

CHEMICAL & MINING CO OF CHILE INC
Form 6-K
March 29, 2019

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 March, 2019.

Commission File Number 33-65728

CHEMICAL AND MINING COMPANY OF CHILE INC.

(Translation of registrant's name into English)

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

(Address of principal executive office)

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

Form 20-F: Form 40-F:

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

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

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

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Santiago, Chile. March 27, 2019.- 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 twelve months ended December 31, 2018, the Spanish version of which was filed with the Chilean Commission for the Financial Market (*Comisión para el Mercado Financiero* or “CMF”) on February 27, 2019.

CONSOLIDATED FINANCIAL STATEMENTS

For the period ended

December 31, 2018

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

In Thousands of United States Dollars

This document includes:

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

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

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

Assets	Note	As of December 31, 2018	As of December 31, 2017
		ThUS\$	ThUS\$
Current assets			
Cash and cash equivalents	11.1	556,066	630,438
Other current financial assets	14.1	312,721	366,979
Other current non-financial assets	17	49,186	26,883
Trade and other receivables, current	14.2	464,855	446,875
Trade receivables due from related parties, current	13.5	44,554	59,132
Current inventories	12	913,674	902,074
Current tax assets	32.1	57,110	32,291
Current assets other than those classified as held for sale or disposal		2,398,166	2,464,672
Non-current assets or groups of assets classified as held for sale	33	1,430	1,589
Total current assets		2,399,596	2,466,261
Non-current assets			
Other non-current financial assets	14.1	17,131	42,879
Other non-current non-financial assets	17	27,540	19,262
Trade receivables, non-current	14.2	2,275	1,912
Investments classified using the equity method of accounting	9.1-10.3	111,549	152,630
Intangible assets other than goodwill	15.1	188,283	113,787
Goodwill	15.1	34,718	37,972
Property, plant and equipment	16.1	1,454,823	1,429,354
Tax assets, non-current	32.1	32,179	32,179
Total non-current assets		1,868,498	1,829,975
Total assets		4,268,094	4,296,236

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

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

Liabilities and Equity	Note	As of December 31,	As of December 31,
		2018	2017
		ThUS\$	ThUS\$
Current liabilities			
Other current financial liabilities	14.4	23,585	220,328
Trade and other payables, current	14.5	163,751	196,280
Trade payables due to related parties, current	13.6	9	1,365
Other current provisions	19.1	106,197	63,445
Current tax liabilities	32.2	47,412	75,402
Provisions for employee benefits, current	18.1	20,085	22,421
Other current liabilities	19.3	194,624	168,804
Total current liabilities		555,663	748,045
Non-current liabilities			
Other non-current financial liabilities	14.4	1,330,382	1,031,507
Other non-current provisions	19.1	31,822	30,001
Deferred tax liabilities	32.3	175,361	205,283
Provisions for employee benefits, non-current	18.1	37,064	33,932
Total non-current liabilities		1,574,629	1,300,723
Total liabilities		2,130,292	2,048,768
Equity	20		
Share capital		477,386	477,386
Retained earnings		1,623,104	1,724,784
Other reserves		(14,999)	(14,349)
Equity attributable to owners of the Parent		2,085,491	2,187,821
Non-controlling interests		52,311	59,647
Total equity		2,137,802	2,247,468
Total liabilities and equity		4,268,094	4,296,236

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

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

	Note	January to December	
		2018	2017
		ThUS\$	ThUS\$
Revenue	27.1	2,265,803	2,157,323
Cost of sales	27.2	(1,483,524)	(1,394,822)
Gross profit		782,279	762,501
Other income	27.3	32,048	17,827
Administrative expenses	27.4	(118,126)	(101,171)
Other expenses by function	27.5	(36,907)	(53,600)
Impairment of income and reversal of impairment losses (impairment losses) determined in accordance with IFRS 9		2,967	(8,038)
Other gains (losses)	27.7	6,404	543
Profit (loss) from operating activities		668,665	618,062
Finance income		22,533	13,499
Finance costs	27.8-29	(59,914)	(50,124)
Share of profit of associates and joint ventures accounted for using the equity method	9-10	6,351	14,452
Foreign currency translation differences	30	(16,597)	(1,299)
Profit (loss) before taxes		621,038	594,590
Income tax expense, continuing operations	32.3	(178,975)	(166,173)
Profit (loss) from continuing operations		442,063	428,417
Profit attributable to			
Owners of the Parent		439,830	427,697
Non-controlling interests		2,233	720
Profit for the year		442,063	428,417

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

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

Consolidated Statements of Income by Function, (continued)

		January to December	
	Note	2018	2017
		US\$	US\$
Earnings per share			
Common shares			
Basic earnings per share (US\$ per share)	21	1.6711	1.6250
Diluted common shares			
Diluted earnings per share (US\$ per share)	21	1.6711	1.6250

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

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

	January to December	
	2018	2017
	ThUS\$	ThUS\$
Statement of comprehensive income		
Profit (loss) for the year	442,063	428,417
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	(1,337)	(1,392)
Total other comprehensive income that will not be reclassified to profit for the year, before taxes	(1,337)	(1,392)
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	(1,219)	(5,446)
Other comprehensive income before taxes	(1,219)	(5,446)
Financial assets held for sale		
Gain (loss) from revaluations of financial assets held for sale, net of tax	(5,547)	(26)
Other comprehensive income before taxes	(5,547)	(26)
Financial assets measured at fair value with changes in other comprehensive income		
Gain (loss) from cash flow hedges	5,723	2,184
Other comprehensive income, net of tax	5,723	2,184
Total other comprehensive income that will be reclassified to profit for the year	(1,043)	(3,288)
Other items of other comprehensive income before taxes	(2,380)	(4,680)
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	396	282
Accumulated income taxes related to items of other comprehensive income that will not be reclassified to profit for the year	396	282
Income tax relating to components of other comprehensive income that will be reclassified to profit (loss) for the year		
Income tax related to financial assets measured at fair value through profit and loss	1,498	(550)
Cumulative income tax relating to components of other comprehensive income that will be reclassified to profit (loss) for the year	1,498	(550)

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Total other comprehensive income	(486)	(4,948)
Total comprehensive income	441,577	423,469
Comprehensive income attributable to		
Owners of the Parent	439,180	422,736
Non-controlling interests	2,397	733
Total comprehensive income	441,577	423,469

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

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

Consolidated Statements of cash flows	12/31/2018	12/31/2017
	ThUS\$	ThUS\$
Cash flows from operating activities		
Cash receipts from sales of goods and rendering of services	2,284,514	2,082,366
Cash receipts from premiums and benefits, annuities and other benefits from policies entered	2,140	2,967
Cash payments to suppliers for the provision of goods and services	(1,201,674)	(959,213)
Cash payments to and on behalf of employees	(230,007)	(227,103)
Other payments related to operating activities (1)	(21,240)	(34,956)
Net cash generated from (used in) operating activities	833,733	864,061
Dividends received	8,815	2,091
Interest paid	(59,565)	(18,964)
Interest received	22,533	13,499
Income taxes paid	(240,115)	(148,568)
Other incomes (outflows) of cash (2)	(40,562)	(8,122)
Net cash generated from (used in) operating activities	524,839	703,997
Cash flows from (used in) investing activities		
Cash flows arising from the loss of control of subsidiaries and other businesses	69,988	-
Payments made to acquire interest in joint ventures	(19,989)	(38,088)
Proceeds from the sale of property, plant and equipment	61	229
Acquisition of property, plant and equipment	(244,693)	(142,144)
Proceeds from sales of intangible assets	14,056	8,640
Purchases of intangible assets	(74,374)	-
Proceeds from the repayment of advances and loans granted to third parties	(204)	78
Other inflows (outflows) of cash (2)	69,151	(76,782)
Net cash generated from (used in) investing activities	(187,004)	(248,067)

(1) Includes a payment of ThUS\$30,000 made to the SEC and the DOJ, which was provisioned in 2016 and paid in 2017.

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

(3) Other inflows (outflows) of cash include investments and redemptions of time deposits and other financial instruments that do not qualify as cash and cash equivalent in accordance with IAS 7, paragraph 7, since they mature

in more than 90 days from the original investment date.

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

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

	12/31/2018	12/31/2017
	ThUS\$	ThUS\$
Cash flows used in financing activities		
Proceeds from long-term loans	256,039	-
Proceeds from short-term borrowings	120,000	143,000
Repayment of borrowings	(213,000)	(126,712)
Dividends paid	(550,352)	(373,933)
Net cash generated used in financing activities	(387,313)	(357,645)
Net increase (decrease) in cash and cash equivalents before the effect of changes in the exchange rate	(49,478)	98,285
Effects of exchange rate fluctuations on cash held	(24,894)	17,484
Net (decrease) increase in cash and cash equivalents	(74,372)	115,769
Cash and cash equivalents at beginning of period	630,438	514,669
Cash and cash equivalents at end of period	556,066	630,438

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

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

Consolidated Statements of 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	2,247,204
Increase (decrease) due to changes in accounting policy	-	-	-	-	-	-	-	(1,680)	(1,680)	-	(1,680)
Restated opening balance of equity	477,386	(24,913)	2,248	2,937	(5,953)	11,332	(14,349)	1,723,104	2,186,141	59,647	2,247,134
Profit for the year	-	-	-	-	-	-	-	439,830	439,830	2,233	442,063
Other comprehensive income	-	(1,394)	5,723	(4,048)	(931)	-	(650)	-	(650)	164	(486)
Comprehensive income	-	(1,394)	5,723	(4,048)	(931)	-	(650)	439,830	439,180	2,397	441,367
Dividends	-	-	-	-	-	-	-	(539,830)	(539,830)	(9,733)	(549,563)
Increase (decrease) due to transfers and other changes	-	-	-	-	-	-	-	-	-	-	-
	-	(1,394)	5,723	(4,048)	(931)	-	(650)	(100,000)	(100,650)	(7,336)	(107,984)

Increase
(decrease) in
equity

Equity as of

December 31, 2018 477,386 (26,307) 7,971 (1,111) (6,884) 11,332 (14,999) 1,623,104 2,085,491 52,311 2,13

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

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

Consolidated Statements of 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	2,307,272
Profit for the year	-	-	-	-	-	-	-	427,697	427,697	720	428,417
Other comprehensive income	-	(5,450)	2,184	(576)	(1,119)	-	(4,961)	-	(4,961)	13	(4,948)
Comprehensive income	-	(5,450)	2,184	(576)	(1,119)	-	(4,961)	427,697	422,736	733	423,468
Dividends	-	-	-	-	-	-	-	(480,989)	(480,989)	(2284)	(483,273)
Increase (decrease) due to transfers and other changes	-	-	-	-	-	3,500	3,500	(3,500)	-	-	-
Increase (decrease) in equity	-	(5,450)	2,184	(576)	(1,119)	3,500	(1,461)	(56,792)	(58,253)	(1,551)	(59,803)
Equity as of December 31, 2017	477,386	(24,913)	2,248	2,937	(5,953)	11,332	(14,349)	1,724,784	2,187,821	59,647	2,247,495

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

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

Note 1 Identification and Activities of the Company and Subsidiaries

1.1 Historical background

Sociedad Química y Minera de Chile S.A. "SQM" is an open stock corporation founded under the laws of the Republic of Chile and its Chilean Tax Identification Number is 93.007.000-9.

The Company was incorporated through a public deed dated June 17, 1968 by the public notary 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, Floor 6, Las Condes, Santiago, Chile. The Company's telephone number is +56 2 2425-2000.

The Company is registered with the Commission for Financial Markets (CMF) (formerly the Chilean Superintendence of Securities and Insurance (SVS)) 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 w/n - San Pedro de Atacama, potassium sulfate plant at Salar de Atacama w/n – San Pedro de Atacama, Minsal Mining Camp w/n CL Plant CL, Potassium– San Pedro de Atacama, formerly the Iris Saltpeter office w/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 caliche ore in northern Chile contains the only known nitrate and iodine deposits in the world and is the world's largest commercially exploited source of natural nitrates. The brine deposits of the Salar de Atacama, a salt-encrusted depression in the Atacama Desert in northern Chile, contain high concentrations of lithium and potassium as well as significant concentrations of sulfate and boron.

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

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

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

From our caliche ore deposits, 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, sulfate and boron 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 market all of these products through an established worldwide distribution network.

Our products are sold in over 110 countries through our worldwide distribution network, with the majority of our sales derived from countries outside Chile.

Our products are divided into six categories: specialty plant nutrients; iodine and its derivatives; lithium and its derivatives; potassium chloride and potassium sulfate; industrial chemicals and other commodity fertilizers, , described as follows:

Specialty plant nutrition: We produce four main types of specialty plant nutrients: potassium nitrate, sodium nitrate, sodium potassium nitrate and specialty blends. We also sell other specialty fertilizers including third party products. All of these specialty plant nutrients are used in either solid or liquid form mainly on high value crops such as vegetables, fruits and flowers. Our nutrients are widely used in crops that employ modern agricultural techniques such as hydroponics, green housing, fertigation (where fertilizer is dissolved in water prior to irrigation) and foliar application. Specialty plant nutrients have certain advantages over commodity fertilizers, such as rapid and effective absorption (without requiring nitrification), superior water solubility, increased soil pH (which reduces soil acidity) and low chloride content. One of the most important products in this business line is potassium nitrate, which is sold in crystalline or prill form, allowing for multiple application methods. Crystalline potassium nitrate products are ideal for application by fertigation and foliar sprays, and potassium nitrate prills are suitable for soil applications.

The new needs of more sophisticated customers demand that the industry provide integrated solutions rather than individual products. Our products, including customized specialty blends that meet specific needs along with the agronomic service provided, allow to create plant nutrition solutions that add value to crops through higher yields and better quality production. Because our products are derived from natural nitrate compounds or natural potassium brines, they have certain advantages over synthetically produced fertilizers, including the presence of certain beneficial trace elements, which makes them more attractive to customers who prefer products of natural origin. As a result, specialty plant nutrients are sold at a premium price compared to commodity fertilizers.

Iodine: We believe that we are the world's leading producer of iodine and iodine derivatives, which are used in a wide range of medical, pharmaceutical, agricultural and industrial applications, including x-ray contrast media, polarizing films for LCD and LED, antiseptics, biocides and disinfectants, in the synthesis of pharmaceuticals, electronics, pigments and dye components.

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

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

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

Lithium: We are a leading producer of lithium carbonate, which is used in a variety of applications, including electrochemical materials for batteries, frits for the ceramic and enamel industries, heat-resistant glass (ceramic glass), air conditioning chemicals, continuous casting powder for steel extrusion, primary aluminum smelting process, pharmaceuticals and lithium derivatives. We are also a leading supplier of lithium hydroxide, which is primarily used as an input for the lubricating greases industry and for certain cathodes for batteries.

Industrial chemicals: We produce three industrial chemicals: sodium nitrate, potassium nitrate and potassium chloride. Sodium nitrate is used primarily in the production of glass, explosives, and metal treatment. Potassium nitrate is used in the manufacturing of specialty glass, and it is also an important raw material for the production of frits for the ceramics and enamel industries. Solar salts, a combination of potassium nitrate and sodium nitrate, are used as a thermal storage medium in concentrated solar power plants. Potassium chloride is a basic chemical used to produce potassium hydroxide, and it is also used as an additive in oil drilling as well as in food processing, among other uses.

Potassium: We produce potassium chloride and potassium sulfate from brines extracted from the Salar de Atacama. Potassium chloride is a commodity fertilizer used to fertilize a variety of crops including corn, rice, sugar, soybean and wheat. Potassium sulfate is a specialty fertilizer used mainly in crops such as vegetables, fruits and industrial crops.

Other products and services: We also sell other fertilizers and blends, some of which we do not produce. We are the largest company that produces and distributes the three main potassium sources: potassium nitrate, potassium sulfate and potassium chloride. This business line also includes revenue from commodities, services, interests, royalties and dividends.

1.5 Other background

Staff

As of December 31, 2018, and December 31, 2017, the workforce was as follows:

	12/31/2018			12/31/2017		
	SQM S.A.	Other subsidiaries	Total	SQM S.A.	Other subsidiaries	Total
Employees						
Executives	33	89	122	43	77	120
Professionals	115	1,078	1,193	143	942	1,085
Technicians and operators	260	3,287	3,547	248	3,177	3,425
Foreign employees	11	417	428	19	272	291
Overall total	419	4,871	5,290	453	4,468	4,921

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Notes to the Consolidated Financial Statements as of December 31, 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 December 31, 2018 and December 31, 2017, in line with information provided by the Central Securities Depository:

The following table presents the information about the beneficial ownership of Series A and Series B shares of the Company as of December 31, 2018 and December 31, 2017, with respect to each shareholder that, to our knowledge, owns more than 5% of the outstanding Series A or Series B shares. The following information is derived from our registry and reports managed by the Central Securities Depository and informed to the CMF and the Chilean Stock Exchanges.

Shareholder as of December 31, 2018	No. of Series A with ownership	% of Series A shares	No. of Series B with ownership	% of Series B shares	% of total shares
Inversiones TLC SPA	62,556,568	43.80 %	-	-	23.77 %
Sociedad de Inversiones Pampa Calichera S.A. (*)	44,894,152	31.43 %	10,093,154	8.38 %	20.89 %
The Bank of New York Mellon, ADRs	-	-	35,254,267	29.29 %	13.39 %
Potasios de Chile S.A. (*)	18,179,147	12.73 %	-	-	6.91 %
Banco de Chile via non-resident third party accounts	15,687	0.01 %	10,703,812	8.89 %	4.07 %
Inversiones Global Mining (Chile) Limitada (*)	8,798,539	6.16 %	-	-	3.34 %
Banco Itaú through Corpbanca on behalf of foreign investors	-	-	8,085,730	6.72 %	3.07 %
Banco Santander via foreign investor accounts	-	-	7,138,685	5.93 %	2.71 %
Banchile C de B S A	528,092	0.37 %	4,028,611	3.35 %	1.73 %
Inversiones la Esperanza de Chile Limitada	3,711,598	2.60 %	46,500	0.04 %	1.43 %

(*) Total Pampa Group 32% (2,247,895 Series B shares are in the custody of different brokers).

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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	
The Bank of New York Mellon, ADRs	-	-		54,599,961	45.36	%	20.74 %
Sociedad de Inversiones Pampa Calichera S.A.(*)	44,894,152	31.43	%	7,007,688	5.82	%	19.72 %
Inversiones El Boldo Limitada	29,330,326	20.54	%	16,363,546	13.59	%	17.36 %
Inversiones RAC Chile Limitada	19,200,242	13.44	%	2,202,773	1.83	%	8.13 %
Potasios de Chile S.A.(*)	18,179,147	12.73	%	-	-		6.91 %
Inversiones PCS Chile Limitada	15,526,000	10.87	%	1,600,000	1.33	%	6.51 %
Inversiones Global Mining (Chile) Limitada (*)	8,798,539	6.16	%	-	-		3.34 %
Banco de Chile via non-resident third party accounts	-	-		8,394,289	6.97	%	3.19 %
Banco Itau via Investor Accounts	19,125	0.01	%	7,017,504	5.83	%	2.67 %
Banco Santander via foreign investor accounts	-	-		4,593,336	3.82	%	1.75 %

(*) Total Pampa Group 29,97%

On December 31, 2018 the total number of shareholders had risen to 1,508.

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

Note 2 Basis of presentation for the consolidated financial statements

2.1 Accounting period

These consolidated financial statements cover the following periods:

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

2.2 Consolidated financial statements

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

These consolidated financial statements fairly reflect the Company’s financial position, the comprehensive results of operations, changes in equity and cash flows occurring during the periods ended on December 31, 2018 and, 2017.

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

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

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

2.2 Consolidated financial statements, continued

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

For the closing date of these consolidated financial statements certain reclassifications have been made for the captions other non-current financial assets, Intangible assets other than goodwill, Goodwill as of December 31, 2017 to correct the prior year presentation. These revisions were not considered material to the previously issued financial statements.

A reconciliation of such differences is presented as follows:

Prior Caption	New Presentation	Reclassification as of December 31, 2017 ThUS\$
Other non-current financial assets	Investments classified using the equity method of accounting	20,000
Intangible assets other than goodwill	Property, plant and equipment	7,839
Goodwill	Investments classified using the equity method of accounting	6,205

2.3

Basis of measurement

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

- Inventories are recorded at the lower of cost and net realizable value.
- Financial derivatives at fair value; and
- Staff severance indemnities and pension commitments at actuarial value

-

Certain financial investments classified as available for sale measured at fair value with an offsetting entry in other comprehensive income.

-Other current and non-current assets and financial liabilities at amortized cost

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

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

2.4 Accounting pronouncements

New accounting pronouncements

a) The following standards, interpretations and amendments are mandatory for the first time for annual periods beginning on January 1, 2018:

<i>Standards and Interpretations</i>	<i>Mandatory for annual periods beginning on or after</i>
<i>IFRS 9 Financial Instruments - Published in July 2014. The IASB published the complete 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. It also includes the final hedging part of IFRS 9 that was issued in November 2013.</i>	01/01/2018
<i>IFRS 15 Revenue from Contracts with Customers – Published in May 2014. This standard establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It replaces IAS 11 Construction Contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Customers; and SIC-31 Revenue-Barter Transactions Involving Advertising Services.</i>	01/01/2018
<i>IFRIC 22 “Foreign Currency Transactions and Advance Consideration”. 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

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 basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment. 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). New and amended illustrative examples have been added for each of those areas of guidance, as well as additional practical expedients related to transition to the new revenue standard. 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

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

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

2.4 Accounting pronouncements, continued

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

Standards and Interpretations

On January 13, 2016, the IASB published IFRS 16 Leases. IFRS 16 introduces a comprehensive model to identify lease agreements and accounting treatments for both lessees and lessors. When the application of IFRS 16 goes into effect, it will replace the current lease guidelines including IAS 17 Leases and the related interpretations.

Mandatory for annual periods beginning on or after 01/01/2019

IFRS 16 makes a distinction between leases and service contracts based on the fact that an identified asset is controlled by an entity. Under IAS 17, the distinction between operating leases (outside the statement of financial position) and financial leases is removed for the accounting of the lessees, and is replaced by a model where an right-of-use asset and the corresponding liability must be recognized by lessees for all leases, except short-term leases and low-value asset leases.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted by any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that have not been paid as of that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as lease modifications, among others. In addition, the classification of cash flows will also be affected considering that under IAS 17, operating lease payments are presented as operating cash flows; while under the IFRS 16 model, lease payments will be divided between the portion of principal and interest payments, which will be presented as financing and operating cash flows or financing, respectively.

In contrast to accounting for lessees, IFRS 16 substantially maintains the accounting requirements of IAS 17 for lessors, and continues to require lessees to classify leases as either operating or financial leases.

Additionally, IFRS 16 requires more extensive disclosures.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early application is permitted for entities that apply IFRS 15 on or before the initial application of IFRS 16. Entities can apply IFRS 16 using either a retrospective full application approach or a modified retrospective application approach. If the latter approach is chosen, an entity is not required to restate comparative financial information and the cumulative effect of the initial application of IFRS 16 must be presented as an adjustment to the initial balance of retained earnings (or other equity component, when appropriate).

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

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

2.4 Accounting pronouncements, continued

Standards and Interpretations

Mandatory for annual periods beginning on or after

IFRIC 23 Uncertainty over Income Tax Treatments. Published in June 2016. This interpretation clarifies how to apply the recognition and measurement requirements in IAS 12, when there is uncertainty over income tax treatments.

01/01/2019

Amendments and improvements

Mandatory for annual periods beginning on or after

Amendment to IFRS 9 “Financial Instruments”. Published in October 2017. The amendment permits more assets to be measured at amortized cost than under the previous version of IFRS 9, in particular some prepayable financial assets with negative compensation. The assets affected, which include some loans and debt securities, would otherwise have been measured at fair value through profit and loss (FVTPL). For them to qualify for amortized cost measurement, the negative compensation must be “reasonable compensation for early termination of the contract.”

01/01/2019

Amendment to IAS 28 “Investments in Associates and Joint Ventures” Published in October 2017. This amendment clarifies that companies should apply IFRS 9 to account for long-term interests in an associate or joint venture to which the equity method is not applied. The Board IASB has published an example that illustrates how companies should apply the requirements of IFRS 9 and IAS 28 to long-term interests in an associate or joint venture.

01/01/2019

Amendment to IFRS 3 “Business Combinations” Published in December 2017. The amendment clarified that gaining control of a company that is a joint venture deals with a business combination that is achieved in stages. The acquirer must remeasure previously held interests in that business at fair value at the date of acquisition.

01/01/2019

Amendment to IFRS 11 “Joint Arrangements” Published in December 2017. The amendment clarified that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

01/01/2019

01/01/2019

Amendment to IAS 12 Income Taxes - Published in December 2017. This modification clarified 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

Amendment to IFRS 23 “Loan Costs” Published in December 2017. This amendment clarifies that the borrowing costs of specific borrowings that remain outstanding after the related qualifying asset is ready for intended use or for sale will be considered as part of the general borrowing costs of the entity. 01/01/2019

Amendment to IAS 19 Employee Benefits - Published in February 2018. The amendment requires entities to use updated assumptions to determine the current service cost and net interest for the remainder of the period after a modification, reduction or settlement of the plan; and to recognize in profit or loss as part of the cost of the past service, or a profit or loss in the settlement, any reduction in a surplus, even if that surplus was not previously recognized because it did not exceed the upper limit of the asset. 01/01/2019

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

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

2.4 Accounting pronouncements, continued

Amendments and improvements

Mandatory for annual periods beginning on or after

Amendment to IFRS 3 “Definition of a business” Published in October 2018. This amendment revises the definition of a business. Based on the feedback received by the IASB, the application of the current guidance is frequently seen as too complex, and results in too many transactions that qualify as business combinations.

01/01/2020

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

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

Management believes the adoption of the standards, interpretations and amendments applicable as of Tuesday, January 1, 2019, will have no significant impact on the Company’s financial statements.

During 2018, the Administration has made an initial assessment of the possible impact of the adoption of IFRS 16 as of the effective term of the new standard, which was determined through the evaluation of lease contracts, assets that, according to their nature and lease terms must be recorded at the date of initial application as right-to-use assets, and this will incur amortization expenses over the term of the contract or the useful life of the asset, whichever is shorter. Based on this evaluation, the Company concludes that the effects of the adoption of IFRS 16 will not significantly affect its Consolidated Financial Statements.

Of the lease contracts signed under IFRS 16, the following right-of-use assets, among others, were identified: trucks, cranes, excavators, structures (buildings, warehouses, shops, land), where SQM has the power (control) to direct their activities and to use them for the contract term, without the supplier changing the operating instructions.

To estimate the initial measurement, the Company built a debt curve based on public debt instruments held by the company at the valuation date. The rates used to deduct the right-of-use asset and the lease liability were estimated based on currency (USD, UF and CLP) and contract terms.

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

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

2.4 Accounting pronouncements, continued

The initial application method of the aforementioned standard chosen by the Company is the full application of a modified approach of retrospective application version B, where the right to use is equated to the aforementioned liability, with no equity adjustment.

The values corresponding to right-to-use assets and lease liabilities in contracts qualified under IFRS 16 amount to ThUS\$25,033.

For the adoption of IFRS 15 - Revenue from Contracts with Customers, the Company undertook a detailed assessment of its performance obligations underlying revenue recognition, such as the performance obligation to transport products to customers, in line with the terms and conditions previously established in contracts and there is no significant impact - the performance obligation has been satisfied. With regard to products invoiced with a deferred shipment date, the transfer of control has been assessed over and above the transfer of risks and benefits established in the previous standard and a prepayment is estimated in revenue recognition, without a significant impact. Other considerations were also assessed, such as rebates, discounts, guarantees, financing components and product personalization. Based on this analysis, the Company has concluded that these last items will not generate an impact nor are significant changes expected in the recording of revenue as a result of applying this new standard, except for the impact on disclosures. The Company has established the procedures and controls for beginning to apply IFRS 15 as of January 1, 2018. It recognizes the cumulative effect of applying IFRS 15 as an adjustment to the opening balance of equity as of that date, without being necessary to make adjustments to the comparative information for periods.

AREA	Iodine and Derivatives	Lithium	QI	Potassium	Others Products	Iodine and Derivatives	Total million US\$
Products	781.8	325.0	734.8	108.3	267.5	44.6	2,262.8
Services	-	-	-	-	-	4.0	4.0
Total	781.8	325.0	734.8	108.3	267.5	48.5	2,266.8

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

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

2.5

Basis of consolidation

(a) Subsidiaries

These are all those entities where Sociedad Química y Minera de Chile S.A. has control over directing their financial and operational policies. This is generally accompanied by a share of more than half of the voting rights. Subsidiaries apply the same accounting policies of their Parent.

To account for the acquisition, the Company uses the acquisition method. Under this method the acquisition cost is the fair value of assets delivered, equity securities issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, and liabilities and contingencies assumed in a business combination are measured initially at fair value at the acquisition date. For each business combination, the Company will measure non-controlling interest of the acquiree either at fair value or as proportional share of net identifiable assets of the acquiree. For more information, please see Note 8.1.

Companies included in consolidation:

TAX ID No.	Foreign subsidiaries	Country of origin	Functional currency	Ownership interest 12/31/2018	
				Direct	Indirect
Foreign	Nitratos Naturais Do Chile Ltda.	Brazil	US\$	0.0000	100.0000
Foreign	Nitrate Corporation Of Chile Ltd.	United Kingdom	US\$	0.0000	100.0000
Foreign	SQM North America Corp.	USA	US\$	40.0000	60.0000
Foreign	SQM Europe N.V.	Belgium	US\$	0.5800	99.4200
Foreign	Soquimich S.R.L. Argentina.	Argentina	US\$	0.0000	100.0000
Foreign	Soquimich European Holding B.V.	Netherlands	US\$	0.0000	100.0000
Foreign	SQM Corporation N.V.	Netherlands	US\$	0.0002	99.9998
Foreign	SQI Corporation N.V.	Netherlands	US\$	0.0159	99.9841
Foreign	SQM Comercial De México S.A. de C.V.	Mexico	US\$	0.0100	99.9900
Foreign	North American Trading Company	USA	US\$	0.0000	100.0000
Foreign	Administración y Servicios Santiago S.A. de C.V.	Mexico	US\$	0.0000	100.0000
Foreign	SQM Peru S.A.	Peru	US\$	0.9800	99.0200
Foreign	SQM Ecuador S.A.	Ecuador	US\$	0.0040	99.9960
Foreign	SQM Nitratos Mexico S.A. de C.V.	Mexico	US\$	0.0000	100.0000
Foreign	SQMC Holding Corporation L.L.P.	USA	US\$	0.1000	99.9000
Foreign	SQM Investment Corporation N.V.	Netherlands	US\$	1.0000	99.0000

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Foreign	SQM Brasil Limitada	Brazil	US\$	1.0900	98.9100
Foreign	SQM France S.A.	France	US\$	0.0000	100.0000
Foreign	SQM Japan Co. Ltd.	Japan	US\$	0.1597	99.8403
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	US\$	1.6700	98.3300
Foreign	SQM Oceania Pty Limited	Australia	US\$	0.0000	100.0000
Foreign	Rs Agro-Chemical Trading Corporation A.V.V.	Aruba	US\$	98.3333	1.6667
Foreign	SQM Colombia SAS	Colombia	US\$	0.0000	