, can be appealed by the affected parties before the CMF or the courts of law.

On April 03, 2018, the National Directorate of the 'Dirección Nacional del Servicio Nacional de Geología y Minería' (National Geology and Mining Service) filed charges against SQM Industrial for the alleged violation of Article 40 letter c) of Law No, 20,551 that regulates the closure of mining works and facilities for Pampa Blanca, located in the district of Sierra Gorda. On April 26, 2018, SQM Industrial gave its deposition, According to current regulations, the National Geology and Mining Service can impose fines of up to 10 UTMs (monthly tax units) for each day of infringement, with a total maximum of 10,000 UTMs per month.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 231

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 33 Events occurred after the reporting date

33.1 Authorization of the financial statements

The consolidated financial statements of Sociedad Química y Minera de Chile S.A. and subsidiaries, prepared in accordance with International Financial Reporting Standards for the period ended June 30, 2018, were approved and authorized for issuance by the Management on August 22, 2018.

33.2 Disclosures on events occurring after the reporting date

On July 25, 2018, the CMF was informed that the Board of Directors had that day agreed to accept the resignation of the Company's Chief Executive Officer, Mr. Patricio de Solminihac Tampier as of December 31, 2018. The Board also agreed to appoint as Chief Executive Officer as of January 1, 2019, Mr. Ricardo Ramos Rodríguez, who is currently serving as the Company's Vice President of Corporate Services. Mr Ramos has more than 29 years of experience in different executive roles within the Company.

The Board recognizes and is deeply grateful to Mr. de Solminihac for his contribution during more than 30 years within the Company, carrying out the roles of Development Manager, Deputy Chair of the Board, Deputy CEO and finally, in the last 3 years, as CEO.

On August 13, 2018, SQM Potasio S.A. ("SQM Potasio"), signed a Transaction Agreement ("the Agreement") with Argentine company Minera Exar S.A. ("Exar"), GFL International Co. Ltd. ("Ganfeng") and Lithium Americas Corp ("LAC"). Through this Agreement, (a) SQM Potasio will sell to Ganfeng all of its shares and irrevocable contributions in Exar, the company that owns the Caucharí-Olaroz lithium project (the "Project"); (b) Exar will pay in advance to SQM Potasio all of the loans that it has with that company; and (c) Exar will pay the Company for the services it provided to Exar during the project development stage. Under the Agreement, the Company and SQM Potasio will receive a total of US\$87.5 million.

The Agreement is subject to the fulfillment of certain conditions that the parties have deemed necessary for letters (a) to (c) above to happen ("Conclusion"), by the scheduled date of October 31, 2018, or by December 31, 2018, at the latest. These conditions imply that by the Conclusion date: (i) the statements and guarantees provided by the parties on the signing of the Agreement are true and certain; (ii) Exar can continue to develop its business in the normal way; (iii) the Project continues to develop within the agreed budget; (iv) it complies with the applicable laws and conditions established in the Project's permits; (v) the Company supports the Project during the transition period until the Conclusion, to enable activities for which it is responsible to be concluded and will be available to clarify Project information to LAC; (vi) the non-existence of laws, standards, judicial processes, orders by authorities or other things

that could impede, prohibit or restrict the Conclusion; and (vii) that the approvals necessary for the Conclusion are obtained, even if the parties state that they do not have them.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 232

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 33

Events occurred after the reporting date (continued)

33.2

Disclosures on events occurring after the reporting date (continued)

Under the Agreement, the Company has made a commitment that some of its personnel can be temporarily hired by Exar until December 31, 2018 to carry out on site supervision work of development and construction activities for the Project. Following the Conclusion, the Company has made a commitment (i) that during the first 6 months, part of its team of professionals in the areas of hydrogeology and engineering who are familiar with the Project (the “Professionals”) will be available to hold technical discussions about the Project on a monthly basis; and (ii) that once this period has finished and for a timeframe of 3 years from the Conclusion, the Professionals will be available to hold technical discussions regarding the Project every two months.

The Company also reports that SQM Potasio and a subsidiary of Ganfeng, will sign a *Deferred Payment Agreement*, through which a deferred payment of US\$50 million will be made to SQM Potasio, subject to the fulfillment of certain sales targets.

The Agreement stipulates that the *Deferred Payment Agreement* will be signed by the Parties at the closure and the payment to which SQM Potasio is entitled becomes payable as Exar achieves cumulative sales of (i) 25,000 tons (measured in lithium carbonate equivalent) of the Project’s lithium products, (ii) at a price of at least US\$10,000 per ton.

As a result, the Company estimates that the financial impact at Closure will be (i) cash revenue of US\$87.5 million; and (ii) a post-tax profit of around US\$5.5 million. The payment to which SQM Potasio will be entitled through the *Deferred Payment Agreement* will only be accounted for and recognized in the Company’s financial statements once the payment has actually been received.

Management is not aware of any other significant events that occurred between June 30, 2018 and the date of issuance of these consolidated financial statements that may significantly affect them.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 233

www.sqm.com

Notes to the Consolidated Financial Statements as of June 30, 2018.

Note 33

Events occurred after the reporting date (continued)

33.3

Details of dividends declared after the reporting date

Payment of Provisional Dividend

On August 22, 2018, the Company's Board of Directors approved the following:

To pay a provisional dividend equivalent to US\$0.50864 per share with a charge to profit for 2018. Such amount will be paid in its equivalent in Chilean pesos, the domestic currency, according to the observed U.S. dollar exchange rate published in the Official Gazette on August 31, 2018.

This dividend will be paid to shareholders, in person or through their duly authorized representatives, starting at 9.00 a.m. on September 12, 2018. The shareholders who are registered in the Shareholders' Registry five business days prior to the date of payment will be entitled to the dividend.

SQM S.A.

El Trovador 4285

Las Condes, Santiago, Chile

Tel: (56 2) 2425 2000 234

www.sqm.com

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHEMICAL AND MINING COMPANY OF CHILE INC.

(Registrant)

Date: September 14, 2018 /s/ Ricardo Ramos

By: Ricardo Ramos

CFO & Vice President of Corporate Services

Persons who are to respond to the collection of information contained SEC 1815 (04-09) in this form are not required to respond unless the form displays currently valid OMB control number.