Knowledge grows

"An investment in knowledge always pays the best interest"
– Benjamin Franklin

Financial Report 2014

"An investment in knowledge always pays the best interest"

Benjamin Franklin (1706–90) was a citizen of many interests and diverse knowledge – a polymath driven by curiosity and creativity; accumulating, nurturing and spreading knowledge through his life-long work as an author and activist, publisher and politician, scientist and inventor. As one of the founding fathers of the USA and as a diplomat, Franklin seized opportunities to seek knowledge and share ideas – engaging in the Age of Enlightenment.

Growing through knowledge

Knowledge grows.
Yara is founded on knowledge, and we flourish on knowledge. We have invested in developing and disseminating critical knowledge for more than a century, building our business model on industrial experience and agronomic expertise to create a unique global position.

Knowledge is an asset.
We offer solutions stemming from our institutional knowledge and the skills of our employees. Knowledge is one of our core assets and a cornerstone of our advantage in the market – preparing us to meet the challenges of an ever-changing world.

Knowledge drives business.
We improve our competitive edge with agility and innovation. We gain, employ and distribute knowledge throughout the company, and share it with partners and customers – driving business through collaboration and interaction.

Knowledge creates value.
Fuelled by knowledge our company strategy supports sustainable, profitable and responsible growth. We are inspired by knowledge to continue searching for new opportunities and best practices, and we share our knowledge to create value for our customers – and the society.
Knowledge grows.

Who we are

Yara´s knowledge, products and solutions grow farmers and industrial customers´ businesses profitably and responsibly, while nurturing and protecting the earth´s resources, food and environment.

Our fertilizers, crop nutrition programs and technologies increase yields, improve produce quality, and reduce environmental impact from agricultural practices. Our industrial and environmental solutions reduce emissions and improve air quality from industry and transportation, and serve as key ingredients in the production of a wide range of goods.

Founded in 1905 to solve emerging famine in Europe, Yara today has a global presence with more than 12,000 employees and sales to more than 150 countries.

What we do

Yara grows knowledge to nurture life by delivering solutions for sustainable agriculture and the environment. Our fertilizers and crop nutrition programs help produce the food required for a growing world population. Our industrial products and solutions reduce emissions; improve air quality and support safe and efficient operations.

Our operations are based on efficient conversion of energy, natural minerals and nitrogen from the air into essential products for agriculture and industry. As the leading global provider of nitrogen fertilizers and industrial applications, we leverage our experience and knowledge to tailor solutions to local needs.

We deliver quality and reliability globally through an extensive suite of networks. In addition to our strong production and marketing base in Europe we have increased our activities in North America, Latin America and Australia significantly, while also expanding our footprint in Africa and Asia.

Our history

Scandinavian pioneer
Yara International ASA was established in 2004 when the former agricultural division of Norsk Hydro was demerged. Our history started when Norsk Hydro, the world's first industrial scale producer of nitrogen fertilizer, was established in 1905. Regular production started at Notodden, Norway in 1907 and several production plants were added over the following four decades. Building on the fertilizer production, we developed our first industrial products in the 1930s, including heavy water and CO_2. Our first move abroad was within Scandinavia, where we opened sales offices in Copenhagen in 1919, and in Stockholm in 1945.

European position
The acquisition of NSM in the Netherlands in 1979 marked our first major step into Europe outside Scandinavia. We accelerated our European expansion in the 1980s, establishing a strong production and marketing platform through new acquisitions in Sweden, the UK, Germany, the Netherlands and France. Growth continued during the next two decades as we entered into Italy and acquired the major Finnish producer Kemira GrowHow as well as interests in Russia. In parallel, we acquired CO_2 plants in Norway, Sweden and Denmark in the 1970s and opened a new plant in Germany in 2004.

Global presence
Our presence overseas grew with marketing activities in the USA from 1949, the opening of a sales office in Brazil in 1977, a sales partnership in Thailand in 1982, and an office in Zimbabwe in 1985. Starting with the joint venture Qafco, Qatar, in 1969, we have continued to add to our global production platform through acquisitions and joint ventures in Australia, Canada, Libya, Trinidad and Brazil as well as other countries in Latin America. Recently, we have added leading technologies for water management and, not least, emission abatement, serving a global market.

2014 numbers

Number of employees

12,073

Globally

Total sales

35.0

Million tons

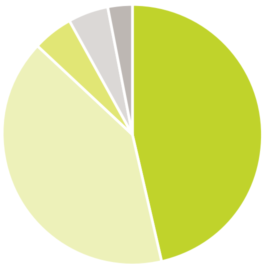
Revenues

95.3

NOK billion

Employees by region

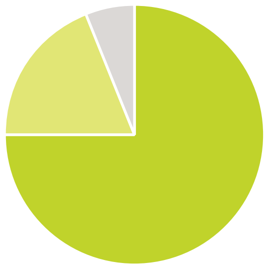
Share of employees



Europe	5,655	47 %
Latin-America	4,905	41 %
North-America	561	5 %
Asia & Oceania	562	5 %
Africa	390	3 %

Sales by product

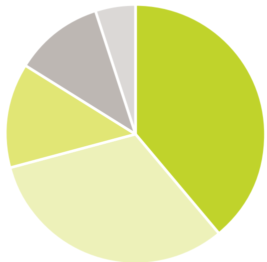
Share of sales volume (thousand ton)



Fertilizer	26,317	75 %
Industrial products	6,593	19 %
Ammonia trade	2,041	6 %

Revenues by region

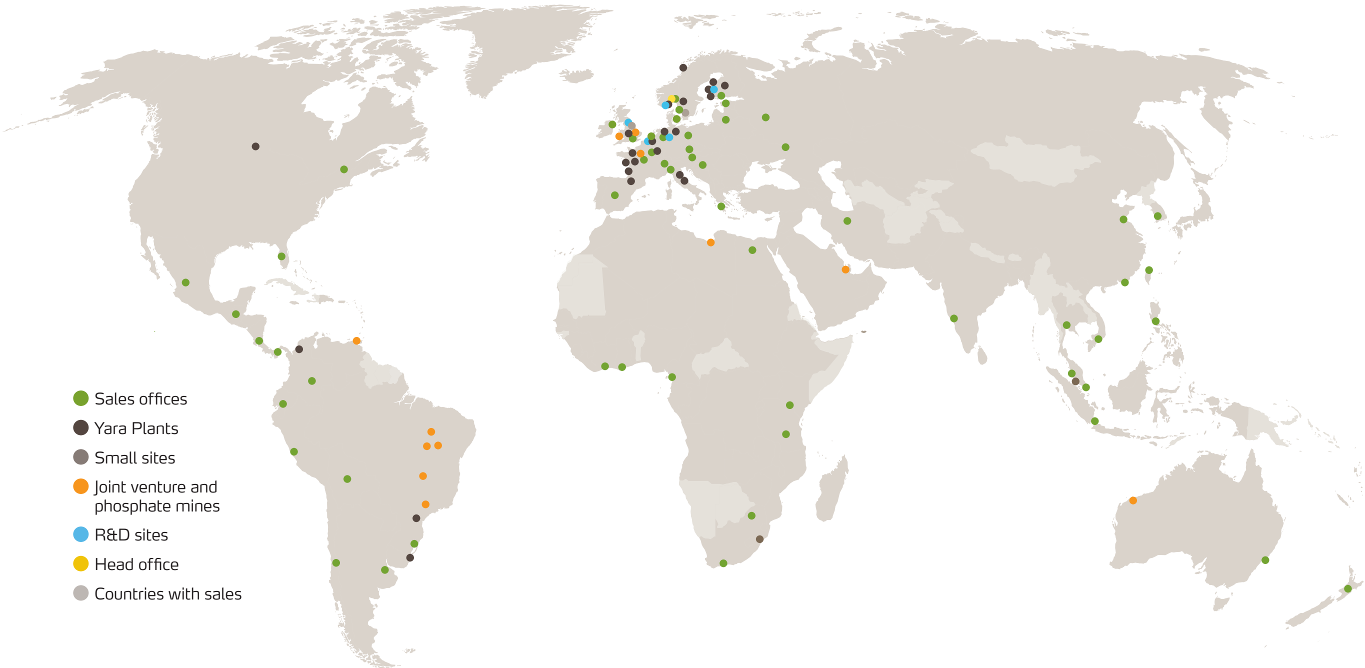
Share of revenues (NOK million)



Europe	37,191	39 %
Latin-America	30,049	32 %
North-America	11,944	13 %
Asia & Oceania	10,674	11 %
Africa	5,189	5 %

Where we are

As the industry's only global player, we have production facilities on six continents, operations in more than 50 countries – and sales to about 150 countries.



Financial report 2014

Leveraging scale and knowledge – from input to impact

Hydrocarbons
Hydrocarbons, mostly harvested from natural gas, are the most important feedstock in the production of nitrogen (N). We are the largest industrial buyer of natural gas in Europe, putting the gas to good use.

Minerals
We secure deliveries of key raw materials for plant growth through mining activities and large volume sourcing of phosphate (P) and potash (K).

Fertilizer production
Our value-added fertilizers are tailored to meet the needs of a large variety of crop or soil conditions by combining nitrates with essential minerals.

Ammonia production
Ammonia, along with urea and nitric acid, form the starting point for our extensive portfolio of mineral fertilizers, environmental solutions and industrial applications.

Marketing, shipping and storage
With our global marketing and distribution network, we ensure reliable product deliveries and knowledge transfer worldwide.

Industrial experience
We pioneered the production of nitrogen fertilizer a century ago. We have since then continuously perfected our industrial processes, setting standards for greenhouse gas emissions and energy efficiency.

Business model
We are the world's largest producer of nitrogen fertilizers, building on a unique business model: With our operational flexibility, supported by global ammonia trade, we pursue optimization and scale advantages, creating a competitive edge.

Knowledge is the core of our business
Yara has grown – and still grows – through a combination of commercial daring, scientific research and market knowledge. We nurture a culture that values expertise and encourages the search for improved methods and new solutions.

Knowledge is a major strategic asset
Yara consistently executes a strategy of sustainable, profitable growth. We build on a strong competitive edge in which our knowledge margin plays an important role, adding to our competitiveness and ability to serve our customers.

Crop nutrition
We offer the industry's most comprehensive product portfolio, ranging from standard nitrogen fertilizers to complete crop nutrition solutions.

Production of food, fiber and fuel
Our crop nutrition solutions, used on about 50 million hectares of land, help farmers around the world to improve productivity by increasing yields to meet the global challenge of food security.

Environmental solutions
We offer complete solutions for NO_X and SO_X emission abatement, odor control, water treatment and corrosion prevention in our growing environmental solutions portfolio.

Improved air and water quality
Our emission abatement solutions helped customers cleanse more than 1.1 million tons of NO_X emissions in 2014. We also help control odor in cities and improve water quality.

Industrial applications
We offer a wide range of nitrogen and specialty chemicals along with CO_2, dry ice and civil explosives solutions.

Efficient and safe industrial production
Our industrial solutions and chemicals are vital to the production of a wide range of everyday staples, incl. soap, glue, paint, plastics, electronics, food and beverages.

Agronomic expertise
We have developed crop-specific nutrition concepts tailored to local conditions, optimizing yields while minimizing inputs. Employing our application expertise, we transfer knowledge to improve agricultural productivity, farming profitability and to support safe and efficient industrial production.

Global impact
We invest in developing solutions that address global challenges such as climate change, resource scarcity and food security. By engaging in partnerships, we leverage our knowledge, products and solutions; creating shared value.

Knowledge is shared with customers
Yara invests in R&D activities that deliver improvements in process technology, crop nutrition strategies and environmental solutions. In collaboration with partners and customers we bring knowledge to bear in fields and industries across the world.

Knowledge is applied with effect
Yara develops knowledge and commerce, sharing ideas and experience with a purpose. Our strategy bridges business and global challenges and allows us to create value for shareholders, customers and society.

How we performed 2014

		2014	2013
Financial performance			
Revenue and other income	NOK million	95,343	85,092
Operating income	NOK million	10,305	8,074
EBITDA [1]	NOK million	16,407	13,399
Net income after non-controlling interests	NOK million	7,625	5,759
Investments [2]	NOK million	13,411	7,984
Debt/equity ratio [3]	%	0.17	0.06
Cash flow from operations	NOK million	8,607	12,300
CROGI [4]	%	13.3	12.6
ROCE [5]	%	13.3	12.6
Earnings per share [6]	NOK	27.59	20.67
Total equity	NOK million	67,962	55,773
Share price on OSE	NOK at year-end	333.8	261
Social performance			
Employees	Number at year-end	12,073	9,759
TRI rate [7]	Per million hours worked	3.9	4.3
Environmental performance			
GHG emissions [8]	Million tons CO_2 eq.	11.6	12.6
Energy use [8]	Petajoules	258	275

Notes
1) EBITDA: Earnings before Interest, Tax, Depreciation and Amortization.
2) Investment in property, plant and equipment, long-term securities, intangibles, long-term advances and investments in non-consolidated investees.
3) Net interest-bearing debt divided by shareholders' equity plus non-controlling interests.
4) CROGI: Cash Return on Gross Investment (12 month rolling average).
5) ROCE: Return On Capital Employed (12 month rolling average).
6) Yara currently has no share-based compensation program that results in a dilutive effect on earnings per share.
7) TRI: Number of Total Recordable Injuries per million hours worked, contractors included.
8) Including JV Pilbara and JV Lifeco.

Highlights


Uusikaupunki, Finland


Scrubber, NCL-Escape

Growing in Latin America
We completed the acquisition of OFD Holding Inc. with its fertilizer production facility in Cartagena, Colombia and regional distribution network. We also acquired a 60 percent stake in the independent Brazilian fertilizer company Galvani Indústria, Comércio e Serviços S/A to secure phosphate fertilizer capacity in the north-east of the country. Lastly, the integration of Bunge's fertilizer division is ahead of schedule, with realized synergies of USD 55 million.

Building capacity in Europe
We decided on investments in our production facilities in Köping, Sweden; Porsgrunn, Norway and Uusikaupunki, Finland – expanding capacities of TAN, NPK and calcium nitrate in the Nordic region. In France, we attained full control of the Le Havre urea plant.

Progress in joint venture
Together with BASF, we made good progress with our plan to jointly build a world-scale ammonia plant in Freeport, USA. Using a hydrogen-synthesis process, the plant is set to have an annual capacity of 750,000 tons.

Expanding emission abatement business
The acquisition of a majority stake in Yara Marine Technologies, in Norway added SO_X scrubber technology to our portfolio of emission abatement solutions for the maritime segment. The NO_X side of the portfolio was significantly strengthened through the acquisition of H+H Umwelt- und Industrietechnik GmbH, Germany. Finally, we acquired the flue gas cleaning division of STRABAG SE, Austria, consolidating our position as a leading global, full-service emissions-to-air control company

Developing water technology
We acquired ZIM Plant Technology GmbH in Germany, starting integration of its water sensor technology for plants with our existing decision support tools for precision farming.

Company overview 2014

"Safety is the top priority. Our work on product safety helps customers and authorities to reduce risks."

Nina Hammer, Senior Researcher,
Porsgrunn, Norway

"In Norway, Yara's R&D constantly looks at ways to improve processes to ensure a safe operation and to develop products that are safe to handle. In 2014 we tested the thermal stability of Micronutrient coated fertilizers, a valuable technology. Transferring documented knowledge, we help national authorities with classification and to create safety data sheets – positioning the company."

Yara invests in knowledge – and transfers knowledge.

Nina Hammer joined Yara in 2012, and works as a Senior Researcher with Yara Process R&D and Manufacturing, in Porsgrunn, Norway. She earned her Ph.D degree in chemical engineering.

"Our employees are the company's greatest asset. People, products, solutions and application competence give Yara a competitive edge and knowledge margin."

Torgeir Kvidal
President and CEO (acting)

Strong growth in an exciting year

2014 was a year of growth, adding new revenue streams to Yara from increased production capacity and market presence as well as expert knowledge on environmental technology. Supported by lower gas prices and a stronger US dollar, Yara's margins increased through the year.

Growth initiatives

We strengthened our global production base both through acquisitions and brownfield expansions. In Europe we completed a project adding 300,000 tons of premium product capacity in Porsgrunn, Norway, and we gained full ownership of a urea plant in Le Havre, France. We announced further investments into several of our Nordic sites.

Overseas, Yara started the integration process of OFD Holding, which includes an NPK plant in Colombia and Downstream positions in six Latin American countries. We also announced the construction of a world scale ammonia plant in Texas, USA, in a joint venture with BASF. The plant will use hydrogen as raw material, reducing both capital expenditure and greenhouse gas emissions.

In Brazil we took a majority position in the phosphate company Galvani, adding upstream capacity to complement our recently expanded downstream footprint. The Bunge integration is ahead of schedule, with realized synergies of USD 55 million, demonstrating how Yara's global market knowledge enables it to maximize value creation from growth opportunities.

At the other end of the value chain, we acquired three industrial technology companies, becoming a leading total solution provider for cleansing harmful emissions to air. Yara is well positioned in an attractive market, aiming for environmental solution revenues of NOK 10 billion by 2020.

Our people

Our employees are the company's greatest asset. People, products, solutions and application competence give Yara a competitive edge and knowledge margin.

Safety is a prerequisite in all of our activities. Systematic work has improved Yara's safety performance significantly over the past two decades. We report positive results from the efforts to further improve our safety performance. Total Recordable Injuries (TRI) rates dropped from 4.3

Earnings per share

27.59

NOK

Fertilizer sales

+11%

Fertilizer sales increased to 26.3 million tons in 2014

EBITDA

+22%

EBITDA increased to NOK 16,407 million in 2014

"At Yara we bring our expert knowledge to the market with the goal of creating shared value."

to 3.9 for employees and contractors combined. However, strong focus on further improvements is needed, also to ensure high standards in growth projects. We believe all accidents are avoidable and our ultimate goal is zero injuries.

As we delivered on our growth strategy, the number of employees also grew and at the end of 2014 we were a total of 12,073 people in the company. Our workforce comprise more than 60 nationalities and represents a great set of diverse skills and competencies.

Market drive

At Yara we bring our expert knowledge to the market with the goal of creating shared value. By optimizing the farmers' use of crop nutrition, we bring the best value to our shareholders, customers, farmers and society at large.

As an example, Yara has partnered with Vietnamese authorities, Nestlé and other stakeholders to improve performance for smallholder coffee farmers. On demo farms and field trials, we use our knowledge to show how using less fertilizer, of the right quality, can improve yields and farmers' income – while reducing their carbon footprint by more than 50%.

Throughout 2014, Yara has implemented the experiences from Vietnam in a number of major coffee producing markets – strengthening Yara's position in the coffee segment - an USD 100 billion trade market.

Going forward

As dietary changes and a growing population drives demand for food, sustainable development in global agricultural systems is vital: More food must be produced, using fewer resources and with less strain on the environment.

In 2015 the United Nations will define new Sustainable Development Goals (SDG). During the UN General Assembly 2014, Yara was a co-signer of a private sector Business Manifesto, voicing support for the SDG process.

Major food companies, the UN Global Compact and the FAO Committee of Food Security are all exploring how to improve sustainability performance in the food value chain. Yara is a signatory to UN Global Compact and a founding member of the Global Alliance on Climate-Smart Agriculture.

We actively support sustainability and responsible business principles. We leverage our knowledge to lead on crop nutrition, environmental solutions and partnerships – creating profitable growth while nurturing, protecting, and sustaining life.
In a world that demands more sustainable solutions for growing food, Yara is very well positioned to provide solutions.

Segment introduction

Yara's long-term strategy rests on a unique business model and global presence, giving us a strong position for profitable growth. The business model provides scale advantages, extensive flexibility and global optimization to create a platform for business expansion and margin improvements along three main avenues: commodity products, value added fertilizer, and industrial products. Three operating segments supported by a global function cover the value chain, from raw materials to a complete offering of products, solutions, technologies and knowledge:

Downstream provides worldwide sales, marketing and distribution of a complete range of fertilizer and crop nutrition programs.

Industrial develops and markets environmental solutions and essential products for industrial applications.

Upstream runs large-scale production of nitrogen-based products, the starting point for our fertilizers and industrial solutions.

Supply & Trade is a global function responsible for optimization of energy, raw materials and third party sourcing; ammonia trade; shipping and logistics.

Downstream

Downstream offers the industry's most comprehensive product portfolio and has a strong position in value-added fertilizers. It provides knowledge and tools to secure use of the right nutrients and optimize application and yield with minimal environmental impact.

"We contribute to improved agricultural productivity while minimizing land use, emissions and waste"

Egil Hogna

Head of Downstream: Egil Hogna

Q: What were the main investments in 2014?

A: Besides the closing of our acquisition of OFD/Abocol covering six countries in Northern Latin America, we built and expanded a number of new terminals and blending facilities, ranging from the Nordic countries to Tanzania and Brazil. The largest one was the 750,000 tons capacity facility in Sumaré in Brazil which, for example, features fully automated truck loading of big bags.

Q: Which areas of innovation are prioritized?

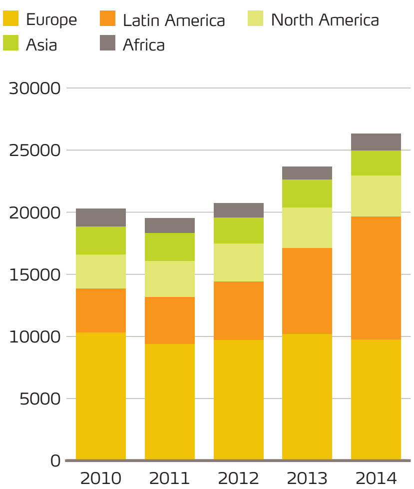
A: The two key innovation areas for Downstream are Precision Farming and Water Scarcity. In order to optimize agricultural productivity and minimize the use of resources, like water and nutrients, Yara believes several new technologies will be crucial for farming in the future. The solutions we develop range from new types of fertilizers and sensors to application technologies and steering systems.

Q: What are the main impact areas?

A: By improving agricultural productivity, Yara's Downstream segment contributes to ensuring that we produce enough food for a rapidly growing population while minimizing land use in order to preserve forests and other natural habitats. By sharing our knowledge with our customers, we help farmers worldwide increase both their agricultural potential and profitability. Furthermore, better fertilizer products, agronomic knowledge and application technologies increase the nutrient-use efficiency so that no resources are wasted and emissions from crop fields are minimized.

Fertilizer volume by region

Thousand tons, 2010–2014



Segment highlights

- We reinforced our position as the leading supplier of crop nutrition and fertigation solutions
- Our market footprint in Latin America grew further with the acquisition of OFD Holding Inc.
- We built and expanded a number of terminals and blending units, the largest in Sumaré, Brazil
- We continued investments in solutions for precision farming and water scarcity
- The acquisition of ZIM Plant Technology GmbH added water sensor technology to our portfolio
- Total fertilizer deliveries amounted to 26.3 million tons in 2014, an 11% increase from 2013
- Deliveries of NPK compounds increased by 3%
- Deliveries of NPK blends increased by 44%
- EBITDA: NOK 5,991 million
- Investments: NOK 3,143 million
- Sales offices in 50 countries
- Sales to more than 150 countries
- Employees: 4,147

Industrial

Industrial has a market-leading position in nitrogen applications, and has become a total solutions provider in the market for emission control solutions. It develops and offers innovative products and solutions based on our experience in nitrogen chemicals.

"Our Emissions to Air innovation platform has progressed very well"

Yves Bonte

Head of Industrial: Yves Bonte

Q: What were the main investments in 2014?

A: Yara expanded its emissions control business through three M&A transactions: the acquisition of the flue gas cleaning division of STRABAG SE, a leading company in nitrogen oxides (NO_X) control systems, the acquisition of H+H Umwelt- und Industrietechnik GmbH, a leader in marine Selective Catalytic Reduction (SCR) technology and the acquisition of a majority stake in Green Tech Marine, now renamed Yara Marine Technologies, a leading sulfur oxide (SO_X) scrubber supplier to the marine industry. During 2014 we also progressed well with the construction of a world scale new TAN plant in Pilbara, Australia.

Q: Which areas of innovation are prioritized?

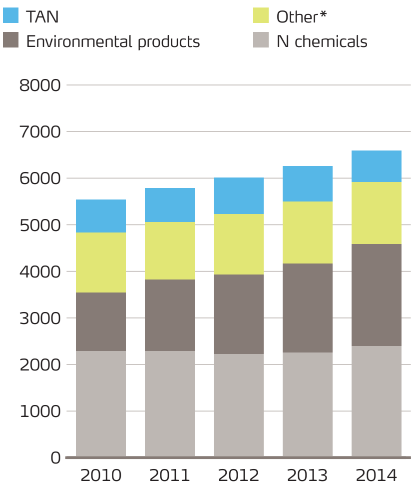
A: : The Emissions to Air innovation platform, E2A, has progressed very well, building on acquisitions done in recent years, which have expanded our technology offerings for NO_X and SO_X abatement technology to different industry segments and to the maritime sector. Innovative solutions are being developed with calcium nitrate for concrete mixtures.

Q: What are the main impact areas?

A: Yara's emission technology systems and global reagent sales for environmental solutions allowed our customers to abate 1.1 million tons of harmful NO_X emissions per year. This is equivalent to more than the total annual NO_X emission of a country like France.

Industrial sales

Thousand tons, 2010-2014



* CO_2 and feed phosphates

Segment highlights

- We reinforced our position as a leader in industrial nitrogen applications and air pollution abatement solutions
- We expanded our NO_X emission control business through the acquisitions of H+H Umwelt- und Industrietechnik GmbH and the flue gas cleaning division of Strabag SE
- The acquisition of a majority stake in Green Tech Marine, now renamed Yara Marine Technologies, added SO_X scrubber technology to our portfolio
- We expanded our terminal and logistic network in North America to serve the DEF (Diesel Exhaust Fluid) market better and more efficiently
- Total sales volume increased by 5% from 2013 to 2014, ending at 6.6 million tons, including CO_2 and feed phosphates
- Deliveries of air pollution abatement products increased by 31%
- Deliveries of chemicals to the process industry increased by 8%
- EBITDA: NOK 1,385 million
- Sales to more than 120 countries
- Employees: 532

Upstream

Upstream is the world's largest producer of ammonia, nitrates and NPKs, providing the foundation for Yara's fertilizer and industrial solutions. It combines safe and reliable production with operational efficiency, industrial expertise and clean technologies to provide competitiveness.

"We work continuously to ensure a safe workplace and to deliver products with the smallest possible environmental footprint"

Gerd Löbbert

Head of Upstream: Gerd Löbbert

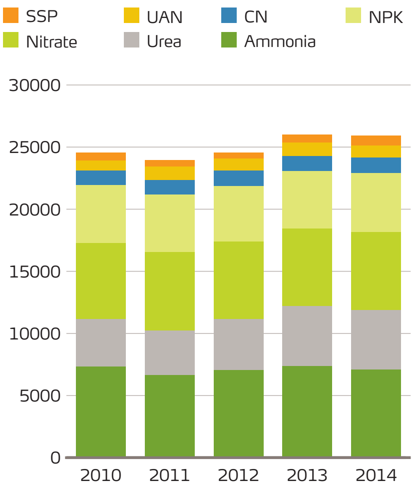
Q: What were the main investments in 2014?
A: The main investment decisions made in 2014 have been to expand the production capacity in our Nordic plants over the next 1-3 years to support increased market demand for value-added fertilizers, and to enter into a joint venture with BASF to build a world-scale ammonia plant in Texas, USA. The construction of the TAN plant in Pilbara, Australia is progressing and we continued our investments in reliability.

Q: Which areas of innovation are prioritized?
A: Our innovation efforts focus on raw material flexibility, process development and environmental technologies. We have successfully installed catalyst technology to reduce greenhouse gas emissions in all nitric acid plants. We have successfully reduced GHG emissions from our production with 51%, compared to a 2004 baseline.

Q: What are the main impact areas?
A: We work continuously to ensure that all our employees and our contractors have a safe workplace. As a result of consistent work over the past years we have seen major improvements in our safety records, especially for our contracted workforce. We work continuously to deliver products with the smallest possible environmental footprint, with established targets to reduce emissions.

Production volumes [1)]

Thousand tons, 2010–2014



1) Including Yara share of production in equity-accounted investees

Segment highlights

- In Colombia, the acquisition of OFD Holding Inc added a production facility in Cartagena to our portfolio
- In Brazil, the acquisition of a majority stake in Galvani Indústria, Comércio e Serviços S/A added two production sites and a phosphate mine
- We announced investments into several of our Nordic sites to expand NPK, CN and TAN capacity
- Early in 2015, we signed an agreement with BASF to build a world-scale ammonia plant in Freeport, USA
- Total production ended at 25.9 million tons in 2014, in line with production in 2013
- Ammonia production decreased by 4%
- NPK production increased by 2%
- EBITDA: NOK 9,871 million
- Investments: NOK 9,326 million
- Production in 16 countries
- Employees 5,168

Supply & Trade

Supply & Trade plays an expert role in realizing Yara's scale advantages, serving the operating segments with cost-competitive raw materials, and balancing third party sourcing. It handles ammonia trade and logistics worldwide, and manages Yara's mining operation.

"We are preparing Yara for handling growing volumes and fulfilling increasing customer expectations"

Alvin Rosvoll

Head of Supply & Trade: Alvin Rosvoll

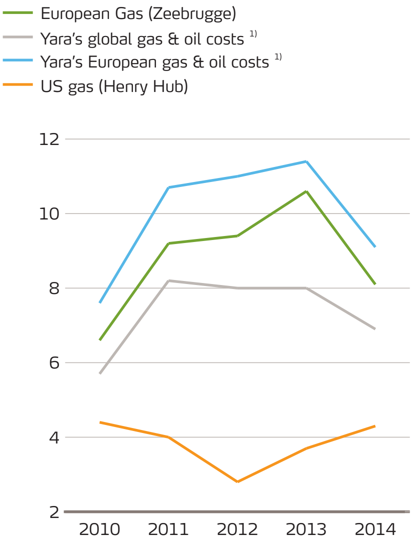
Q: What were the main achievements in 2014?
A: The targeted synergies from the integration of Bunge's fertilizer operations in Brazil were realized. In Europe, the gas costs for Yara's production plants decreased significantly thanks to our strategy to maintain our exposure to spot prices. A separate organization was established with clearly defined targets to simplify and standardize the supply chain processes across the functional segments.

Q: What are the main deliveries in 2015
A: The main deliverable will be, through the newly established supply chain organization, to design and gradually implement ambitious process improvements. The basis for changes in IT systems needed for enabling more efficient and customer-friendly ways of working, will be defined and prepared for implementation. Targeted improvements, mainly within logistical procurement, will be realized through a more centralized, standardized and systematic process.

Q: What are the main impact areas?
A: Supply & Trade is utilizing Yara's size, competence, flexibility and global presence to achieve competitive supply agreements for the key raw materials. Through cost-saving sourcing contracts, we contribute to securing Yara's strong position for creating value for farmers and shareholders. Further, by driving the ambitious improvements of the supply chain processes, we are preparing Yara for handling growing volumes and fulfilling increasing customer expectations.

Supply & Trade

USD/MMBtu



1) Weighted average, Yara and JV plants

Operational highlights

- Purchases of energy* 291 million MMBtu
- Purchases of potassium: 3,218 kilotons (MOP equivalents)
- Purchases of phosphate rock: 1,040 kilotons (70 BPL equivalents)
- Sourcing and trade of finished fertilizer: 6,145 kilotons
- Sourcing and trade of ammonia: 4,021 kilotons
- Number of employees: 646

*) Feedstock, Yara and JV plants

Report of the Board of Directors

"Yara is a knowledge leader. We believe in sharing our knowledge, thereby providing the best solutions to farmers."

Manas Tewari, Area Manager,
Nashik, India

"In India, Yara interacts with farmers in many ways, also through Knowledge Grows clubs and via social media, building a reputation as a knowledge-sharing organization and creating customer loyalty. In 2014, we started offering local farmers soil sampling analysis from Yara UK. We use these reports as a basis from which to develop tailored crop nutrition recommendations."

Yara invests in knowledge – and transfers knowledge.

Manas Tewari joined Yara in 2011, and works as Area Manager with Yara Fertilizers India Pvt Ltd, in Nashik Region, India. He has specialized in international business and marketing.

Strong growth and earnings

In 2014 Yara delivered continued strong earnings driven by higher margins and increased deliveries compared with 2013. Yara's safety performance improved also in 2014, although continuous focus and further improvements are needed to reach our ambition of zero accidents.

Yara's after-tax measure for return on capital, CROGI, was 13.3% for 2014, up from 12.6% in 2013 and higher than the target of minimum 10% average over the business cycle. Yara's margins improved significantly compared with 2013, primarily reflecting lower energy prices in Europe. Deliveries of both fertilizer and industrial products increased reflecting both organic growth and the acquisitions of Bunge's fertilizer business in Brazil in August 2013 and OFD Holding Inc. (OFD) in Colombia in October 2014.

Significant progress was made during 2014 in terms of delivering on Yara's strategic objectives, including profitable and sustainable growth with the initiation of several new capacity expansions in existing sites, and the completion of two acquisitions in Latin America.

Performance overview

Operational performance

Yara's Safe by Choice initiative started in 2013 led to improved safety performance in 2014, with a Total Recordable Injury (TRI) rate per million hours worked of 3.9, down from 4.3 in 2013.

Ammonia production decreased 4% compared to 2013, reflecting a fire in the Tertre plant that kept the plant out of production for three months, lower production in Lifeco and several scheduled major turnarounds. Despite the drop in ammonia production, finished fertilizer production increased 1% compared to 2013 with new production records in several plants. The inclusion of the acquired Cartagena plant (OFD) from October 2014 also contributed positively.

Fertilizer deliveries were up 11% compared with 2013 including the full-year effect of Bunge in Brazil and OFD volumes from 1 October 2014. NPK compounds increased 3% while nitrates were down 3% and urea down 4%. Excluding Brazil and OFD, volumes were in line with 2013. Industrial product deliveries were 5% higher compared to 2013, with the strongest growth delivered by Air1 NO_x abatement products for automotive use, with a 31% increase.

Driven by a drop of 2.5 USD/MMBtu in European spot gas prices, Yara's global average oil and gas price ended 14% lower than in 2013. Yara's average realized urea prices were 5% lower, realized nitrate prices were 2% lower and NPK compound prices decreased 4%. NPK premium above blend cost was in line with 2013 while blend margins in Brazil increased slightly in 2014. Industrial margins improved for all main product lines except Technical Ammonium Nitrates for civil explosives, where the global supply demand balance developed negatively in 2014 as mining activity slowed down.

Operating segments

The Downstream segment delivered an 11% increase in fertilizer sales volumes and higher NPK premiums.

The Industrial segment delivered a 5% increase in sales volumes with higher margins.

The Upstream segment delivered a 4% reduction in ammonia production and a 1% increase in finished fertilizer production.

» For detailed segment financial information, see note 5 / page 80

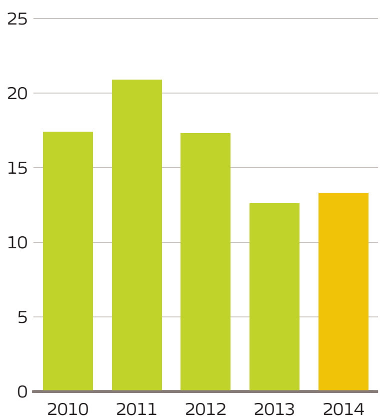
Financial performance

Market conditions

Demand for fertilizer and industrial nitrogen products remained strong overall in 2014, based on continued healthy farm margins. Continued curtailments in many key urea export regions increased the need for Chinese urea exports which reached a record 14 million tons. Urea prices were

CROGI

Percent, 12 month rolling average



mostly stable through the year reflecting supply-driven market conditions with the production cost for anthracite coal based producers in China setting the floor at around USD 300 per ton fob China. Urea is the largest traded nitrogen fertilizer and sets the global nitrogen commodity price, but Yara sells most of its production as more differentiated nitrate and NPK fertilizer as well as industrial applications. Nitrate premiums and NPK compound premium above blend remained strong and at higher levels than the historical average.

Consolidated results

Yara delivered strong financial results in 2014, with net income after non-controlling interests at NOK 7,625 million, an increase of more than 30% compared to 2013 reflecting lower energy costs in Europe and a stronger US dollar. Earnings per share were NOK 27.59 in 2014, compared with NOK 20.67 in 2013. Operating income was NOK 10,305 million, up from NOK 8,074 million in 2013, while EBITDA was NOK 16,407 million, compared with NOK 13,399 million in 2013. Revenue and other income was NOK 95.3 billion in 2014, up from 85.1 billion in 2013.

Cash flow and financial position

Net cash from operating activities was NOK 8,607 million, reflecting strong earnings based on a continued strong market situation for Yara's products and partly offset by an increase in working capital primarily driven by higher inventories at year-end. Net cash from operating activities in 2013 was NOK 12,300 million. Net cash used for investing activities in 2014 was NOK 9,700 million, reflecting the acquisition of OFD in Colombia and a 60% stake in the Brazilian phosphate producer Galvani Indústria, Comércio e Serviços S.A. (Galvani) in addition to planned maintenance, continuity and organic growth investment activity.

Yara's financial position remained strong in 2014 although the debt/equity ratio increased from 0.06 to 0.17, reflecting growth investments and a build-up in working capital primarily reflecting higher inventories. Net interest-bearing debt at year-end was NOK 11,808 million, while total assets were NOK 111,632 million. Total equity attributable to shareholders of the parent company as of 31 December 2014 amounted to NOK 63,765 million. At the end of 2014 Yara had NOK 3,591 million in cash and cash equivalents and NOK 16,235 million in undrawn committed bank facilities. We consider the company's cash and financial position to be strong.

In the opinion of the Board of Directors, the consolidated financial statements provide a true and fair view of the group's financial performance during 2014 and financial position on 31 December 2014. According to section 3–3 of the Norwegian Accounting Act, we confirm that the consolidated financial statements and the financial statements of the parent company have been prepared based on the going concern assumption, and that it is appropriate to make that assumption.

Operating segments

The Downstream segment delivered an EBITDA of NOK 5,991 million and a CROGI of 18.1% in 2014, compared with NOK 4,013 million and 14.5% in 2013 respectively. Improvement reflects both higher NPK compound and blend margins and higher fertilizer deliveries.

The Industrial segment delivered an EBITDA of NOK 1,385 million and a CROGI of 16.9% in 2014, compared with NOK 1,144 million and 15.4% in 2013 respectively. Both deliveries and margins increased.

The Upstream segment delivered an EBITDA of NOK 9,871 million and a CROGI of 11.5% in 2014, compared with respectively NOK 8,004 million and 10.8% in 2013. The Upstream result was impacted by a significant year-over-year reduction in European energy costs.

Yara International ASA

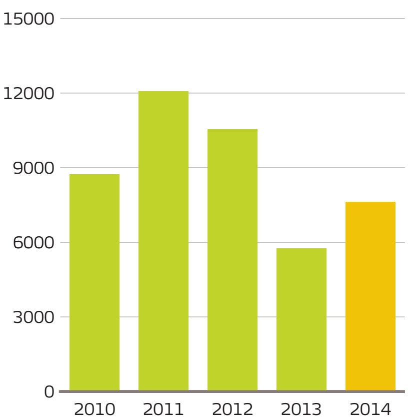
The parent company Yara International ASA is a holding company, with financial activities and non-material operations. Yara International ASA had a net income of NOK 5,875 million in 2014, up from negative NOK 391 million in 2013, after dividends and group relief from subsidiaries of NOK 7,016 million (NOK 731 million in 2013). The net foreign exchange loss was NOK 1,350 million compared with NOK 1,826 million in 2013.

Strategic overview

Yara is a company that focuses on the production, distribution and sale of nitrogen chemicals. Yara is headquartered in Oslo, Norway and is listed on the Oslo Stock Exchange. Using knowledge to create competitive advantage, Yara delivers products, tools and solutions for optimized fertilizer and industrial applications.

Net income after non-controlling interests

NOK million



Yara continued to execute its strategy of profitable growth in 2014 with major acquisitions in Colombia and Brazil and announcing several capacity expansions increasing NPK and calcium nitrate capacity substantially.

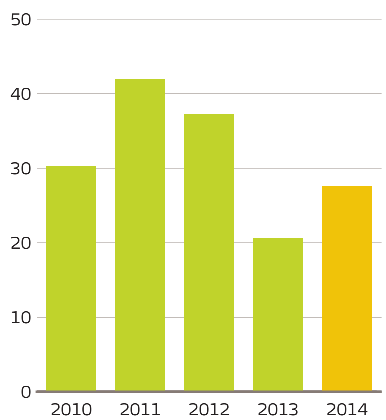
Competitive edge

Yara believes that by offering a positive value proposition to our customers over time, we can deliver attractive returns to our shareholders while at the same time creating value for society – creating shared value. Through our knowledge, products and solutions Yara is well positioned to address some of the major global challenges of our time, particularly within food, environment and resources, which also represent business opportunities. We have called this our Creating Impact strategic ambition, and we aim to grow our business based on these principles. In 2014, Yara further developed its strategy processes to strengthen the organization's ability to capture future business opportunities found in long-term scenario analysis.

By leveraging our industrial expertise we have innovated new technologies and upgraded our production processes, thereby greatly reducing greenhouse gas (GHG) and other emissions. By employing our agronomic experience we have developed comprehensive crop nutrition solutions that improve agricultural productivity, thereby increasing production and improving food security while reducing pressure to convert forests and wetlands into farmland – a main source of GHG emissions. At the same time we have developed solutions that improve resource use efficiency, in particular by reducing the amounts of fertilizer and water needed to sustain productivity and profitability. Creating value from existing operations and from emerging opportunities allows Yara to have an impact on global issues while also strengthening our competitiveness. Yara's sustainability goals will be further developed to drive competitiveness, aligning strategic needs and formal requirements.

Earnings per share

NOK



Business model

Yara's strategy is built on the strengths of our business model and seeks to further strengthen our competitive edge within the following areas:

- Global optimization and scale
  Our significant manufacturing capacity of both commodity and value-added nitrogen products provide the necessary scale and infrastructure to sustain our global distribution and marketing network, which includes more than 200 terminals, warehouses, blending plants and bagging facilities, located in more than 50 countries. Yara also has the world's largest fertilizer storage capacity, allowing for building stocks ahead of peak demand periods, optimizing product flows, and managing uneven delivery patterns, taking advantage of geographical arbitrage opportunities.

- Knowledge margin
  Through our people, innovation, superior agronomic knowledge, premium fertilizers, and insight into local markets, Yara offers the farmer optimal crop nutrition to increase yield and ensure sustainable application to the soil. Our industrial portfolio includes technology and service concepts within environmental solutions that are continuously being developed in response to global challenges, e.g., within NO_X and SO_X abatement applications.

- Competitive raw material prices
  Yara is the largest industrial buyer of natural gas in Europe, the world's second largest buyer of potash and third largest buyer of phosphates. Increased exposure to low cost gas remains a key priority. In addition, Yara is seeking to increase our vertical integration on scarce raw materials such as apatite phosphate rock and sulphate of potash.

- Operational excellence
  Yara's production system counts more than 20 production sites and more than 200 terminals, which give support to Yara's aim of being a reliable supplier to our customers. Through benchmarking and sharing of best practices, Yara works continuously to improve raw material efficiency, implementing effective supply chains while maintaining a strong fixed cost discipline.

Profitable growth

With scale being one of Yara's key competitive edges, growth in both the production of value-added and commodity products, and in distribution, has been a important pillar in Yara's strategy. Since 2004, Yara has consistently executed this growth strategy, reinforcing our position as the world's leading producer and provider of crop nutrition solutions.

Going forward, Yara has defined strategic priorities and follows a structured approach of managing a balanced growth portfolio consisting of bolt-on acquisitions, expansions and reconfigurations at existing sites, and potential greenfield projects, where preferential conditions are in place. However, timing is essential in creating value from acquisitions, and Yara combines a continuous search for projects with patience and discipline in execution. With the current pipeline of M&A and several brownfield expansion projects announced during 2014, successful integration and realization of synergies will be a key focus going forward.

Yara's Board of Directors applies a minimum hurdle rate of 9% nominal after tax in the assessment of new investment projects. In addition, project-specific hurdle rates are increased where location and / or project specific factors represent additional risk.

Growth initiatives

In 2014 Yara continued to grow both its sales and production capacity, through carry-over effects of the acquisition of Bunge's fertilizer business in Brazil concluded in August 2013, the acquisition of OFD in Colombia, and the acquisition of a 60% stake in Galvani in Brazil. Several smaller acquisitions of technology companies were also conducted during 2014 to strengthen Yara Industrial's Emissions to Air platform.

In October 2014 Yara completed the acquisition of OFD in Colombia, with 1.4 million tons of fertilizer deliveries and 0.4 million tons of compound NPK and nitrate fertilizer production. The acquisition provides increased value-added fertilizer production capacity, further improves Yara's downstream footprint and scale in Latin America, and is targeted to deliver USD 20 million of annual synergies.

In December 2014, Yara completed the acquisition of a 60% stake in Galvani Indústria, Comércio e Serviços S/A, an independent privately held phosphate producer in Brazil. Galvani produces approximately 0.5 million tons of phosphate rock which is upgraded to approximately 1 million tons of Single Super Phosphate (SSP) and sold in the center and northeast of Brazil. Galvani also owns licenses for two greenfield phosphate mine projects in Brazil. With the acquisition, Yara secures phosphate fertilizer capacity in the center of Brazil. Furthermore, Galvani brings industry competence with cost-effective solutions for mining, production, blending and warehousing facilities.

During 2014, Yara also announced several brownfield expansion projects. In Porsgrunn, Glomfjord (Norway) and Uusikaupunki (Finland). Expansions will altogether add approximately 0.5 million tons of NPK per year and 0.2 million tons of calcium nitrate capacity by the end of 2017. Furthermore, Yara announced an expansion of 90 kilotons of the Köping TAN plant in Sweden. The additional capacity will primarily serve a growing local mining market.

Yara made good progress in 2014 on the partnership with BASF aiming to construct a world scale ammonia plant with a capacity of 750,000 metric tons in the US. The project was concluded on in February 2015 and will be finalized by the end of 2017. This project will further strengthen Yara's strong position in the global ammonia market while increasing Yara's exposure to the US gas market.

In September 2014, Yara entered into discussions with CF Industries regarding a potential merger of equals. It later became clear that the parties were not able to agree on terms that would be acceptable for all stakeholders, and in October 2014 Yara announced that the discussions had been terminated.

Innovation initiatives

Building on its comprehensive knowledge base, Yara's innovation efforts reinforce its ability to find business opportunities based on meeting major global challenges in the areas of food production, resource shortages and environmental issues. Innovative solutions are needed to close the widening gap between food demand and supply, by sustainably improving agricultural productivity and food production. The industrial sector is also increasingly adopting new regulations, aiming not only at generating new products, but also at improving the overall quality and environmental impact.

Yara has established several innovation platforms to drive business development and launch solutions and services: Emissions to Air, Water Scarcity, Resource Efficiency and, Coffee & Cocoa. Numerous new solutions to enhance farming practice have been launched in the past years.

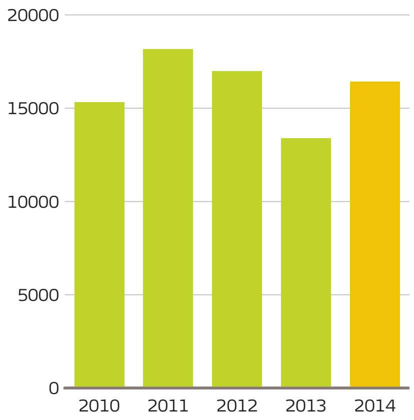
Yara's research and development has created innovative crop nutrition solutions and environmental applications that position the company well in growing markets for these offerings. In 2014 Yara grew its R&D organization around three core competency communities: Product and Application Development; Process Research; and Catalyst Systems. Two pilot facilities were launched to address key developments at the research center in Porsgrunn, and a new world class greenhouse has been opened at the Center for Plant Nutrition, Hanninghof in Dülmen. In 2014 Yara's R&D costs reached NOK 154 million compared with NOK 128 million in 2013.

People development

Yara's People Strategy focuses on

EBITDA

NOK million



talent development, talent acquisition and a performance culture – delivered through good people management. The strategy impacts four areas that are critical to driving business outcomes; performance, engagement, retention, and attraction.

Retaining and attracting talent in a competitive talent market have a strong positive business impact. Yara therefore works actively to create better visibility on career opportunities for employees while at the same time developing tools that provide better visibility of available talent in the company, enabling Yara to prepare for future business needs.

During 2014, a new employee engagement survey called Yara Voice was launched. Results showed a good engagement level especially within key areas where Yara has devoted considerable resources over the past few years, such as Safety and Ethics & Compliance. In other areas, the survey indicates that there is room for improvement compared with external benchmarks. The Yara Voice results help managers in prioritizing actions to engage employees and to drive improvements in the organization.

Yara is committed to promoting diversity, including gender diversity. The chemical industry and fertilizer industries are historically male dominated and the share of women employed by Yara has been close to 20% in recent years. In 2013, Yara established short and medium term ambitions to increase the proportion of women in key management positions, aiming to increase the overall proportion of women employed by Yara from 20% in 2013 to 23% by 2017. At the end of 2014, the percentage of women in this population was 22%.

At the end of 2014, Yara had 12,073 permanent employees worldwide, an increase of 2,314 (23.7%) compared to the previous year. The largest increase was in Latin America reflecting the acquisition of OFD which involved onboarding more than 1,000 employees in six Latin American countries. Focus on integration of newly acquired companies has therefore been a priority in 2014 and will continue to be so in 2015.

Governance review

Proactive and transparent corporate governance is crucial for aligning the interests of shareholders, management, employees, and other stakeholders. The Board of Directors believes that good corporate governance drives sustainable business conduct and long-term value creation. Yara's Board is committed to upholding high standards for ethical conduct across the organization, and has zero tolerance for unethical behavior and violations of Yara's Code of Conduct.

Corporate governance

Principles and practice

The Board of Directors and Executive Management of Yara International ASA review the corporate governance principles annually, reporting in accordance with the Norwegian Accounting Act § 3–3b and the Norwegian Code of Practice for Corporate Governance, most recently updated dated 30 October 2014. The Code contains stricter requirements than mandated by Norwegian law.

» See corporate governance / page 28

Board and Management

Yara's Board of Directors held 14 meetings in 2014. The Board consists of five shareholder-elected members and three employee-elected members. The shareholder-elected members all have extensive line management experience from international companies. Three of the eight Board members are women.

Yara has decided not to constitute a corporate assembly. Consequently, the Board of Directors is directly responsible to the General Meeting and the shareholders. A Compensation Committee was established in April 2004 and an Audit Committee was established in December 2006.

Yara's Executive Management structure was unchanged from the previous year. Torgeir Kvidal replaced Jørgen Ole Haslestad as CEO in October 2014, while Thor Giæver replaced Kvidal as CFO. Both Kvidal and Giæver hold acting positions while the Board evaluates a long-term CEO solution. A new CEO was recruited in mid-2014, but he subsequently withdrew before entering the position. Kaija Korolainen was appointed Chief Human Resource Officer effective from 1 June 2014.

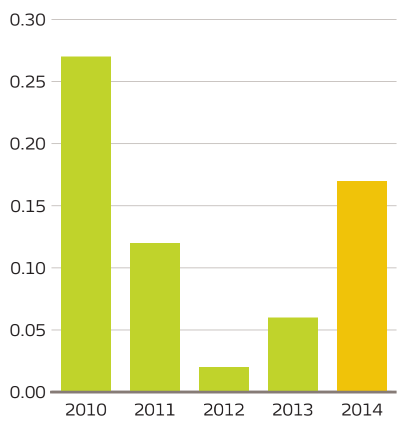
Risk management

Corporate risks

Yara's Board of Directors and Executive Management conduct risk assessments relating to various dimensions and aspects of operations, to verify that adequate risk management systems are in place. Yara's global reach and the nature of its operations present a complex risk picture. Strategic and operational risk include political developments and financial conditions as well as compliance-related risks, including a risk of failure to comply with all applicable international standards and local

Debt/equity ratio

Percent



legislation on issues such as human rights, labor rights and corruption.

Compliance risk management is done through training and education of employees, a central and regional Ethics and Compliance function, and a range of channels for dialogue on dilemmas, which include access to anonymous whistleblowing, available in 50 languages.

Yara has developed a Code of Conduct for business partners that takes into account internationally recognized and endorsed standards in key areas such as human rights, business ethics and labor conditions. Also incorporated in Yara's steering system is the Integrity Due Diligence process for business (IDD)partners, identifying potential issues including environmental, human rights or corruption issues.

On a global and regional scale several global trends, not least population growth, resource scarcity and climate change, can be expected to affect Yara's business. At the same time, these challenges offer a range of business opportunities where Yara is well positioned to offer solutions that meet new market demands. The development of fertilizer products and application with a low carbon footprint and solutions for water-scarce agriculture are key examples of Yara's response to such global challenges.

Yara's most significant market risk is related to the margin between nitrogen fertilizer prices and natural gas prices. Although there is a positive long-term correlation between these prices, margins are influenced by the supply/demand balance for food relative to energy.

Yara's total risk exposure is analyzed, evaluated and summarized at least quarterly at corporate level. Risk evaluations are integrated in all business activities, both at corporate and business unit level, increasing Yara's ability to mitigate risk and take advantage of business opportunities.

The Board oversees the risk management process and carries out biannual reviews of the company's most important areas of exposure and internal control arrangements. Reference is made to pages 36–42 in this Financial Report for a more comprehensive description of Yara's risk management.

Investigation and corporate penalty

In January 2014 Yara acknowledged guilt and accepted a corporate fine of NOK 270 million and confiscation of NOK 25 million imposed by the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim). The fine is related to historical irregularities linked to the establishment of Lifeco (Libya), an unrealized project in India and contracts with a Russian supplier. The confiscation relates to earlier phosphate deliveries. The process was initiated in 2011, when Yara proactively informed Økokrim about possible irregular payments at the same time as the company itself instigated an external investigation.

The compliance function in Yara has undergone a significant strengthening since 2009, starting with an increase in central compliance resources, the launch of a company-wide training program and a review of key commercial agreements. 2014 compliance activities focused on a further increase in central and regional compliance resources, implementation of a comprehensive business partner IDD system and close cooperation with other Yara functions such as the Strategy and Business Development team. Employee training, risk assessments and business partner IDDs remain key compliance focus areas for 2015.

Corporate responsibility

Health and safety

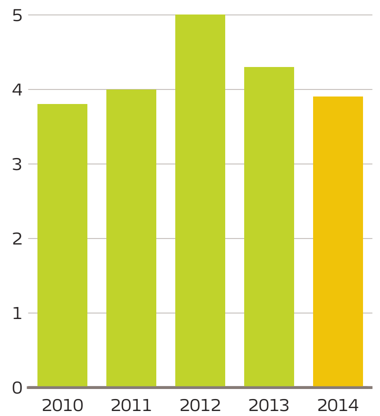
Operational safety, imperative to safeguard employees and contractors and uphold productivity and performance, has very high priority in Yara. It is Yara's belief that every accident is preventable, based on management commitment and active employee involvement in mapping and managing processes and behaviors that can cause harm.

In 2013, Yara launched a new initiative, Safe by Choice, to lead the company to safety excellence. Throughout 2014 Yara recorded positive developments in its safety performance, particularly among contractors. The TRI rate (total recordable injuries per million hours worked) ended at 3.9 for employees and contractors combined, an improvement from 4.3 in 2013, yet behind the 2014 target of a TRI rate below 3.0 – towards the ultimate goal of zero accidents. The TRI rate includes lost-time injuries, restricted work cases where employees and contractors were allowed to carry out work different from their normal duties, and medical treatment cases. Yara did not face any fatal accidents in 2014, however there is a high focus on serious near misses and accidents with major potential.

Yara has been a pioneer in developing and adapting the Fertilizers Europe Product Stewardship program. In January 2014, an independent audit

TRI rate

Total Recordable Injuries per million working hours



reconfirmed that our operations in Europe are in full compliance with the program, which ensures the highest standard for safety and environmental performance throughout the value chain. We aim to have all our operations outside Europe certified to the IFA (International Fertilizer Industry Association) Protect & Sustain Initiative.

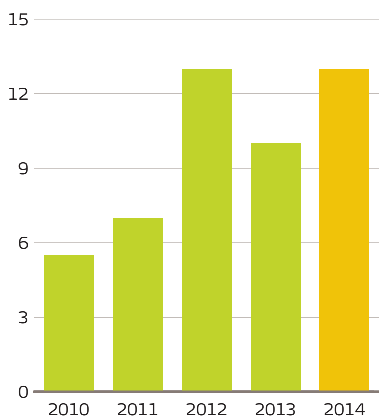
In 2014, Yara Brunsbüttel, Germany was awarded the 2015 IFA Green Leaf Award for outstanding safety and environmental standards.

Fertilizer manufacturing may pose a risk to local societies and natural habitats if managed improperly. Safety is Yara's top priority, and over time, substantial investments have been made to improve operational excellence. Yara's HESQ Policy governs its approach to the issues of Health, Environment, Safety and Quality. On the operational level, Yara has decided that all its major production sites shall be certified according to ISO 9001 (Quality Management), ISO 14001 (Environmental Management) and OHSAS 18001 (Health & Safety Management) standards. At year-end 2014, 16 out of 22 sites were fully certified.

Yara's HESQ Policy providing the company's views on a range of topics, have been made available on Yara's website.

Dividends

NOK per share



The environment

Yara works systematically to reduce the environmental impacts of its operations. Yara contributes to environmental improvements in agriculture and the transportation and industrial sectors. The company has adopted a life cycle approach to products and processes. Through targeted R&D activities, Yara is continuously developing knowledge, tools, and solutions to improve on-farm use of fertilizers, reducing environmental impact while optimizing farmer income and productivity.

The company has made outstanding improvements in reducing N_2O (a greenhouse gas, GHG) emissions by more than 90% from our nitric acid plants by utilizing the benefits of Yara's own developed N_2O catalyst technology. The total GHG emissions from all of our production have been reduced by more than 51% compared with a 2004 baseline. Yara is well positioned to meet the new requirements for nitric acid plants under the EU Emissions Trading System (EU ETS). The company will continue investments in its ammonia plants, improving energy and cost efficiency as well as reducing emissions. The acidic emissions from our operations are continuously being reduced.

In 2014, Yara's total energy consumption in production was 258 Petajoule (PJ). Almost 90% of the energy is consumed in ammonia production.

Yara has a number of facilities that have been operated for long periods of time or have been closed. These facilities may require remediation or generate liabilities under the laws of the jurisdictions in which the facilities are located. Yara examines such impacts where they are apparent, and executes remediation or containment procedures, in coordination with the appropriate authorities.
For 2015 and beyond, accumulated provisions of NOK 165 million have been made for environmental clean-up of former activities in several locations, close to the provision level of NOK 169 million from a year earlier.

Commitments

By pursuing its strategy, Yara has an indirect as well as direct impact on basic human needs, in particular food security in the context of a changing climate. Apart from providing jobs for its employees, tax revenues and valuable inputs for farmers, Yara's strategy and innovative approach aim to trigger development and inclusive, sustainable growth.

Sharing of knowledge and advice to promote best farming practice is bundled with innovative business models, not least in the context of Yara's partnerships through the New Vision for Agriculture of the World Economic Forum. Here, Yara and more than 30 other global companies have united to trigger 20% improvements per decade on agricultural productivity, rural poverty, and GHG emissions.

Examples of Yara's partnership engagements include the Ghana Grains Partnership, the Southern Agricultural Growth Corridor of Tanzania and Yara's participation in the Africa-led Grow Africa Partnership. Contributing to improved local and regional environmental conditions, Yara's engagement towards the Baltic Sea provides a good example of how profitable farming and environmental concerns can be combined.

Yara is a signatory to the UN Global Compact (UNGC), embracing and implementing its principles covering the areas of human rights, labor rights, environment and anti-corruption. Yara has also been granted membership to the Global Compact LEAD, which was launched in 2011 to provide knowledge and inspiration on advanced aspects of corporate sustainability, and to provide leadership for global issue platforms. In 2014, Yara also decided to sign the UNGC CEO Water Mandate and the Call to Action on corruption, and joined the Global Alliance on Climate Smart Agriculture.

Observing the positive alignment between Yara's strategic positioning and the UN process on Sustainable Development Goals (SDGs), the company was a co-signer of the Business Manifesto in September 2014. This document, launched during the UN General Assembly, voiced private sector support from 21 global companies for the SDG process as a tool towards ending poverty and a transition towards sustainable, inclusive markets.

Furthermore, Yara is a member of the UNGC Caring for Climate initiative, and is committed to adhering to the FTSE4Good criteria. For Yara, human rights has not been identified as a high risk area within the current operational setup of the company.

Compliance risk including human rights is an integrated part of the 'Capital Value Process', comprising all significant investments and transactions. Yara's commitment to respecting human and labor rights is integrated in Yara's Code of Conduct, further operationalized in the Ethics Handbook and also incorporated in Yara's steering systems such as the Integrity Due Diligence process for business partners and Yara's Business Partner Code of Conduct. Support for the UNGC principles is anchored at the CEO level.

In 2014, none of our subsidiaries have identified that the right to exercise freedom of association and collective bargaining may be at significant risk. Transparency on management approach, measures and outcome relating to HESQ, Ethics & Compliance and related topics is secured through online GRI (Global Reporting Initiative) reporting.

Yara is compliant with the new reporting requirements with effect from the financial year 2014 for the extractive industries (including mining) with basis in EU regulation 2013/34 and set out in Norwegian Account Act. The full country by country reporting can be consulted on yara.com / Sustainability / Reporting.

Future prospects

Market prospects

Market developments

The Board of Directors believes the long-term fundamentals of fertilizer demand are strong, as a growing and increasingly prosperous world population continues to drive demand, and land available for agriculture becomes scarcer. More efficient and balanced fertilizer use globally is a crucial element for achieving sustainable improvement in agricultural productivity.

However, there is significant potential for price volatility in agricultural commodities markets, where supply is limited and customers have a low sensitivity to price changes. Weather-related setbacks in agricultural production could further increase fertilizer demand, while a significant drop in agricultural prices, e.g. in the event of improved harvest prospects, could lead to a temporary slow-down in fertilizer deliveries. However, substantial harvest increases are required merely to avoid a future decline in inventories.

Developing the markets

More efficient and balanced fertilizer use globally will require a change of fertilizer product and application practices in many markets, implying a further increase in differentiation and tailoring of fertilizers and related technologies. However, the extent to which individual markets will embrace and achieve such efficiency improvements is likely to vary strongly, depending on the degree of deregulation and competition in their agricultural sectors.

Operational prospects

Industry developments

Global nitrogen demand remained strong during 2014. A substantial proportion of nitrogen capacity in Ukraine and other key export locations curtailed, Chinese urea exports reached a record 14 million tons in 2014. Planned capacity additions outside China over the next years are unlikely to fully displace Chinese urea exports. Given the significant Chinese curtailments in place today, current export prices for prilled urea fob China (USD 285-290 per ton) are believed to be close to break-even for swing producers. Going forward, the floor for global commodity nitrogen prices are therefore likely to be set by the cost of high-quality anthracite coal in China, export tariffs and the RMB-USD exchange rate. However temporary demand-driven price increases may occur. The anthracite coal price has not been negatively affected by the drop in global oil and gas prices, and the Chinese currency has strengthened in parallel with the US dollar.

A weaker Euro and lower gas prices have improved the relative competitiveness of European fertilizer capacity.

Developing the company

With its global downstream presence, differentiated product portfolio and increasing innovation efforts, Yara intends to both promote and create profitable business opportunities from the needed increased emphasis on efficient fertilizer application. Yara aims to achieve this through downstream and upstream growth, technology and competence development.

Financial prospects

Capital management

Yara aims to maintain a long-term mid-investment grade rating level, i.e.

BBB according to Standard & Poor's methodology and Baa2 according to Moody's methodology. This implies that the company should normally operate with a net debt below two times EBITDA, and that larger acquisitions would normally be accompanied by new equity issuance.

Investment intentions

Yara's growth ambitions imply significant investments, through expansion of existing operations, new builds and acquisitions. The Board of Directors underlines that the focus on growth opportunities is combined with strict valuation and capital discipline, seeking opportunities where Yara has the best relative synergies, at the right time of the cycle.

Yara expects to invest a total of approximately NOK 11.6 billion during 2015 based on announced growth investments and planned maintenance. The investment level required to maintain current Yara production capacity and productivity is estimated to be approximately NOK 5 billion per year. Most of the remaining NOK 6.6 billion is linked to volume and/or margin growth:

- NOK 1.3 billion is planned to be invested in brownfield expansions in NPK plants in Norway and Finland and Yara's TAN plant in Köping, Sweden.
- The Yara Pilbara technical ammonium nitrate plant is scheduled for completion in 2015 with a total investment of USD 800 million, of which Yara's 45% share in 2015 is approximately NOK 600 million.
- The construction of a world scale ammonia plant in Freeport, Texas together with BASF will start in 2015. Yara's share of 2015 investments amount to NOK 1.2 billion.
- A frame of NOK 1.7 billion is set aside for productivity and efficiency improvement projects in Yara's production plants in addition to smaller Downstream and Industrial acquisitions, ammonia ship investments and Downstream terminals and blending units.
- An additional NOK 1.5 billion of maintenance investments are required in 2015 to further improve reliability and accommodate a higher than normal number of plant turnarounds.

Dividends and buy-backs

Yara's objective is to pay out an average 40-45% of net income in the form of dividends and share buy-backs. Within this objective, a minimum 30% of net income shall be paid in the form of dividends, while share buy-backs make up the balance and are deployed with greater flexibility.

Yara's Board will propose to the Annual General Meeting a dividend payment of NOK 13 per share for 2014, which represents 47% of net income after non-controlling interests, totaling a payment of NOK 3,581 million based on outstanding shares at the date this financial statement was authorized for issue. The above-target dividend is proposed to improve Yara's capital efficiency. Combined with the 2014 result for Yara International ASA and other effects, the proposed dividend results in a net increase in equity of NOK 1,836 million.

In 2014 Yara paid out NOK 3,212 million in dividends and share buy-backs, representing approximately 56% of net income in 2013.

Yara executes share buy-back programs as an integral part of its shareholder policy. In 2014 Yara bought back and redeemed shares for a total of NOK 441 million. The Board intends to propose to the Annual General Meeting a new buy-back program along the lines of the existing one.

The Board of Directors of Yara International ASA
Oslo, 19 March 2015

Leif Teksum Chairperson	Hilde Merete Aasheim Vice chair	John Thuestad Board member	Hilde Bakken Board member
Geir O. Sundbø Board member	Geir Isaksen Board member	Rune Bratteberg Board member	Guro Mauset Board member

Torgeir Kvidal
President and CEO (acting)

Governance and risk management

"We follow stringent procedures. We set high standards for excellence and compliance to minimize business risks."

Scheila Oliveira, Hesq Manager for Upstream Brazil
Rio Grande and Ponta Grossa

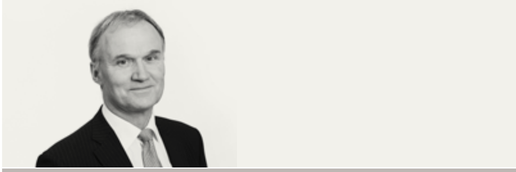
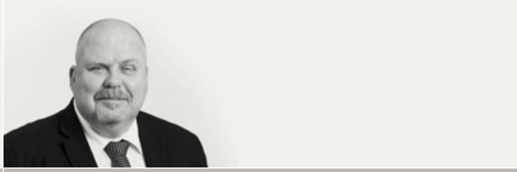
"In Brazil, Yara emphasizes efforts to improve the safety, security and environmental aspects of our processes and products, training our teams in accordance with Yara's own standards, in addition to national and international standards. In 2014, we put special focus on developing a safety culture among leaders and employees, as well as contractors – within the realm of our company's Safe by Choice program.

Yara invests in knowledge – and transfers knowledge.

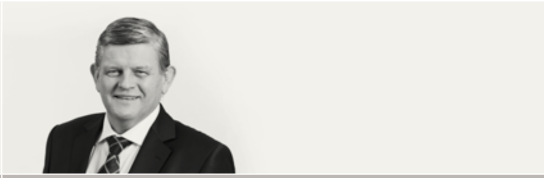
Scheila Oliveira joined Yara in 2007, and works as HESQ Manager with Yara Upstream in Rio Grande, Brazil. She graduated from Bellevue University, Nebraska, USA, with a Master's degree in Leadership Management.

Board of Directors 2014

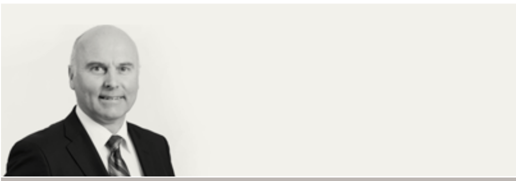
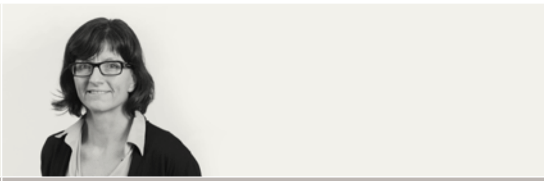

	LEIF TEKSUM (1952)	**HILDE MERETE AASHEIM** (1958)
Position	Chairperson of the Board since 2014 Chairperson of the Compensation Committee	Vice Chair Chairperson of the Audit Committee
Elected by/year	Shareholders, 2014	Shareholders, 2010
Position	Professional board member and independent advisor	EVP Primary Metal, Hydro ASA
Education	Master's degree in Business and Economics	Master's degree in Business and Economics; Accredited public accountant
Experience	Mr Teksum retired from DnB Bank ASA in August 2014. From 1991 until his retirement he held various roles in the DNB Group Management. In the period 2003-2013, he was Group EVP with responsibility for large corporate clients and all international banking activities in DNB/DnB NOR. From 2013 he was a Senior Relationship Manager responsible for a portfolio of customers in Norway and Sweden. Teksum has also led the bank's Investment Banking area, the Asset Management functions as well as the IT and Purchasing activity. In the period 1987 - 1989 he was head of the Bergen Bank London branch.	Mrs. Aasheim joined Hydro in October 2005 as EVP for Leadership and Culture (human resources, health, environment, safety and corporate social responsibility). When Hydro's oil and gas activities were merged with Statoil in 2007, Aasheim headed the integration process. Thereafter she served as EVP for the Aluminum Metal business area in Hydro. Between 1986 and 2005, she held several senior positions in Elkem.
Other assignments		Member of the Board of Norsk Industri
Board meetings attendance	8/14 (Started in May)	14/14
Compensation Committee attendance	2/3 (Joined in May)	-
Audit Committee attendance	-	6/6
Shares owned at year-end 2014	1,000	0

	GEIR ISAKSEN (1954)	**GEIR O. SUNDBØ** (1963)
Position	Member of the Board Member of the Compensation Committee	Member of the Board
Elected by/year	Shareholders, 2013	Employees, 2010
Position	CEO of Norwegian State Railways (NSB)	
Education	Ph.D in Agricultural Economics	Certified TQM supervisor
Experience	From 1996 to 2011, Mr. Isaksen was CEO of Cermaq ASA (before 2002 Statkorn Holding ASA). During this period he led a comprehensive restructuring process and IPO of the business and contributed to significant growth in Norway and abroad. From 1995 to 1996 Geir Isaksen was CEO of Statkorn AS, and prior to this he has held director positions in the Norwegian agriculture organizations' Brussels office and Gartnerhallen, a food wholesale and distribution company.	Mr. Sundbø has been a Yara (Hydro) employee since 1987. He has been actively engaged in union matters in the Porsgrunn plant since 1989. He is Deputy Chairman and Treasurer of the local union chapter (Herøya Arbeiderforening) in Herøya Industripark Porsgrunn and Senior Shop Steward of Yara Porsgrunn. Sundbø is Chairman of the European Works Council (EWC) of Yara.
Other assignments		Chairman of the Audit Committee in the National Trade Union of Industry & Energy of Norway since 2013; Member of the Executive Committee of IndustriCluster Grenland (ICG).
Board meetings attendance	13/14	13/14
Compensation Committee attendance	3/3	-
Audit Committee attendance	-	-
Shares owned at year-end 2014	84	96

HILDE BAKKEN (1966)	**JOHN THUESTAD** (1960)
Member of the Board Member of the Compensation Committee	Member of the Board Member of the Audit Committee
Shareholders, 2014	Shareholders, 2014
EVP Power Generation, Statkraft	EVP Sapa Extrusion Europe
Master's degree in Petroleum Engineering from the Norwegian University of Science and Technology (NTNU)	Master's degree in Civil Engineering; MBA from Carnegie Mellon University, Pittsburgh, USA.
Mrs. Bakken has held various leadership roles in Statkraft within market and power production areas since 2000. Since 2010, Bakken has been part of Statkraft Executive management, from 2010 to 2013 as Chief of Staff and since 2013 she has been responsible for Statkraft's power generation activities in seven countries. She is also responsible for further development of Statkraft's hydropower concessions in North-West Europe. Before joining Statkraft, she was employed in Norsk Hydro and Conoco where she has held various management and engineering positions in operations and field development on the Norwegian continental shelf.	Mr. Thuestad has led Sapa Extrusions Europe since 2013. From 2012 to 2013 he led Sapa Profiles with production plants in Europe, North America and China. From 2009 to 2012 he led Alcoa Global Primary Products with 40 locations in Australia, Latin America, Europe and North America. Thuestad has previously been the CEO of Elkem AS and Elkem Aluminium AS. Prior to that, Thuestad was Managing Director of Norzink AS and Fundo AS. Thuestad has served as Board member/Chairman of Tyssefaldene AS 1997-2000, Board member of Borregaard AS 2005-2007, Statkraft/Groener AS 2000-2003 and as Officer of Alcoa Inc 2010 - 2011.
	Chairman of the European Aluminium Association, Extrusion Division and an Overseas Trustee of the American Scandinavian Foundation.
8/14 (Started in May)	7/14 (Started in May)
2/3 (Joined in May)	-
-	3/6 (joined May)
0	0

RUNE BRATTEBERG (1960)	**GURO MAUSET** (1968)
Member of the Board Member of the Audit Committee	Member of the Board
Employees, 2012	Employees, 2012
Head of Chemical Compliance	Head of Process Modeling and Control at Process R&D and Manufacturing Support in Porsgrunn
Degree in Information Technology	Master's degree in Chemical Engineering
Mr. Bratteberg has been a Yara (Hydro) employee since 1986. He has held different IT and HESQ leadership positions within Hydro and Yara, from 2001 to 2009 as CIO. Bratteberg has been a member of the Chemical Industry Advisory Board to SAP AG 2004-2009, and Chairman of the Board at the Scandinavian School of Brussels 2009-2011.	Mrs. Mauset has been a Yara employee since 2009. Mauset was a Board member of the Norwegian Society of Chartered Scientific and Academic Professionals (Tekna) in Yara 2011-2014.
14/14	14/14
-	-
6/6	-
124	148

Executive Management 2014


	TORGEIR KVIDAL (1965)	**THOR GIÆVER** (1972)
Position:	President and Chief Executive Officer (acting)	Chief Financial Officer (acting)
Year of appointment:	October 2014	October 2014
Employed:	1991	2004
Education:	Master's degree in Business from Norwegian School of Economics (NHH).	BSc (Hons) degree from the School of Management, University of Bath, UK.
Experience:	Mr. Kvidal has held several positions in the company: Chief Financial Officer 2012-14, Senior VP Head of Supply & Trade 2011-12, Head of Investor Relations 2006–11, CFO Industrial 2005–06, Head of Business Unit CO_2/Industrial Central Europe 2000–05, VP Finance Hydrogas 1997–99 and Corporate Controller Hydro Agri 1993–97. He was employed by Hydro in 1991 as a trainee.	Mr. Giæver has previously served as Head of Investor Relations and Company Secretary, and Head of Controlling and CFO Supply & Trade. Before joining Yara, Mr. Giæver held several controller positions with Ford Motor Company.
Shares owned at year-end 2014:	6,168	2,478


	EGIL HOGNA (1971)	**GERD LÖBBERT** (1957)
Position:	Senior VP and Head of Downstream	Senior VP and Head of Upstream
Year of appointment:	August 2009	December 2012
Employed:	1999	2012
Education:	M.Sc in Industrial Management from the Norwegian University of Science and Technology (NTNU); MBA from INSEAD and the Harvard Business School AMP Program.	Ph.D. in Chemistry from the University Bochum in Germany.
Experience:	Mr. Hogna has previously held several positions in the company. He served as Chief Financial Officer 2008–09, Business Unit Manager South Europe/ Mediterranean, 2007–08; SVP Business Intelligence 2006; VP Investor Relations, 2004–06; VP of Hydro Aluminum Metal Products (responsible for Supply Chain & Performance Management), 2001–03; Corporate Controller Hydro Agri 1999–2001. Before joining Norsk Hydro, Mr. Hogna was a consultant with McKinsey, 1994–99.	Dr. Löbbert served as EVP for Polyolefins in the Vienna-based Borealis Group. He also held several managerial positions in the BASF Group, including Group Vice President from 2002-2009. Dr. Löbbert holds a PhD in Chemistry from the University Bochum, in Germany.
Shares owned at year-end 2014:	14,318	4,992

		
YVES BONTE (1961)	**ALVIN ROSVOLL** (1957)	**BENTE G. H. SLAATTEN** (1958)
Senior VP and Head of Industrial	Senior VP and Head of Supply & Trade	Senior VP and Chief Communications and Branding Officer
January 2010	June 2012	October 2009
2010	1981	2008
M.Sc. in Civil Engineering from the University of Leuven in Belgium; post-graduate degree in Business Management.	M.Sc. in Chemical Engineering from the Norwegian University of Science and Technology (NTNU).	MBA from the Norwegian School of Economics (NHH); Bachelor's degree in Nursing; degree in Business Administration from the Norwegian School of Management (BI); organization and project management at the University of Oslo.
Mr. Bonte worked for the chemical company LyondellBasell and its predecessors for 17 years, serving as Senior VP Polypropylene Business based in Germany and the Netherlands, 2007– 09; Senior VP Sales & Marketing for Asia, Middle East/Africa and Latin America based in Hong Kong, 2002–06; Head of Strategic Marketing, 2000–01; several marketing, supply chain and manufacturing positions, 1992–99. Prior to this he worked five years for Exxon Chemical in Brussels.	Mr. Rosvoll has held several positions in the company, including Business Unit Manager North and East Europe, Commercial Director in the Downstream Segment and Deputy President Yara Industrial Gases. In addition, he has held a number of commercial and management positions since joining the company in 1981.	Mrs. Slaatten served as Senior VP Chief Communications and Branding Officer since October 2009. From January 2008 until then she was VP Corporate Communications. Before joining Yara, she was President of the Norwegian Nurses Organization, 1998–2007, and its Chief Negotiator and Director of the Department of Negotiation, 1995–98. Between 1984–95 she held various positions within the Norwegian Association of Local and Regional Authorities.
8,441	4,946	4,433

	
KAIJA-LEENA KOROLAINEN (1964)	**TRYGVE FAKSVAAG** (1966)
Senior VP and Chief HR Officer	Senior VP and Chief Legal Officer
June 2014	May 2008
2014	1996
M.Sc. in Law & Economics from Åbo Akademi in Finland; Fullbright Scholar at the University of Louisville, KY, USA.	Law degree from the University of Oslo.
Before joining Yara, Ms. Korolainen held operational and strategic HR leadership positions with global agricultural equipment producer AGCO (2012-2014) at their European HQ in Switzerland, and was leading supply chain and logistics provider DB Schenker (2003-2011).	Mr. Faksvaag has held several positions in the company. He served as Managing Director of Yara Switzerland Ltd., 2006–08; VP and general counsel of Yara North America, Inc., 2004–06; legal counsel and VP of Norsk Hydro Americas, Inc., 2001–03. Mr. Faksvaag joined Hydro/Yara in 1996 from the Norwegian law firm Wikborg, Rein & Co.
946	7,258

Corporate governance

Proactive and transparent corporate governance is crucial for aligning the interests of shareholders, management, employees and other stakeholders. Yara's Board of Directors believes that good corporate governance drives sustainable business conduct and long-term value creation.

Yara's Board of Directors promotes and supports open and clear communication of the company's key governance and decision processes. Yara has chosen to comply with the Norwegian Code of Practice for Corporate Governance, last updated 30 October 2014. The Code contains stricter requirements than mandated by Norwegian law.

Yara's compliance with the Code is detailed in this report and section numbers refer to the Code's articles. In the view of the Yara Board of Directors, Yara complies with all but one of the 15 sections of the code of practice.

Yara deviates on section 6 (General meetings) which prescribes that all members of the Board and the Nomination committee are present at the General Meeting, while the established Yara practice is that the Chairpersons of the Board and the Nomination committee are present. This is considered adequate given the nature of a normal agenda. Other members of the Board and Nomination committee will be asked to be present if needed, and in practice most of these are normally present.

1. Implementation and reporting of corporate governance

Yara complies with the recommendations of the Norwegian Code of Practice for Corporate Governance. Yara believes good corporate governance drives value creation and promotes sustainable business conduct. Yara is committed to transparency and accountability, with adherence to international agreements and national legislation where it operates.

» yara.com / Vision and strategy
» yara.com / Corporate governance
» yara.com / Sustainability commitment and policy

2. Business

Yara is a company that focuses on the production, distribution and sales of nitrogen chemicals. Using knowledge to create a competitive advantage, Yara delivers premium products, tools and solutions for optimized fertilizer application and environmental solutions – creating value to shareholders, employees, customers, farmers and society at large.

With scale being one of Yara's key competitive edges, growth in both production of value-added and commodity products and in distribution has been the main ingredient in Yara's strategy. Since 2004, Yara has consistently executed this growth strategy, reinforcing our position as the world's leading producer and provider of crop nutrition solutions.

Going forward, Yara has defined strategic priorities and follows a structured approach of managing a balanced growth portfolio consisting of bolt-on acquisitions, expansions and reconfigurations at existing sites and potential greenfield projects where preferential conditions are in place. However, timing is essential in creating value from acquisitions, and Yara combines a continuous search for projects with patience and discipline in execution. With the current pipeline of M&A and several brownfield expansion projects announced during 2014, successful integration and realization of synergies will be a key focus going forward.

The scope of Yara's business is defined in its Articles of Association, published in full at the company's website. More details on Yara's objectives and strategies are presented in the Report of the Board of Directors.

» yara.com / Articles of association
» Report of the Board of Directors / page 13

3. Equity and dividends

Yara targets a BBB credit rating from Standard & Poor's. Based on Yara's scalable business model and strong track record of value-creating acquisitions, the Board believes that more than half of Yara's earnings should be reinvested in the company. Yara's objective is therefore to pay on average 40-45% of net income to shareholders in the form of dividends and share buy-backs. Within this objective, a minimum 30% of net income shall be paid in the form of dividends, while share buy-backs make up the balance and are deployed with greater flexibility.

If the company over time does not identify sufficient profitable investment opportunities, the Board will consider paying more than 40-45% of net income to shareholders.

New equity will only be issued in connection with concrete step growth opportunities. No general mandate is granted to the Board to increase the company's share capital.

Yara executes share buy-back programs as an integral part of its shareholder policy. Every year since the company's IPO, Yara's Board has secured an authorization from the Annual General Meeting to buy back up to 5% of total shares in the company during the next year, for subsequent cancellation. A precondition for each annual program is that an agreement is entered into with the Norwegian State where the State commits to sell a proportional share of its holdings to leave the State's ownership (36.21%) unchanged. The mandates granted to the Board of Directors for the company to purchase its own shares are limited in time to the date of the next Annual General Meeting.

» Report of the Board of Directors / page 13
» The Yara Share / page 51

4. Equal treatment of shareholders and transactions with close associates

All Yara shareholders have equal rights and the company has one class of shares. Transactions involving the company's own shares, such as the share buy-back program, are normally executed via the stock exchange, or at prevailing stock exchange prices if carried out in any other way. Shares redeemed from the Norwegian State are also priced at market value.

In 2014 there were no significant transactions between the company and closely related parties, except for ordinary commercial transactions with subsidiaries and non-consolidated investees.

In addition to the mandatory regulations in the Norwegian Public Limited Companies Act (§§ 3–8 and 3–9), Yara uses IFRS rules to define related parties. The members of the Board of Directors and Management are required to disclose all entities that would be considered to be "related parties" under applicable laws and regulations. Transactions with such entities are subject to specific disclosure and approval requirements.

» Note 34 to the consolidated financial statements "Related parties" / page 128

5. Freely negotiable shares

The company places no restrictions on the transferability of shares. There are no restrictions on the purchase or sale of shares by directors and executives, as long as insider regulations are adhered to. Certain management compensation programs, including the Yara Long-Term Incentive scheme, mandate the use of a portion of the funds received by management for the purchase of Yara shares and restrict the sale of such shares for varying periods following such purchase.

» Note 34 to the consolidated financial statements "Related parties" / page 128

6. General meetings

In accordance with Yara's Articles of Association and Norwegian corporate law, the Yara Annual General Meeting ranks at the top of the corporate governance structure. Yara's Articles of Association require the Annual General Meeting to be held every year before the end of June.

The annual meeting of shareholders elects the Nomination Committee and shareholders' representatives to the Board of Directors, and approves the annual accounts, the report of the Board of Directors and any proposed dividend payment. In accordance with Norwegian legislation, shareholders consider and vote on the appointment of the external auditor based on the Board's proposal and approve the remuneration to be paid to the external auditor.

The Chairperson of the Board, the CEO and CFO are present at the Annual General Meeting, along with the Chairperson of the Nomination Committee and the Company Auditor. An independent, qualified person chairs the meeting. The protocol of the Annual General Meeting is published on the Yara website.

All shareholders are entitled to submit items to the Annual General Meeting agenda, to meet, speak and vote. In accordance with Norwegian corporate law, shareholders registered in the Norwegian Central Securities Depository (Verdipapirsentralen) can vote in person or by proxy on each agenda item and candidate put forward in the Annual General Meeting. Shareholders or their authorized representatives must be present in order to vote, and votes can be given only for shares registered in the owner's name.

Notice of the meeting and relevant documents, including the proposal of the Nomination Committee, are made available on Yara's website no later than three weeks in advance of the meeting. Notice of the meeting is sent to all shareholders individually, or to their depository banks, at least three weeks in advance of the meeting. The notice of meeting includes information regarding shareholders' rights and guidelines for registering and voting at the meeting.

» yara.com / Corporate governance / General meetings
» The Yara share / page 51
» Governance and risk management Yara Financial Report 2014

7. Nomination Committee

Yara's Articles of Association state that the company shall have a Nomination Committee consisting of four members elected by the Annual General Meeting, and that the Annual General Meeting approves the procedure for the Nomination Committee. The Nomination Committee nominates the shareholders' representatives to the Board of Directors, including presenting relevant information about the candidates and an evaluation of their independence, and proposes the remuneration of the Directors to the Annual General Meeting. The Nomination committee also recommends to the Board who the Board should elect as Chairman and Vice Chairman. Members of the committee are elected for two-year terms. The Nomination Committee in Yara International ASA consists of the following members, all of whom are independent of the Board and Management:

- Tom Knoff, Chair (Independent advisor)
- Thorunn Kathrine Bakke (Deputy Director General, Ministry of Industry, Trade and Fisheries)
- Anne Carine Tanum (Chair of the boards of DNB ASA and DNB Bank ASA)
- Ann Kristin Brautaset (Portfolio Manager, Folketrygdfondet)

According to instructions of the Nomination committee, there shall be a rotation among the committee members. The contact details of the Chairman of the Nomination Committee are available on Yara's website and shareholders having proposals for new Board members are asked to send those to the chairman of the committee no later than 1 January.

In 2014 the Nomination Committee held 19 meetings. The members of the Nomination Committee received remuneration in 2014 of NOK 5,300 per meeting prior to the Annual General Meeting and thereafter NOK 5,500 per meeting.

» yara.com / Nomination Committee procedure

8. Corporate assembly and Board of Directors: Composition and independence

In accordance with an agreement between Yara and its employees, Yara does not have a corporate assembly. Yara believes this supports more direct communication between shareholders and management, increases accountability and improves the speed and quality of decision making in the company.

Yara's Board of Directors consists of eight members, with five shareholder-elected Board members including the chairperson elected for two-year terms by the Annual General Meeting. The remaining three Board members are employee-elected, typically for two-year terms. The Board elects both the Chairman and the Vice Chairman of the Board based on a recommendation from the Nomination Committee.

The shareholder-elected members of the Board are independent of the company's management, main shareholders and material business contracts. The same is valid for the employee representative Board members, other than their employee contracts. Three of the Directors are women.

In 2014 the Board of Directors held 14 meetings. Three board members were each absent from one meeting, while the remaining members attended all Board meetings in 2014.

All Board members are encouraged to own shares in the company. The shareholder- elected Board members Leif Teksum and Geir Isaksen owned 1,000 and 84 shares respectively at year end. The three employee-elected board members Geir Sundbø, Rune Bratteberg and Guro Mauset owned 96, 124 and 148 shares respectively at year end.

» yara.com / Corporate governance
» Board of Directors / page 24
» Note 34 to the consolidated financial statements "Related parties" / page 128

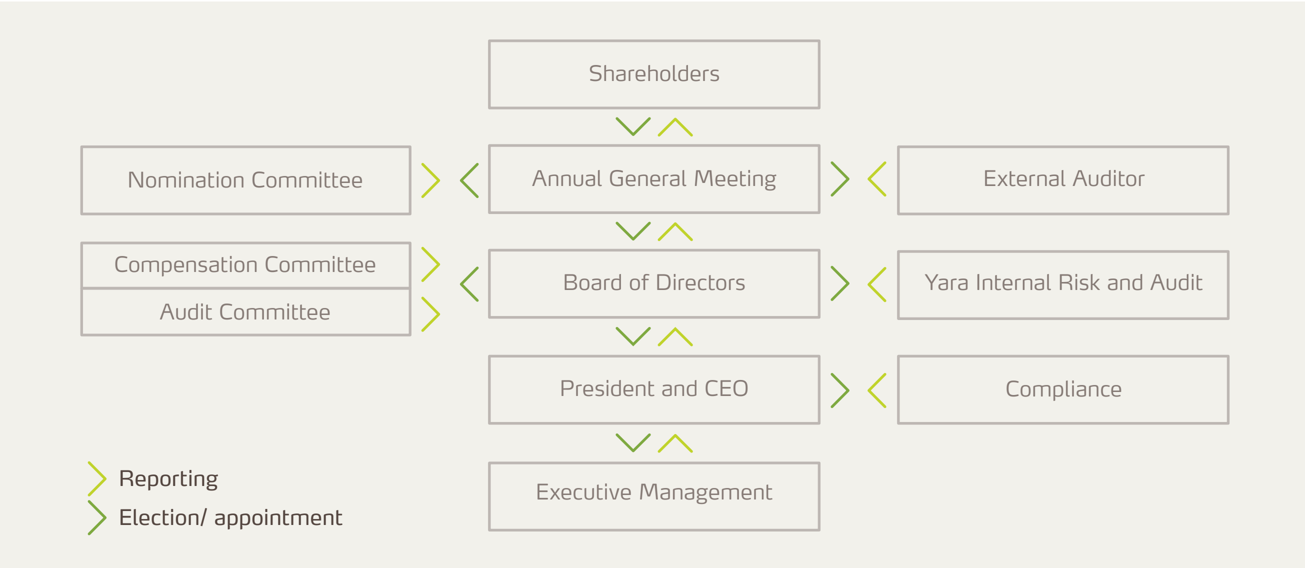
9. The work of the Board of Directors

The Board's work follows an annual plan which normally is discussed and approved in December for the following calendar year. The Board conducts an annual self-evaluation of its performance and expertise, which is presented to the Nomination Committee.

The Board has established written instructions for its work and the work of the Audit Committee, Compensation Committee and Executive Management.

The Board elects a Chairman and a Vice Chairman based on a recommendation from the Nomination committee. In the case of the Chairperson's absence, meetings will be chaired by the Vice Chairman. If the chairman of the Board is, or has been, personally involved in matters of material significance to the Company, the Board's review of such matters will be chaired by another member of the Board.

Yara corporate governance structure



In 2014 the Board of Directors held 14 meetings. Board members Geir Isaksen, John Thuestad and Geir Sundbø were each absent from one meeting, while the remaining members attended all Board meetings in 2014.

All shareholder-elected Board members are independent of the Management and the main shareholders. Neither the President and CEO, nor any other member of the Executive Management, is a member of the Board.

Compensation Committee

Yara's Compensation Committee reviews the performance of, and proposes terms and compensation for, the CEO to the Board of Directors. The committee also reviews and proposes guidelines for executive remuneration and material employment matters. The Compensation Committee consists of three members elected by the Board, from its own members. The Compensation Committee held three meetings in 2014. Geir Isaksen attended to all three meetings while Leif Teksum and Hilde Bakken attended to both meetings that were held after they joined the Board in May 2014.

Audit Committee

Yara's Audit Committee assists the Board of Directors in assessing the integrity of the company's financial statements, financial reporting processes and internal controls, risk management and performance of the external auditor. The Audit Committee further evaluates plans and internal audits performed by the Internal Risk and Audit department within the areas of financial reporting and control. The Committee conducts an annual self-evaluation according to its mandate. Yara's Audit Committee consists of three members of the Board, of whom two are independent of the company and one is an employee representative. The Chairperson of the Audit Committee is not the Chairperson of the Board. The Audit Committee held six meetings in 2014. Hilde Merete Aasheim and Rune Bratteberg attended to all 6 meetings while John Thuestad attended to all three meetings taking place after he joined the Board in May 2014. The Yara Internal Risk and Audit function assists Yara Executive Management and the Board of Directors with a systematic, disciplined approach for evaluating governance, risk management and internal control.

10. Risk management

Yara's risk management and internal control activities are integrated with the corporate strategy and business planning processes, based on the principle that risk evaluation is an integral part of all business activities. While risk management is a centrally governed process, the responsibility for day-to-day risk management activities is placed with the business segments and expert organizations.

The Yara Board of Directors and Executive Management evaluate and define yearly risk appetite across key operational and strategic dimensions. The main objective for a more systematic and comprehensive assessment of risk appetite is to align boundaries for risk which will guide efficient resource allocation. Defining risk appetite is also a prerequisite for setting optimal risk tolerance with supporting controls.

The Board believes that expressing Yara's risk appetite within important areas of its business activity helps to convey to investors, customers and society at large how the company approaches and evaluates risk.

The Board carries out separate annual reviews of the company's most important risk exposures and internal control systems.

The Audit Committee performs ongoing evaluations of risk and control related to financial reporting. Yara Internal Risk and Audit supports Yara Management and the Board of Directors in terms of evaluating the effectiveness and efficiency of internal controls and gives an independent view on risk management.

Yara Internal Risk and Audit performs independent audits both at subsidiary and group level, as well as audits and reviews of specialist functions involved in business operations, financial reporting and risk management. The Chief Internal Risk and Audit Executive reports functionally to the Board of Directors and administratively to the Chief Financial Officer. Yara Internal Risk and Audit has no direct operational responsibility or authority over any of the activities it reviews. The unit has unrestricted access to all functions, records, physical properties, and personnel relevant to the performance of its tasks. It also has full and free access to Yara Executive Management, the Board of Directors and the Audit Committee.

The external auditor provides a description of the main elements in the audit, including opinions on Yara internal control related to the Financial Reporting process, to the Audit Committee.

Yara's internal control framework is based on the principles established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) integrated framework for internal control. The five framework components are: control environment, risk assessment, control activities, information and communication, and monitoring. The content of the different elements are described below.

Control Environment

Yara's Corporate Social Responsibility policy and Code of Conduct are integrated in its risk management and internal control systems, through global employee training programs, and an Integrity Due Diligence process which covers both existing business partners and forward-looking business development activities.

Yara's Steering System is one of the pillars of Yara's internal control system. It aims to ensure that all Yara employees act in a consistent manner and in line with quality standards and business needs. All Yara employees are encouraged to raise questions or issues about such matters with line management and through alternative channels, including a whistle-blowing system.

Risk Assessment

The Corporate Risk Management unit is the key facilitator of the internal risk management system and shall assist management with implementing and maintaining an appropriate risk management framework to support identification, analysis, management and reporting of all types of risk. The unit further coordinates risk management activities within Yara and consolidates reporting on risks.

Control Activities

Yara's Group Accounting is responsible for the preparation of the Financial Statement and to ensure that the Financial Statement is reported according to applicable laws and regulations and in accordance with adopted accounting policies.

The Controller function is responsible for the Board of Directors and Management reporting as well as planning and coordinating the business plan process.

The Internal Control function regulates the governance structure for Internal Control over Financial Reporting (ICFR) as well as manages and controls the systematic risk related to financial reporting.

The Audit Committee performs reviews of the quarterly and annual financial statements with special focus on transaction types, which includes judgments, estimates or issues with major impact on the Financial Statement. The internal and external auditors participate in these meetings. In additional to the quarterly and annual reporting, the Board of Directors receives pre-quarterly performance reports.

Information and communication

The Steering System provides all employees with an overview of the prevailing corporate policies and procedures. Yara's Accounting Manual describes corporate accounting policies and is continuously updated and revised for any changes related to IFRS and Yara's Accounting Policies.

Monitoring

All bodies and functions described above monitor and perform judgments for any need of corrective actions related to financial and operational risk within their area of responsibility.

» Risk management / page 36
» yara.com / Corporate Social Responsibility policy and Code of Conduct
» yara.com / Ethics handbook

11. Remuneration of the Board of Directors

The remuneration of the Board of Directors is proposed by the Nomination

Committee and approved by the Annual General Meeting, and is not linked to the company's performance. Board members are not granted share options, and shareholder-elected Board members do not have specific assignments for the company in addition to their duties as Board members.

The remuneration of the board of directors reflects the Board's responsibility, expertise, time commitment and the complexity of the company's activities.

In 2014 the Chairperson of the Board of Directors received a fixed compensation of NOK 482,000 per annum prior to the Annual General meeting, increasing to NOK 500,000 per annum thereafter. The Vice chairperson, elected for the first time after the 2014 Annual General Meeting, received 330,000 per annum after the Annual General meeting. The other Board members received NOK 277,000 per annum prior to the Annual General Meeting and NOK 288,000 per annum thereafter. Board members resident outside Scandinavia received a meeting allowance of NOK 10,400 per meeting.

The Chairperson of the Audit Committee received a fixed compensation in 2014 of NOK 123,500 per annum prior to the Annual General Meeting, increasing to NOK 148,000 per annum thereafter. The other Audit Committee members received NOK 83,000 per annum prior to the Annual General Meeting and NOK 86,000 per annum thereafter. Members of the Compensation Committee received NOK 6,400 per meeting prior to the Annual General Meeting and NOK 6,600 per meeting thereafter.

The actual compensation to Board members in 2014 is disclosed in note 34 in the consolidated financial statements.

» Note 34 to the consolidated financial statements "Related parties" / page 128

12. Remuneration of executive personnel

The Board of Directors determines the remuneration of the President and CEO based on a proposal from the Compensation Committee and approves the general terms of the company's incentive plans for Executive Management and other key employees. The President and CEO determines the compensation to other members of Yara's Executive Management.

The Board of Directors prepares guidelines for the remuneration of executive personnel being communicated to the Annual General Meeting. The guidelines to be presented at the Annual General Meeting 11 May 2015 will be available as a separate document in the appendices to the notice in addition to be being disclosed in note 34 in the consolidated financial statements.

In accordance with the Norwegian Public Limited Companies Act § 6-16 a, the Board of Directors prepares a separate statement related to the determination of salary and other benefits for the Executive Management. The statement will be presented for the Annual General Meeting for voting. For the year 2014, remuneration of Executive Management has been in accordance with Norwegian State Guidelines for remuneration of executives in state owned companies from 1 April 2011. The Ministry of Trade, Industry and Fisheries has amended the guidelines with effect from 13 February 2015. Yara will consequently evaluate the remuneration principles applying to new members of the Executive Management. The statement of remuneration for 2015 for consideration at the 2016 General Meeting will take into account the conclusions resulting from this evaluation.

Yara's policy concerning remuneration of the CEO and other members of Yara's Executive Management is to provide remuneration opportunities which:

- Are competitive to recruit and retain executives
- Reward the executives' performance, measured as their contribution to the overall success of Yara
- Support the creation of sustainable shareholder value

Yara's remuneration of the Executive Management Group consists of the following elements: Base pay, an annual incentive bonus, a Long Term Incentive plan, a retirement plan, death and disability coverage and other components such as car, phone expenses, etc. In addition, executives on expatriate contracts have various other costs covered by the company. The annual salary adjustment for employees in Yara International ASA and Norwegian subsidiaries forms the basis for the Yara Executive Management salary development. Members of Yara Executive Management do not receive separate remuneration for board membership in Yara subsidiaries.

Executive Management members employed in Norway can take part in the annual offer to all permanent Yara employees in Norway where they can buy Yara shares to a value of NOK 7,500 alternatively NOK 13,500 with a tax-exempt discount of NOK 1,500 in both cases.

The annual incentive bonus represents performance-driven variable compensation components based on financial and non-financial performance, such as profitability and HES (Health, Environment and Safety) results, at company and/or segment level. The specific performance components vary by unit and position and are set individually on an annual basis. The annual incentive bonus is not linked to the Yara share price, but is conditional on Yara's CROGI (cash return on gross investment) reaching 7%, with progressively higher payout levels up to a maximum level when CROGI exceeds 14% (16% for bonuses earned from 2015). The maximum pay-out shall not exceed 50% of annual base salary.

To increase the alignment between Executive and Shareholder interests and to ensure retention of key talent in the company, a Long Term Incentive plan has been approved by the Board. This program provides a fixed cash amount to eligible executives, who are required to invest the net amount after tax in Yara shares within a period of one month after grant. The acquired shares are locked in for a period of three years after the purchase. After this period executives are free to keep or sell the shares at their discretion. The annual amount granted under the Long Term Incentive plan is not linked to Yara's financial results, and shall not exceed 30% of annual base salary. The amount granted is linked to individual position and is determined annually by the CEO.

All new pension plans in Yara should be defined contribution (DC) plans. All executives on Norwegian employment contracts are part of the defined contribution retirement plans, including a DC pension plan covering salary in excess of 12G. For new members of the Executive Management from 2015 Yara will consider making changes with respect to the pension plan for salary in excess of 12G. This is due to the amended State Guidelines for remuneration of executives in state owned companies applicable from 13 February 2015.

For Executives on Norwegian employment contracts Yara has a company set upper limit for retirement at age 67 with a possibility for flexible retirement from age 62 in the company paid DC plans. In addition the executives are members of a defined benefit early retirement plan covering the period from age 65 to 67 with a defined benefit equal to 65% of final salary limited to 12G.

For information on salary and other benefits earned in 2014 see note 34 in the consolidated financial statements. For additional information about existing pension plans see note 23 in the consolidated financial statements.

» Note 34 to the consolidated financial statements "Related parties" / page 128

13. Information and communication

Communication with the financial markets is based on the principles of openness and equal treatment of all shareholders. In order to insure that the same information is available to everyone at the same time, Yara's main communication channel is Yara's website (www.yara.com). Although Yara holds regular meetings for analysts, investors, journalists and employees, material new information is sent to the stock exchange and published on our web pages first. Yara will provide a consistent level of information regardless of whether the news is positive or negative.

Yara's website (www.yara.com) contains an updated financial calendar, financial reports and other investor-related information. Yara's Board of Directors receives regular updates from the Executive Management detailing the manner in which the company is perceived by the financial markets.

Yara does not give guidance on financial results, which means that Yara will not provide its own specific numeric estimates for future prices, volumes or results. However, Yara will strive to provide sensitivities that can be used to calculate the financial effects of changes in market prices and currency exchange rates. Wherever possible, Yara will also refer to sources of relevant publicly available information. However, referred sources do not necessarily represent Yara's own point of view. Ahead of announcement of quarterly results, Yara has a so-called "closed period" meaning that contact with external analysts, investors and journalists is minimized. Yara will not comment upon own activities, market developments, etc. during that period. This is done to minimize the risk of information leaks and potentially unequal information in the marketplace. The closed periods are from 16 January until fourth quarter results publication, from 1 April until first quarter results publication, from 1 July until second quarter results publication, from 1 October until third quarter results publication.

Yara has received several awards for its investor communication and financial reporting.

» yara.com / Investor relations

14. Take-overs

The Board of Directors will not seek to hinder or obstruct take-over bids. In the event of a take-over bid for the company, the Yara Board will seek to comply with the NUES recommendations, including obtaining a valuation from an independent expert and making a recommendation to Yara's shareholders regarding acceptance of the bid. The Board will ensure that shareholders are given sufficient information and time to form an opinion on an offer.

The Norwegian Securities Act regulates takeover attempts. Shareholders at the Annual General Meeting will, according to law, make the decision on any potential take-over bid.

15. External audit

The external auditor shall provide to the Audit Committee a description of the main elements of the audit of the preceding financial year, including in particular any material weaknesses uncovered related to internal controls of the financial reporting process. The external auditor shall also:

- Annually confirm its independence
- Disclose any services besides statutory audit services which have been provided to the company during the financial year
- Disclose any threats to its independence and document measures taken to mitigate such threats

The use of the external group auditor for advisory services, tax services and other services outside the ordinary audit scope shall be pre-approved by the Chief Accounting Officer if the total fee for the legal or reporting unit exceeds NOK 100,000. The external group auditor is responsible for reporting such services to the Audit Committee and to perform an ongoing assessment of independence.

The external auditor participates in the meetings of the Audit Committee and in the Board meeting that approves financial statements. In addition, the external auditor meets with the Board, without Yara Executive Management being present, at least once per year. Norwegian laws and regulations stipulate the type of non-audit services that external auditors can perform for Yara. Remuneration to Yara's external auditor is disclosed in note 35 to the consolidated financial statements.

The Board of Directors of Yara International ASA
Oslo, 19 March 2015

Leif Teksum
Chairperson

Hilde Merete Aasheim
Vice chair

John Thuestad
Board member

Hilde Bakken
Board member

Geir O. Sundbø
Board member

Geir Isaksen
Board member

Rune Bratteberg
Board member

Guro Mauset
Board member

Torgeir Kvidal
President and CEO (acting)

Risk management

Yara is committed to proactive and effective risk management to mitigate adverse effects on our operations and to identify and explore business opportunities. Ultimately, risk management contributes to achieving our long-term strategies and short-term goals.

Yara's risk management system aims to identify, assess and manage risk factors that could affect the performance of any parts of the company's operation. To this end, we have implemented a continuous and systematic process to mitigate potential damages and losses, and to capitalize on business opportunities.

Risk responsibilities

Yara's Board of Directors is responsible for defining risk appetite for all main risk categories relevant to the company. The Board oversees the risk management process and carries out biannual reviews of the company's most important risk categories and internal control arrangements.

Yara's Executive Management is responsible for operationalizing the defined risk appetite by maintaining an enterprise-wide system for risk management. The Executive Management performs risk assessments and actively monitors the development of top risks and initiates actions accordingly. Risk assessments performed by the operating segments and expert organizations are reviewed quarterly in an established Yara Executive Management Risk Committee.

While risk management is a centrally controlled process, risk evaluation is an integral part of all our business activities. The operating segments and expert organizations are the risk owners and regularly perform risk assessments based on established procedures to identify, assess and manage the risks that affect their business and analyze how these risks influence performance.

The corporate Risk Management function resides within Yara's controlling unit reporting to the Chief Financial Officer.

Framework and procedures

Yara has implemented a framework with clear policies and procedures to facilitate risk management across the organization. This creates a stable environment within which we can deliver on our strategic and operational objectives, and systematically identify and capture business opportunities.

Our framework is inspired by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM framework and the ISO 31000 risk management standard as the best practice benchmarks for assessing the soundness, efficiency and effectiveness of our risk management.

The materiality of different risk factors is determined by developing individual risk profiles assessing the likelihood and consequence of each risk. In this appraisal, a combination of qualitative and quantitative risk assessment techniques is deployed. Each risk is evaluated to determine whether the level is acceptable or unacceptable and to prioritize those that have the greatest potential impact on our performance. We also monitor the total risk exposure within each of our main risk categories.

We implement mitigating strategies and operational controls to ensure that each risk is optimally managed. Risk mitigation plans are based on evaluations of the cost of control and potential impacts relative to the benefits of reducing the risk. Our operating segments and expert organizations are responsible for making business continuity planning part of their key risk management activities and preparing contingency plans for high-impact, low-likelihood risks.

Once primary risks are managed, we continually monitor residual risks to ensure that they remain at an acceptable level and that events are properly addressed and managed. The risk profile is reviewed and updated at least annually, with more frequent updates if new opportunities or risks are identified. The risk mitigation plan is reviewed and updated on a quarterly basis to reflect the current status of risks and action plans, and is communicated to the Executive Management during quarterly business review meetings.

Risk appetite

Risk appetite is broadly defined as the level of risk an entity deems acceptable in the pursuit of overall goals. Responsibility for defining Yara's risk appetite rests with Yara's Board of Directors. The Board and Executive Management have jointly evaluated and defined risk appetite across key operational and strategic dimensions, arriving at a set of practical guidance statements on key risks. These risk appetite statements set boundaries for strategic initiatives, guide resource allocation and aid decision-making within the company. Furthermore, they convey the way we approach and evaluate risk to our investors, customers and society at large.

Health and safety

We aim to minimize the exposure of workers and contractors to conditions that could negatively affect their health, security and safety. Securing safe and healthy working conditions is our highest priority.

Ethics and compliance

We are committed to upholding high standards for ethical conduct across the organization in relation to business partners, investors, regulatory authorities and society at large. We have zero tolerance for unethical behavior and violation of our Code of Conduct.

Strategic governance

We are dedicated to maintaining an effective and efficient governance structure with appropriate control of key risks and have a low risk appetite for entering into joint ventures without adequate control.

Growth

We believe in profitable risk taking, in terms of pursuing investments and operations in selected growth markets given a sound understanding and mitigation of controllable risk.

Market dynamics

We optimize our business model by accepting exposure to volatility in international energy and market prices for own produced products. We have a lower risk appetite for open positions on third party products.

Energy sourcing

Securing access to, and stable supplies of, favorably priced natural gas is imperative to our operations and competitiveness. In regions with a competitive gas market, we will have a high risk appetite for spot gas contracts, while we generally seek to secure gas supply through long-term contracts in regions with a less competitive gas market.

Raw material sourcing

Securing key raw materials for our fertilizer production is crucial for our operations. The demand for raw materials is covered by our own production as well as sourcing from third parties. Yara has a low risk appetite and seeks opportunities to increase production of specialty phosphate (P) and potash (K). On raw materials considered to be commodity P and K we seek to have long term contractual agreements with key suppliers.

Operational production reliability

Yara has a low risk appetite for production downtime and aims to produce optimally at all times.

Finance capital discipline

We believe a solid financial base is the foundation for pursuit of sound growth opportunities, and have a low risk appetite for financial exposure not derived from the underlying business. We have a low risk appetite for risk of a downgrade to below investment grade BBB. We accept the underlying US dollar exposure embedded in the Yara business model, but keep a major part of the company's debt in US dollar as a partial hedge.

Risk factors

Yara is exposed to a number of strategic, operational, financial, health, environment, safety and quality related risks, as well as compliance risks that could have an adverse material effect on the company's business, reputation, operating results or financial condition. Several inherent business risks also represent business opportunities, underlining the need for systematic risk management of our operational and financial performance.

The Executive Management currently considers the following risk areas and factors to be the most relevant to Yara's business.

Strategic risks

Yara's business is closely interlinked with the major global challenges of resource scarcity, food insecurity and global warming. Execution of our strategy for sustainable, profitable growth depends on our ability to manage strategically important risk and opportunities relevant to our industry and arising from our business environment.

MARKET DYNAMICS - FERTILIZER PRICES

FACTOR
A large part of our business consists of sales of fertilizer products used in agriculture. While a growing world population, economic growth and changing dietary patterns are driving overall demand for food and fertilizer, swings in agricultural prices along with changes in global and regional fertilizer production capacity could significantly impact our profitability.

MITIGATION
Yara's business model, with a mix of own produced (OPP) and third party products (TPP) marketed by our global downstream organization, offers flexibility to adjust to supply and demand fluctuations. We increasingly focus on expanding sales of differentiated products where pricing and demand will be less volatile. Yara also conducts global optimization with risk reduction in mind, e.g. prioritizing a global presence, counter-seasonality and market flexibility in addition to short-term profitability.

MARKET DYNAMICS – NATURAL GAS PRICES

FACTOR
Due to natural gas being a key raw material in the production of nitrogen-based chemicals and fertilizer products, the pricing and availability of natural gas across regions is a strategic factor for Yara. Securing access to and stable supplies of favorably priced natural gas is imperative to our operations and competitiveness.

MITIGATION
Yara's risk exposure towards energy sourcing is minimized through global purchasing activities, based on our energy strategy. Executing this strategy, we are continuously monitoring options for additional and alternative sources of favorably priced natural gas in existing and new areas of production. In recent years we have switched a significant percentage of our European gas sourcing from oil-linked to hub-based contracts, and we are well positioned to cover the risk of spot exposure. We have the operational flexibility to reduce gas purchases and import ammonia for fertilizer production if gas prices peak, and we benefit from a natural hedge in the high correlation between nitrogen fertilizer prices and global energy prices.

RAW MATERIALS

FACTOR
Yara is sourcing from third parties a wide range of raw materials for fertilizer production, not at least phosphate and potash (P&K). Terminations, material change or failure of delivery in these arrangements can have a negative impact on Yara's operations.

MITIGATION
With respect to raw materials, as one of the world's largest buyer of phosphate and potash, we benefit from scale advantages in sourcing. To mitigate the risk of failure in sourcing of these key raw materials, Yara aims for long-term relationships with a wide network of suppliers, continuously aiming to optimize the company's phosphate balance. Yara currently evaluate several options for increasing the company's degree of self-sufficiency in specialty P and K through vertical integration.

STRATEGIC RISKS CONTINUES »

CLIMATE CHANGE

FACTOR	MITIGATION
Climate change is affecting growers in most parts of the world, threatening farm productivity and profitability, and potentially leading to fluctuations in demand that could impact adversely on Yara. At the same time, climate change offers business opportunities for companies able to adapt to new realities.	Yara develops solutions for reducing greenhouse gas emissions from agriculture. These include low-carbon nitrate fertilizer and solutions to increase productivity on existing farmland, thereby reducing the need for land use change. We invest in solutions for water-scarce agriculture and increased nutrient use efficiency, and our global network of agronomists assist growers in overcoming local challenges. On the global level we engage in multilateral processes setting and shaping the global agenda, especially related to the food–climate–water–energy nexus.

INVESTMENTS AND INTEGRATION

FACTOR	MITIGATION
Yara has an ambition to grow profitably, both organically and through step growth initiatives. The profitability of future growth initiatives relies on long-term price assumptions and future operational performance. Integration of new companies poses a risk of not being able to capture operational and financial synergies.	Yara has a well-defined capital value process for project identification, feasibility and verification at specific decision gates. A comprehensive, annual Strategy Development Process has been created. This includes key knowledge updates, such as energy and global pricing, as well as strategic assessments of specific opportunities or concerns. The integration of new businesses is managed and monitored based on accumulated learning from several large, successful business integrations completed during recent years.

POLITICAL RISK

FACTOR	MITIGATION
Our investments and operations may be affected as a result of changes in political leadership, policies and regulations as well as political and social instability in a country or region. Such changes could represent threats as well as opportunities for Yara.	Country and currency credit limits are defined, to ensure that the company's exposure is controlled. These measures are also used to assess the risk profile of new projects, as part of the capital expenditure approval process.

PRICE RISK ON INVENTORY

FACTOR	MITIGATION
We operate in an industry with price cyclicality on finished products and raw materials. With increasing volumes this could impact negatively on our cost, particularly in times of high and volatile prices.	The risk is primarily mitigated by flexibility on sourcing of TPP as well as proactive global optimization following up and challenging markets with high stocks. TPP exposure limits and follow-up have been established for the most TPP intensive countries.

Operational risks

We put substantial resources and efforts into minimizing potential risk of loss from inadequate or failed internal processes, people and systems, or from external events. We do so through preventative controls and indicators. Our focus is on managing the causes and mitigating their potential impacts through detective controls and actions.

PRODUCTION RELIABILITY

FACTOR	MITIGATION
Production unreliability and irregularities may result in lost volumes and contribution. Increased plant reliability, however, is a key driver of organic growth in our production system.	We actively seek to increase plant reliability and minimize irregularities by developing and implementing company-wide technical and operational standards along with best practices for maintenance and turnarounds, and through continuous investments in process safety. Specific critical equipment design and operations are given special attention. Employees undergo extensive training and risk awareness programs, and process safety and efficiency are subject to frequent and regular audits.

OPERATIONAL RISKS CONTINUES »

HUMAN CAPITAL

FACTOR	MITIGATION
Yara's ability to compete effectively and meet market demands depends heavily on the competence, experience and performance of its employees. Qualified, diverse and skilled staff is essential for Yara's business to be successful.	People management in Yara is geared towards optimizing workforce performance, attracting and developing talents and building a highly valued work culture in which employees have the possibility to develop their potential. We look to nurture an innovation culture that encourages the search for future growth opportunities to drive business development. Facing an increasingly competitive talent market, particularly in more remote locations, we have strengthened our employee value proposition to further improve our employer branding.

SUPPLY CHAIN

FACTOR	MITIGATION
We face internal and external risks, both upstream and downstream in the supply chain. Bottlenecks and inefficiencies in the planning, procurement, transport, handling or delivery of products may affect our ability to honor our commitments and could negatively impact our performance.	Internal supply chain risks are within our direct control and provide better opportunities for mitigation than external. Contingency plans to meet unexpected events are in place. In 2014 we continued the Supply Chain Project, targeting a new company-wide supply chain model that streamlines processes and systems to strengthen our competitive edge.

Financial risks

Due to its global operation Yara is exposed to various financial risks. Yara has in place, and is constantly developing, comprehensive policies, procedures and tools to manage these risks. In some cases Yara may utilize derivative instruments, such as forwards, options and swaps, to reduce financial risk exposures.

FINANCING RISK

FACTOR	MITIGATION
Refinancing of maturing loans or establishment of new financing may be difficult or costly to arrange. Adverse financial market conditions could lead to higher funding costs and postponement of projects.	Yara's strategy for mitigating financing risk is to maintain a solid financial position with a strong credit rating. This is achieved by flexibility in capital expenditures. Yara reduces the refinancing risk by basing its long-term funding on a variety of sources to avoid dependency on individual markets; and by timing the maturity dates of large facilities to avoid them falling due at the same time. Committed liquidity reserves are maintained to meet unforeseen costs. Yara has access to sufficient funding and borrowing facilities to meet currently foreseeable requirements, combined with a cash position that covers short-term needs.

CREDIT RISK

FACTOR	MITIGATION
Credit risk represents exposure to potential losses deriving from non-performance of counterparties.	Credit risk is monitored and managed by the business units and expert organizations on the basis of standard Yara policy, procedures and regular reporting. Yara has a well-established system for credit management, with defined exposure limits at customer, financial institution and country level. A number of instruments, such as credit insurance, letters of credit and bank guarantees, are deployed to mitigate credit risk. Yara's geographically diversified portfolio reduces the overall credit risk of the group.

FINANCIAL RISKS CONTINUES »

CURRENCY RISK

FACTOR	MITIGATION
As the fertilizer business is essentially a US dollar business, prices of Yara's most important products and raw materials are either directly denominated or determined in US dollars. In markets outside the USA, local prices will generally adjust to fluctuations in the US dollar exchange rate, with a certain time lag.	Yara keeps a major part of its debt in US dollars in order to reduce overall economic currency exposure. Yara also utilizes derivative instruments to manage foreign currency exchange rate risks. A well-established system for currency risk management is in place, with defined currency exposure limits. Yara's geographically diversified portfolio reduces the company's overall currency risk.

INTEREST RATE RISK

FACTOR	MITIGATION
Interest rates on different currencies vary dependent on the economy and political actions, which will influence Yara's funding cost over time. However, the overall exposure of our business to interest rate fluctuations is considered low.	Interest rate risk is managed on an assessment of the financial markets and macroeconomic development, in relation to the expected impact an interest change will have on Yara's financial performance. As a risk mitigation measure, Yara keeps part of the long-term debt portfolio in fixed interest rate agreements. Yara also utilizes derivative instruments to manage interest rate risks.

HESQ risks

Safety is always our top priority and we believe that all injuries are preventable. We commit to excellence in our HESQ performance, which is imperative to protect our employees and uphold productivity and performance. We have adopted a systematic approach to monitoring and reviewing the quality and handling of all our products, ensuring that proper care is taken along the entire value chain.

HEALTH AND SAFETY

FACTOR	MITIGATION
Every step of our value chain, from the sourcing of products and raw materials, through production, to storage and transportation has associated risks that could negatively impact the health and safety of our employees and contractors. Despite our commitment to make safety our priority and our strong belief that all injuries are preventable, our operations and production facilities are exposed to undesired incidents.	Yara has a strong health and safety track record based on a number of tools, programs and activities to mitigate risks in our operations and protect employees, contractors and third parties from harm. Our Safe by Choice is the umbrella for all safety activities with the aim to train and encourage staff to always act and react in accordance with our safety standards. The competence and the discipline of each employee to follow our safety standards promotes risk awareness on the job and in private life.

PERSONNEL SECURITY RISK

FACTOR	MITIGATION
Our global activities may be exposed to national or regional conflicts and acts of terrorism, which could impede our operations and represent a threat to personnel security.	We continuously assess and manage regional and local threats to our personnel. In 2013 we established the new position of Personnel Security Officer, in charge of overseeing personnel security activities, maintaining corporate guidelines and initiating appropriate mitigation actions in response to potential threats.

NATURAL DISASTERS

FACTOR	MITIGATION
Our production and logistics operations could be directly or indirectly affected by natural disasters.	We have implemented specific precautionary measures for operations located in areas more likely to be affected by extreme weather conditions and natural disasters. Significant efforts are also put into crisis management training and scenario planning, to minimize potential threats to security, health and operational assets.

Compliance risks

We are committed to upholding high standards for ethical conduct across the organization in relation to business partners, investors, regulatory authorities and society at large. We have zero tolerance for unethical behavior and violation of our Code of Conduct

FACTOR	MITIGATION
ANTI-CORRUPTION RISK	
We have zero tolerance for corruption and unethical behavior of all employees, vendors, service providers, agents and other intermediaries; yet unacceptable incidents cannot be ruled out.	Our zero tolerance stance on anti-corruption has been systematically implemented and communicated throughout our organization and to business partners. Yara's Ethics and Compliance Department coordinates and oversees the company's ethics and compliance work, including policy development, training, advisory services, internal investigations and reporting. An Integrity Due Diligence process is defined to map risks related to business partners on various topics, including Corruption, Human Rights and Labor Rights. Our external, whistle-blowing channel allows employees, consultants and third parties to raise concerns anonymously.
ETHICS RISK	
Failure, real or perceived, to abide by our ethical principles and comply with international standards e.g. on labor relations, human rights and environmental footprint, will have a damaging effect on our brand and reputation. It can also negatively affect our relationship with current and future business partners, and both legal sanctions and financial loss can occur. In positive terms, demonstrating a commitment to good ethical conduct and awareness of environmental and social responsibility can be leveraged to create competitive edge and create value for business partners, employees and society at large.	Business conduct performance and reporting are set at high standards, reflecting Yara's commitments. Our reporting is based on the Global Reporting Initiative (GRI) G3.1 reporting framework and we submit a Communication on Progress (COP) to the UN Global Compact initiative on an annual basis. Social impact assessments are obligatory parts of larger expansions and greenfield projects. Yara has developed a Business Partner Code of Conduct that takes into account internationally recognized and endorsed standards in key areas such as universal human and labor rights, and business ethics.
LEGAL COMPLIANCE RISK	
Operating a global business involves a risk of mistakes and failure to comply with all applicable local and international laws regulating our activities.	Our policies, procedures and international accords are monitored, communicated, followed and integrated into the way we do business. We strive continuously to improve our internal business systems by formalizing and documenting our policies, procedures and steering systems. Extensive training throughout the organization has been given, to ensure we develop and ensure compliance with all applicable laws and regulations. We have a low risk appetite for entering into joint ventures without having a controlling stake and adequate control of key risk.

Financial Review

"Yara pioneers using calcium nitrate in thermal storage. Our new application benefits society and companies alike."

Emilio Iglesias, Sales Manager,
Madrid, Spain

"In Spain, Yara employs its expertise and invests in innovation to expand the use of a product such as calcium nitrate (CN) into added value products. For example, in the Nutriox Concept we use CN in waste water systems to prevent toxic emissions of hydrogen sulfide (H_2S), thereby preventing bad odor. In 2014, we invested in developing the use of CN to improve thermal storage in concentrated solar power systems."

Yara invests in knowledge – and transfers knowledge.

Emilio Iglesias joined Yara in 2003, and works as Process Chemicals & Nitrates Sales Manager with Yara Industrial in Madrid, Spain. He is an agricultural engineer with an MBA IE Business School, Madrid, Spain.

Financial performance

Yara's 2014 net income after non-controlling interests was NOK 7,625 million, a 32% increase from 2013. Corresponding earnings per share were NOK 27.59, compared with NOK 20.67 in 2013. EBITDA excluding special items ended at NOK 16,544 million, up 20% from NOK 13,834 million in 2013, mainly due to lower gas costs in Europe.

Financial highlights

NOK millions, except where indicated otherwise	2014	2013	2012	2011	2010
Revenue and other income	95,343	85,092	84,509	80,352	65,374
Operating income	10,305	8,074	11,159	13,240	7,467
Share net income equity-accounted investees	786	1,076	1,964	1,889	1,515
EBITDA	16,407	13,399	16,970	18,163	15,315
EBITDA excl. special items	16,544	13,834	16,850	16,010	10,748
Net income after non-controlling interests	7,625	5,759	10,552	12,066	8,729
Earnings per share [1)]	27.59	20.67	37.31	41.99	30.24
Earnings per share excl. currency [1)]	29.33	23.20	35.85	42.51	31.85
Earnings per share excl. currency and special items [1)]	30.66	24.95	35.34	34.94	20.69
Average number of shares outstanding (millions)	276.4	278.6	282.8	287.3	288.7
CROGI (12-month rolling average)	13.3 %	12.6 %	17.3 %	20.9 %	17.4 %
ROCE (12-month rolling average)	13.3 %	12.6 %	19.3 %	25.8 %	20.6 %

1) NOK per share. Yara currently has no share-based compensation programs that result in a dilutive effect on earnings per share.

Key statistics

Average prices		2014	2013	2012	2011	2010
Urea prilled (fob Black Sea)	USD per ton	318	341	407	423	289
CAN (cif Germany)	USD per ton	329	315	337	379	265
Ammonia (fob Black Sea)	USD per ton	496	477	545	518	357
DAP (fob US Gulf)	USD per ton	473	443	536	620	500
Phosphate rock (fob Morocco)	USD per ton	118	143	182	185	124
European gas (Zeebrugge)	USD per MMBtu	8.1	10.6	9.4	9.2	6.6
US gas (Henry Hub)	USD per MMBtu	4.4	3.7	2.8	4.0	4.4
Yara's gas & oil cost (weighted average) [1)]	USD per MMBtu	6.9	8.0	8.0	8.2	5.7
Yara's European gas & oil cost (weighted average) [1)]	USD per MMBtu	9.1	11.4	11.0	10.7	7.6
USD/NOK currency rate		6.30	5.87	5.81	5.60	6.04
Production (Thousand tons) [1)]						
Ammonia		7,096	7,360	7,035	6,655	7,335
Finished fertilizer and industrial products, excl. bulk blends		18,828	18,649	17,521	17,307	17,195
Total		25,924	26,009	24,555	23,962	24,531
Sales (Thousand tons)						
Ammonia Trade		2,041	2,203	2,566	2,856	2,639
Fertilizer		26,317	23,668	20,748	19,522	20,276
Industrial products [2)]		6,593	6,255	6,008	5,784	5,536
Total		34,951	32,127	29,322	28,163	28,450

1) Including Yara share of production in equity-accounted investees.
2) Including feed phosphates and CO_2 as from 2014 reporting. 2010 to 2013 figures have been restated accordingly.

Variance analysis

NOK millions	2014
EBITDA 2014	16,407
EBITDA 2013	13,399
Variance EBITDA	3,009
Volume & mix	399
Price/margin	560
Oil & gas costs in Europe	2,314
Special items	299
Other	(1,499)
Translation NOK vs. USD [1]	936
Total variance explained	3,009

1) Based on quarterly average NOK per USD rates as detailed in Yara 2014 reports.

Volume development

Global Yara fertilizer deliveries were 26.3 million tons, up 11% compared with 2013. This includes the new volumes from Bunge from 8 August 2013, which is the main driver to the increase of NPK blends of 44% and other fertilizers of 60% (mainly phosphates and potash fertilizers). NPK compounds increased 3% while nitrates were down 3%, and urea down 4%. The value of the NPK volume growth more than compensated for the reduced deliveries of both nitrates and urea. Excluding Brazil and OFD, volumes were down 1%, with 11% lower urea deliveries, 2% lower nitrate deliveries and NPK compound deliveries in line with 2013. The company has in 2014 sold its full fertilizer production capacity, and reductions of deliveries are mainly linked to reduced availability of joint-venture urea. This has partly been compensated by increased sales of third-party products.

Industrial sales volumes were 5% higher compared with 2013, with Air1 sales 31% ahead, and sales of technical urea, nitric acid and ammonia to the process industry up 8%. Feed phosphate and nitrates deliveries were up 2% while stationary NO_x abatement products and CO_2 sales were slightly below 2013. Technical ammonium nitrate (TAN) sales were down 10% due to unfavorable market conditions.

Yara's ammonia production decreased 4% compared with 2013 mainly for three reasons; A fire in the Tertre plant in mid-January kept the plant out of production for 3 months, while the Lifeco plant in Libya also stopped production in mid-January due to a local militia group blockade. Lifeco production gradually resumed during second quarter, and the plant produced at less than 50% capacity during second half of 2014. Major scheduled turnarounds with a longer duration than planned due to unforeseen repairs also impacted the production volumes negatively. The production losses were partly compensated by increased production in other plants.

Finished fertilizer production increased by 1% compared with 2013. CN and NPK production increased by 7% and 2%, respectively, mainly due to higher production in the Norwegian plants, but also as a result of the acquired Cartagena plant (OFD) included from fourth quarter. SSP production increased by 23% due to the former Bunge plants in Brazil. Despite the production losses in Tertre, nitrate production was in line with 2013, while urea production was 3% below mainly due to lower production in Lifeco. UAN production decreased 14% partly to enable more urea and nitrate production. Overall the finished fertilizer production was running well in 2014 in most plants with new production records in several plants.

Margin development

Yara's average European gas and oil cost was 2.25 USD/MMBtu lower compared with 2013 due to lower spot gas prices. The 14% decrease in Yara's global average oil and gas price reflects decreases in both European spot gas prices and ammonia-linked gas costs outside Europe, partly offset by increased North American gas prices.

Ammonia market prices were 4% higher compared with 2013, while Yara's average realized urea prices were 5% lower. Realized nitrate prices were 2% lower and NPK compound prices decreased 4%. NPK premium above blend cost was in line with 2013. Blend margins in Brazil were slightly higher than 2013.

Industrial margins generally benefited from increased demand and lower raw material sourcing costs compared with 2013. Process chemicals margins increased compared with the previous year due to increased sales to export-based industries in Europe. Air1 margins increased as new heavy-duty trucks sales picked up this year in Europe and in the US accompanied by lower logistics costs. Margins for stationary NO_x abatement products improved as technology sales complemented reagent sales and higher sales of Yara's SO_x scrubber technology. TAN margins were lower than in 2013 due to lower market demand.

Other items

Total net special items for 2014 were a negative NOK 137 million, primarily related to integration and transaction costs in connection with the acquisition of OFD in Latin America, scrapping of production equipment following turnaround and the first-quarter production stop in Libya. Special items for 2013 were a net negative NOK 435 million.
Further details on special items / Page 49

The major part of the "Other" variance is related to increased fixed costs, primarily due to the acquisitions of Bunge and OFD and other growth related activities.

The US dollar was on average approximately 7% stronger versus the Norwegian krone compared with full-year 2013, resulting in a positive translation effect in Yara's results.

The volume, margin and other variances presented in the Yara variance table include effects generated by performance in equity-accounted investees. Net income from the main equity-accounted investees is shown in the table below.

Net income from equity-accounted investees

Net income from equity-accounted investees decreased by NOK 290 million compared with 2013, mainly driven by lower result in Lifeco and Qafco. Qafco results reflect decreased sales volumes, lower prices and higher gas costs. The decreased volumes were due to record sale in first quarter 2013, phasing of sales between December 2013 and January 2014 and lower production due to turnarounds. GrowHow UK benefited from lower gas costs and less extensive turnarounds, which more than compensated for lower sales prices. Lifeco results reflect limited production volumes, as operations stopped mid-January after a local militia group blocked the plant until beginning of April. From mid-April through December, Lifeco ran below the plant capacity due to gas curtailments. Net income from other equity-accounted investees was in 2014 negatively affected by a write-down of NOK 85 million related to the equity value of our shares in IC Potash.

Financial items

Yara bases its long-term funding on diversified sources of capital to avoid dependency on individual markets. As the fertilizer business is essentially a US dollar business, with both revenues and raw material costs denominated or determined in dollars, Yara keeps a major part of its debt in US dollars in order to reduce overall currency exposure. At year-end 2014, 82% of Yara's long-term debt was US dollar denominated or US dollar exposed through currency derivatives. USD 500 million of Yara's long-term debt carried fixed interest rate at an average interest cost of 8.3%.

Net financial expense in 2014 was NOK 1,056 million, compared with NOK 1,439 million in 2013. The variance mainly reflects a net foreign exchange loss of NOK 698 million in 2014, compared with NOK 949 million in 2013. The currency effect in 2014 comprises a loss of NOK 1,221 million on Yara's US dollar debt positions as the US dollar appreciated against most of Yara's main currencies, and a gain of NOK 523 million related to internal currency positions where offsetting translation effects have been booked directly to equity. In 2013, the loss on Yara's US dollar debt positions was NOK 394 million while the loss related to internal positions was NOK 556 million.

Net income from equity-accounted investees

NOK millions	2014	2013	2012	2011	2010
Qafco	677	960	1,368	1,018	729
Tringen [1]	-	-	250	243	227
Rossosh	-	-	-	112	137
Burrup	-	-	-	169	(156)
GrowHow UK Ltd	232	143	437	334	221
Lifeco	(189)	(58)	(196)	(131)	179
Other	65	31	104	144	178
Total	786	1,076	1,964	1,889	1,515

1) Tringen is from 2014 classified as "Joint operations" in line with IFRS 11, and is not any longer included as equity-accounted investee. 2013 figures have been restated accordingly.

Financial items

NOK millions	2014	2013	2012	2011	2010
Interest income from customers	314	182	124	118	112
Interest income, other	170	225	266	201	130
Dividends and net gain/(loss) on securities	66	7	14	(9)	3,580
Interest income and other financial income	550	414	404	309	3,822
Interest expense	(756)	(724)	(762)	(650)	(667)
Net interest expense on net pension liability	(69)	(87)	(64)	(6)	(67)
Net foreign exchange gain/(loss)	(698)	(949)	596	(215)	(676)
Other	(84)	(92)	(115)	(162)	(214)
Interest expense and foreign exchange gain/(loss)	(1,606)	(1,852)	(344)	(1,033)	(1,625)
Net financial income/(expense)	(1,056)	(1,439)	60	(724)	2,197

Net interest-bearing debt

NOK millions	2014
Net interest-bearing debt at beginning of period	(3,333)
Cash earnings [1]	12,382
Dividends received from equity-accounted investees	1,322
Net operating capital change	(3,774)
OFD Holding	(2,909)
Galvani	(1,595)
Investments (net)	(7,796)
Share buy backs/redemption of shares	(441)
Yara dividend	(2,771)
Foreign exchange gain/(loss)	(698)
Other	(2,196)
of which foreign exchange adjustment [2]	(1,071)
Net interest-bearing debt at end of period	(11,808)

1) Operating income plus depreciation and amortization, minus tax paid, net gain/(loss) on disposals, net interest expense and bank charges.
2) The currency effect included in «Other» is an adjustment from the currency gain/loss in the income statement to the currency impact on net interest bearing debt. The adjustment is mainly explained by applied hedge accounting for net investments in USD, the translation effect when consolidating net interest bearing debt to the presentation currency NOK and internal currency positions that are not related to net interest bearing debt.

Yara's US dollar debt generating currency effects was kept around USD 1,000 million in the first three quarters of 2014, with the exposure mainly towards the euro and the Brazilian real. In the fourth quarter, the debt increased to around USD 1,300-1,400 million with the exposure mainly towards the Brazilian real and other emerging market currencies.

Interest expense was NOK 32 million higher than in 2013, reflecting an average gross debt level around NOK 500 million higher and increased funding in high interest currencies like the BRL.

Interest income from customers increased by NOK 132 million compared with 2013, mainly reflecting increased sales in Brazil. Other interest income was NOK 55 million below 2013 as Yara reduced its cash deposits throughout 2014.

The financial income in 2014 also includes NOK 66 million from gain on shares in Baltic distribution and trade companies and dividends from non-consolidated investees.

Tax

2014 current and deferred taxes were NOK 2,092 million, representing approximately 21% of income before tax (23% excluding net income from non-consolidated investees).
Yara has in its previously communicated financial scenarios assumed a normal tax rate of 25%, excluding net income from non-consolidated investees.

Net interest-bearing debt

As a supplement to the consolidated statement of cash flows (page 62), this table highlights the key factors behind the development in net interest-bearing debt. At the end of 2014, net interest-bearing debt was NOK 11,808 million.

Net interest-bearing debt increased by NOK 8,475 million from the end of 2013, as strong cash inflows funded significant maintenance and growth investments, including the acquisition of OFD, Colombia and Galvani, Brazil. In addition, 56% of 2013 net income after non-controlling interests was returned to Yara's shareholders as dividends and share buy-backs.

Investment activity level was high in 2014, and mainly reflects planned maintenance and productivity investments as well as growth projects. The acquisition of OFD and Galvani increased net interest-bearing debt by NOK 2,909 million and 1,595 million respectively. Yara also provided NOK 859 million in funding for the Yara Pilbara Nitrates joint venture TAN plant construction in 2014.

Net operating capital at the end of 2014 was NOK 19,266 million, an increase of NOK 3,774 million (excluding currency effects) from 31 December 2013. The increase was mainly due to higher inventory values.

Dividends and cash received from equity-accounted investees were NOK 1,322 million, down from NOK 1,862 million in 2013. Foreign exchange effects include significant currency impact from appreciation of US dollar towards Norwegian krone.

Yara's Annual General Meeting approved a dividend for 2013 of NOK 10.00 per share, giving a total dividend of NOK 2,771 million payable in 2014. Share buy-backs and redemption of shares amounted to NOK 441 million in 2014.

The debt/equity ratio at the end of 2014, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.17 compared to 0.06 at the end of 2013.

Definitions and variance analysis

The fertilizer season in Western Europe referred to in this discussion starts 1 July and ends 30 June.

"Tons" in this development refers to metric tons, equal to 1,000 kilograms.

Several of Yara's purchase and sales contracts for commodities are, or have embedded terms and conditions which under IFRS are, accounted for as derivatives. The derivative elements of these contracts are presented under "Commodity-based derivatives gain/(loss)" in the consolidated statement of income, and are referenced in the variance analysis (see below) as "Special items".

"Other and eliminations" consists mainly of cross-segment eliminations, in addition to Yara's headquarter costs. Profits on sales from Upstream to Downstream and Industrial are not recognized in the consolidated statement of income before the products are sold to external customers. These internal profits are eliminated in "Other and eliminations".

Changes in "Other and eliminations" EBITDA therefore usually reflect changes in Upstream-sourced stock (volumes) held by Downstream and Industrial, but can also be affected by changes in Upstream margins on products sold to Downstream and Industrial, as transfer prices move in line with arms-length market prices. With all other variables held constant, higher stocks would result in a higher (negative) elimination effect in Yara's results, as would higher Upstream margins. Over time these effects tend to even out, to the extent that stock levels and margins normalize.

In the discussion of operating results, Yara refers to certain non-GAAP financial measures including EBITDA and CROGI. Yara's management makes regular use of these measures to evaluate performance, both in absolute terms and comparatively, from period to period. These measures are viewed by Management as providing a better understanding – both for management and for investors – of the underlying operating results of the business segments for the period under evaluation. Yara manages long-term debt and taxes on a group basis. Therefore, net income is discussed only for the group as a whole.

Yara's management model, referred to as Value Based Management, reflects management's focus on cash flow-based performance indicators. EBITDA, which Yara defines as income/(loss) before tax, interest expense, foreign exchange gains/losses, depreciation, amortization and write-downs, is an approximation of cash flow from operating activities before tax and net operating capital changes. EBITDA is a measure that in addition to operating income, also includes interest income, other financial income, and results from equity-accounted investees. It excludes depreciation, writedowns and amortization, as well as impairment and amortization of excess values in equity-accounted investees. Yara's definition of EBITDA may differ from that of other companies.

EBITDA should not be considered as an alternative to operating income and income before tax as an indicator of the company's operations in accordance with generally accepted accounting principles. Nor is EBITDA an alternative to cash flow from operating activities in accordance with generally accepted accounting principles.

Yara Management uses CROGI (Cash Return On Gross Investment) to measure performance. CROGI is defined as gross cash flow, divided by average gross investment and is calculated on a 12-month rolling basis. "Gross cash flow" is defined as EBITDA less total tax expense, excluding tax on net foreign exchange gains/ losses. On Yara level, actual tax expense is used for the calculation while a standardized tax rate of 25% is used on segment level. "Gross Investment" is defined as total assets (exclusive of deferred tax assets, cash and cash equivalents, other liquid assets and fair value adjustment recognized in equity) plus accumulated depreciation and amortization, less all short-term interest-free liabilities, except deferred tax liabilities. On segment level, cash and other liquid assets are not excluded from "Gross Investment".

ROCE (Return on capital employed) has been included as an additional performance measure to CROGI to simplify benchmarking with other companies. ROCE is defined as EBIT minus tax divided by average capital employed and is calculated on a 12-month rolling average basis. Capital employed is defined as total assets adjusted for deferred tax assets minus other current liabilities.

In order to track underlying business developments from period to period, Yara's Management also uses a variance analysis methodology, developed within the company ("Variance Analysis"), that involves the extraction of financial information from the accounting system, as well as statistical and other data from internal management information systems. Management considers the estimates produced by the Variance Analysis, and the identification of trends based on such analysis, sufficiently precise to provide useful data to monitor our business. However, these estimates should be understood to be less than an exact quantification of the changes and trends indicated by such analysis.

The variance analysis presented in Yara quarterly and annual financial reports is prepared on a Yara EBITDA basis including net income from equity-accounted investees. The volume, margin and other variances presented therefore include effects generated by performance in non-consolidated investees.

Yara defines "special items" as material items in the results which are not regarded as part of underlying business performance for the period. These fall into 2 categories, namely "non-recurring items" and "contract derivatives". "Non-recurring items" comprise restructuring-related items and other gains or losses which are not primarily related to the period in which they are recognized, subject to a minimum value of NOK 20 million per item within a 12-month period. "Contract derivatives" are commodity-based derivatives gains or losses (see above) which are not the result of active exposure or position management by Yara.

Due to it being impractical to obtain financial reports at the same reporting dates as Yara uses, the results for some of Yara's equity-accounted investees are included in Yara results with a one-month time lag.

Special items

	EBITDA effect		Operating income effect	
NOK millions	2014	2013	2014	2013
Bunge integration costs	(26)	(180)	(26)	(180)
Partner settlement provision	(46)	-	(46)	-
Sale of minority shares Baltic	56	-	-	-
OFD integration costs	(133)	-	(133)	-
Impairment/scrapping Brazil	-	(19)	(102)	(38)
Impairment Australia	-	-	(58)	-
2005-2007 sales tax	-	(95)	-	(95)
Total Downstream	(149)	(294)	(365)	(313)
Impairment Pardies plant	-	-	(62)	-
Industrial contract settlement	(62)	-	(62)	-
Total Industrial	(62)	-	(123)	-
Lifeco results during shut-down	(90)	-	-	-
Write-down Harjavalta	-	-	(38)	-
Pension plan amendment	58	30	58	30
Scrapping of production equipment	(111)	-	(111)	-
Liquidated damages gas contract in Pilbara	151	-	151	-
Impairment ammonia customer relationships	-	-	(50)	-
Pilbara transaction effects	-	(32)	-	(32)
Write-down expansion project	-	-	-	(36)
Disputed Lifeco utility costs	-	(138)	-	-
Contract derivatives	68	294	68	294
Total Upstream	74	154	77	256
Corporate penalty and confiscation	-	(295)	-	(295)
Total Other and eliminations	-	(295)	-	(295)
Total Yara	(137)	(435)	(412)	(351)

Production volumes [1)]

Thousand tons	2014	2013	2012	2011	2010
Ammonia	7,096	7,360	7,035	6,655	7,335
of which equity-accounted investees	1,410	1,488	1,278	1,305	1,895
Urea	4,790	4,841	4,121	3,577	3,802
of which equity-accounted investees	1,440	1,616	1,142	862	1,180
Nitrate	6,252	6,224	6,217	6,320	6,155
of which equity-accounted investees	389	361	375	487	620
NPK	4,755	4,646	4,490	4,612	4,631
of which equity-accounted investees	216	181	257	447	566
CN	1,287	1,199	1,253	1,193	1,183
UAN	934	1,081	953	1,049	813
SSP-based fertilizer	810	659	486	556	612
Total production [1)]	25,924	26,009	24,555	23,962	24,531

1) Including Yara share of production in equity-accounted investees. Tringen is from 2014 classified as "Joint operations" in line with IFRS 11, and is not any longer included as equity-accounted investee. 2010 to 2013 figures have been restated accordingly.

Sales volumes

Thousand tons	2014	2013	2012	2011	2010
Ammonia	2,859	3,050	3,398	3,731	3,567
of which industrial products [1)]	715	669	683	749	725
Urea	6,908	6,741	5,994	5,424	5,611
of which fertilizer	5,298	5,494	4,699	4,236	4,588
of which Yara-produced fertilizer	1,997	1,923	2,070	1,686	1,656
of which Yara-produced industrial products [2)]	1,241	1,123	1,046	864	841
of which equity-accounted investees	2,471	3,100	1,975	1,527	2,169
Nitrate	6,249	6,489	6,383	5,921	6,286
of which fertilizer	5,542	5,699	5,543	5,122	5,486
of which Yara-produced fertilizer	5,100	5,243	5,144	4,701	4,982
of which Yara-produced industrial products	570	649	710	684	648
NPK	9,925	8,183	6,605	6,565	6,619
of which Yara-produced compounds	4,386	4,391	4,233	3,849	4,090
of which Yara-produced blends	5,139	3,546	2,004	1,937	1,922
CN	1,380	1,323	1,271	1,286	1,181
of which fertilizer	1,002	987	898	919	846
of which Yara-produced fertilizer	975	971	862	884	800
of which Yara-produced industrial products	349	309	344	340	312
UAN	1,332	1,290	1,222	1,158	965
of which Yara-produced fertilizer	1,200	1,196	1,165	1,052	886
DAP/MAP	777	377	483	249	273
MOP/SOP	989	596	309	269	326
Other products	4,533	4,079	3,656	3,561	3,623
of which industrial products [3)]	3,184	3,214	2,817	2,682	2,653
Total sales [3)]	34,951	32,127	29,322	28,163	28,450

1) 82% ammonia equivalents.
2) 46% urea equivalents.
3) Including feed phosphates and CO_2 as from 2014 reporting. 2010 to 2013 figures have been restated accordingly.

Fertilizer volumes by regions

Thousand tons	2014	2013	2012	2011	2010
Europe	9,755	10,199	9,706	9,367	10,294
Latin America	9,864	6,900	4,720	3,798	3,565
North America	3,320	3,265	3,038	2,887	2,711
Asia	2,011	2,279	2,124	2,284	2,271
Africa	1,368	1,026	1,160	1,188	1,435
Total	26,317	23,668	20,748	19,522	20,276

Purchase of raw materials

Thousand tons	2014	2013	2012	2011	2010
Phosphate rock (in 70 BPL equivalents)	1,040	1,059	972	916	1,067
Potassium (in MOP equivalents)	3,218	2,039	1,801	1,649	1,472

For a description of the key global fertilizer products, see the Yara Fertilizer Industry Handbook:
http://www.yara.com/investor relations/report presentations/index.aspx

The Yara share

Yara aims to be an attractive investment for shareholders, and to provide competitive returns compared to other investment alternatives. The Yara share shall be liquid and an attractive investment opportunity.

We are committed to serving all our shareholders and potential investors by providing consistent, open and prompt disclosure of relevant information. Our policy is equal treatment of all stakeholders, including analysts, banks, institutional investors and private shareholders. All information that may be important and relevant for Norwegian and international markets is provided in the form of releases to the Oslo Stock Exchange (OSE), media and financial newswires. Yara presents quarterly results as live webcasts and at its headquarters at Drammensveien 131 in Oslo, Norway. In addition, Yara holds regular meetings with investors both in Europe and overseas.

Share performance and distribution

In 2014 a total of 653 million Yara shares were traded of which 235 million on the OSE, at a value of NOK 67.2 billion, making Yara the third most traded company on the OSE. The average daily trading volume for Yara shares on the OSE during 2014 was 938,168.

The highest closing price during the year was NOK 340 and the lowest was NOK 239.20. The year-end closing price was NOK 333.80, representing a 28% increase from the 2013 year-end closing price. Yara's market value as of 31 December 2014 was NOK 92.2 billion, making Yara the fourth-largest company quoted on the Oslo Stock Exchange.

At year-end 2014 Yara had 31,887 shareholders. Non-Norwegian investors owned 44.7% of the total stock, of which 16.8% was from the United States and 7.7% from the United Kingdom. The Norwegian State, through the Ministry of Trade and Industry, is the largest single owner with 36.21% of the shares. Norwegian private ownership of Yara shares was 19.1% at the end of 2014.

Yara share & OBX performance

Common share data

	Q1	Q2	Q3	Q4	2014	2013
Basic earnings per share	6.4	8.26	9.3	6.74	27.59	20.63
Average number of shares outstanding [1]	277,050,910	276,544,365	276,176,905	275,784,079	276,385,013	278,647,345
Period end number of shares outstanding [1]	277,050,910	276,227,775	276,107,775	275,497,775	275,497,775	277,050,910
Average daily trading volume [2]	1,013,131	1,004,454	818,153	919,701	936,372	921,586
Average closing share price	255	280	303	311	288	261.8
Closing share price (end of period)	265	307	323	334	334	261
Closing share price high	270	309	325	340	340	298
Market capitalization (end of period NOK billion)	73.3	84.9	89.1	92.2	92.2	72.7
Dividend per share					13.00 [3]	10.00

1) Excluding own shares.
2) Only trades on OSE.
3) Proposed.

ADR performance and voting rights

Yara has a sponsored level 1 ADR (American Depository Receipt) program in the United States. The ADRs are not listed, but are bought and sold OTC, i.e. through any broker licensed to buy and sell US securities. One ADR represents one ordinary Yara share.

On 31 December 2014, the ADR was quoted at USD 44.06, a 3% increase for the year. To find a recent price quote for Yara ADRs please go to www.adr.com. The ticker symbol is YARIY.

Shares must be registered with the Norwegian Central Securities Depository (Verdipapirsentralen) in the name of the real owner if holders want to vote for their shares at the shareholders' meeting. Holders of Yara ADRs should check their voting rights with JPMorgan, which is the depository bank for Yara ADRs.

Cash distribution policy

Yara's objective is to pay out an average 40–45% of net income in the form of dividends and share buy-backs. Within this objective, a minimum 30% of net income shall be paid in the form of dividends, while share buy-backs make up the balance and are deployed with greater flexibility. The dividend pertaining to a fiscal year will be declared at Yara's Annual General Meeting in the following year.

In 2014 Yara paid out NOK 3,212 million in dividends and share buy-backs, representing approximately 54% of net income in 2013. Dividends accounted for NOK 2,771 million, representing 48% of 2013 net income, while share buy-backs amounted to NOK 441 million, representing 6% of 2013 net income.

Yara's Board will propose to the Annual General Meeting a dividend payment of NOK 13 per share for 2014, which represents 47% of net income after non-controlling interests, totaling a payment of NOK 3,581 million based on outstanding shares at the date this financial statement was authorized for issue.

The Yara Annual General Meeting on 05 May 2014 authorized Yara's Board to buy back up to 5% of total shares (13,811,388 shares) before the 2014 Yara Annual General Meeting, at a purchase price not less than NOK 10 and not more than NOK 1,000. A precondition for the program was that an agreement was entered into with the Norwegian State where the State committed to sell a proportional share of its holdings to leave the State's ownership (36.21%) unchanged.

As of 31 December 2014 Yara had bought 730,000 shares under the existing authorization.

Shareholding distribution

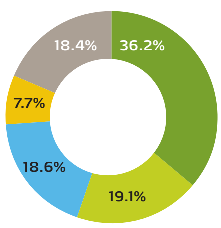
As of 31 December 2014

Ownership structure

No. of shares	No of sharehholders	% of share capital
1-100	18,832	0.24
101-1,000	10,483	1.25
1,001-10,000	1,861	2.06
10,001-100,000	480	5.67
100,001-1,000,000	197	22.28
above 1,000,000	34	68.5

Shareholding distribution

As of 31 December 2014



Shareholding distribution [1)]

As of 31 December 2014

Ownership structure

Name	Holding (%)
Ministry of Trade, Industry and Fisheries	36.21
Norwegian National Insurance Scheme fund	6.24
Fidelity Management & Research	2.33
People's Bank of China	1.9
BlackRock	1.68
Deutsche Asset & Wealth Management	1.21
LSV Asset Management	1.21
KLP	1.15
Storebrand Investments	1.14
Epoch Investment Partners	1.13
Danske Capital	1.05
Invesco Perpetual	1.04
Banque Delen, Brussels (PB)	1.01
Sprucegrove Investment Management	0.9
Legal & General Investment Management	0.88

1) This shareholder list is delivered by RD:IR and VPS through their service Nominee ID. The list is made by analyzing information provided by registered shareholders on request from Yara International. Neither RD:IR nor VPS guarantee that the information is complete. For a list of the 20 largest registered shareholders as of 31 December 2014, see note 14 on page 154 in this annual report.

2015 Annual General Meeting

The Yara Annual General Meeting will take place at 17:00 (CEST) Monday 11 May 2015, at Yara headquarters in Drammensveien 131, Oslo. Shareholders who wish to attend the Annual General Meeting are asked to inform Yara's registrar by 12:00 CEST on Friday 7 May 2015.

Shareholders may also register electronically on the Yara webpage www.yara.com/register or at the Norwegian Central Securities Depository investor services site at www.vps.no.

For more information on how to vote, consult Yara's voting form or visit the company's website.

Analyst coverage

35 financial analysts provide market updates and estimates for Yara's financial results, of whom 24 are located outside Norway.

Rating

Rating agencies Moody's and Standard & Poor's have rated Yara as solid investment grade. Reflecting its strong market position and cost leadership, Yara is rated investment grade 'Baa2' with Moody's and 'BBB' with Standard & Poor's.

Change of address

Shareholders registered in the Norwegian Central Securities Depository should send information about changes of address to their registrars and not directly to the company.

Registrar information

Registered shareholders may contact our registrar in Norway regarding share transfers, address changes and other issues related to their holding of Yara shares. The contact details are shown below.

Share facts

Symbol: YAR
Listing: Oslo Stock Exchange (OSE)

Yara's registrar in Norway
DNB ASA
Verdipapirservice
Dronning Eufemias gate 30
N-0021 Oslo
Phone: +47 23 26 80 21
Fax: +47 22 48 11 71
www.dnb.no

Yara's ADR depositary bank
JPMorgan is the depositary bank for Yara ADRs:
JPMorgan Chase Bank N.A.
1 Chase Manhattan Plaza, Floor 21.
New York.
NY 10005
USA
Phone (US): 800-990-1135
Phone (outside US): +1 651-453-2128
E-mail: jpmorgan.adr@wellsfargo.com
www.adr.com

2014 Dividend schedule

Ex dividend data	12 May 2015
Payment date	21 May 2015

2015 Release dates

First quarter	24 April 2015
Second quarter	21 July 2015
Third quarter	21 October 2015
Fourth quarter	11 February 2016

Outlook, risks and opportunities

Our industry and operations are influenced by global megatrends as well as local and regional developments. We continuously evaluate the risk and opportunity landscape, based both on our own expertise and experience, and external considerations.

In the 2014 Global Risk report from the World Economic Forum (WEF), five out of ten major global risks identified are directly related to our business, including water and food crises, climate change and greater incidence of extreme weather conditions. We see business opportunities arising from these challenges and will continue to address them through our global engagement and development of innovative solutions, including those linked to Climate-Smart Agriculture and Emissions to Air.

Market outlook

Yara serves two major market segments: The agricultural market in which we are the leading supplier of nitrogen-based crop nutrition, and the industrial market where our main offerings are environmental solutions, technical ammonium nitrate, industrial gases and chemicals. Building on our business model and competitive edge, we see significant growth opportunities in both market segments.

Agricultural solutions

Global demand for agricultural products is driven mainly by a growing world population and economic growth. Stronger purchasing power leads to dietary changes and higher consumption of meat, requiring larger quantities of feed grain, which again drives the demand for mineral fertilizers.

In its February 2014 'Agricultural Projections to 2023', the United States Department of Agriculture (USDA) identifies long term increases in the consumption, trade and prices of agricultural products. An anticipated global economic growth averaging 3.2% annually over the coming decade will support worldwide demand for food. The USDA expects prices for major crops to remain relatively low in the near term, due to global production increases in recent years, then pick up again in the longer term. The food price index of the Food and Agriculture Organization of the United Nations (FAO) for 2014 was on average 4% down on 2013, with a 13% drop for cereals. In their joint 'Agricultural Outlook 2014–2023' report, the FAO and the Organization for Economic Co-operation and Development (OECD) project improved stock-to-use ratios for cereals, in particular driven by higher rice inventories in Asia, while overall growth in the demand for agricultural produce will remain strong. The potential for land expansion is limited for cereals, and production growth will mostly be driven by yield increases. Apart from input prices, resource constraints such as land degradation, water scarcity and environmental considerations, also present limitations to production growth. There are both up- and downside risks for the global cereal market, with adverse weather being a major downside risk.

During 2014 the global market for the three main plant nutrients remained supply-driven and production curtailments were needed to balance the market. In coming years the continued need for increased agricultural productivity is expected to drive demand growth, and the prospects for high quality plant nutrition programs are good. The International Fertilizer Industry Association (IFA), in its 2014 assessment 'Fertilizer Outlook 2014–2018', sees a moderate growth in global fertilizer demand towards 2018. The highest growth rates are found in Eastern Europe, Asia excluding China, Latin America and Africa – while China's N and P fertilizer demand has reached a plateau. World fertilizer consumption is expected to reach 200 million tons of nutrients in 2018 (compared with an estimated 188 million tons in 2014), of which nitrogen constitutes 120 million tons.

The nitrogen (N) market is expected to remain supply driven in the short to medium term, with export costs from China being the main price setter in the global market. The export cost from China is a function of coal prices, high quality anthracite coal in particular, the amount of natural gas allocated to ammonia production, transport costs and trade policy measures. Tighter market conditions in China, raising Chinese nitrogen pricing above costs, remain an upside risk. Capacity investments outside China, in North America in particular, may reduce dependency on Chinese exports somewhat, but substantial quantities will still be required.

In the phosphate (P) market, sharply increased farm prices in India after 2011 have led to a significant reduction in P consumption. As India is the by far the world's largest importer, this development has had a substantial negative effect on global pricing. As is the case in the nitrogen market, China is the main swing supplier also for phosphates, and export cost from China is the most important factor in setting global prices. But phosphate production is more consolidated than nitrogen, and volume over price strategies by the largest producers can be seen from time to time in this market. The potash (K) market has been affected by a similar development in India, although its share of global trade is lower for K than for P. Following the surge in K prices in 2007/08, most of the existing producers have added capacity, pursuing volumes at the expense of price, leading to lower potash prices in 2014.

Industrial offerings

Economic growth is also the main driver of demand for Yara's industrial products. Urbanization and a growing middle class lead to increased demand for construction, automotives and electronics, driving demand for several chemicals where nitrogen is an important intermediate, along with technical nitrates used for explosives in the extraction of mineral resources. Climate change and protection of the environment are key areas for many of the activities of our Industrial segment.

The three nitrogen building blocks ammonia, urea and nitric acid, are used for a wide range of applications. Uncertain economic conditions and volatility have influenced business confidence and the operations of our customers in recent years, putting industrial markets under pressure. Nitrogen producers are also facing a projected ammonia and urea capacity increase worldwide. However, Yara's growing geographical spread and broad customer portfolio creates business stability across economic cycles.

Automotive and construction are the key drivers for Yara's process chemicals business. In general, process chemicals demand follows GDP developments and, as the global economy gets slowly back on track in 2014 onwards, the nitrogen based chemical market is expected to grow in the mid-term.

Environmental solutions constitute a legislation-driven business that has become a sizable market and is expected to grow in the years to come. The Industrial Emission Directive (IED) in Europe, MATS and CAIR in North America, and China's 12th and 13th 5-year plans aim to reduce current emission limits and require several new industry segments to comply with NO_X limits. Combining NO_X abatement technologies with reduction agents and related services, we expect to gain a unique position in the environmental market. Yara continues to have a strong reagent leadership position in Europe. However, imports from the Middle East, North Africa and Eastern Europe into this market niche are growing. Our ambition is to become a global emission to air abatement company by further enlarging our portfolio of offerings besides NO_X abatement.

Fertilizer industry outlook

The nitrogen fertilizer industry is highly competitive, with a large number of producers. Market prices are influenced by several factors, not least the supply situation, which again is closely connected to production capacity and costs.

World capacity additions are expected to come mainly in commodities. The main recent supply additions have come in China, Qatar and North Africa. In China, coal-based urea capacity is being added. However, China remains a high-cost producer, and is expected to remain the global swing producer in the near future. Several new projects announced are uncertain and annual nitrogen capacity additions outside China in the near term are expected to be in line with consumption growth trends over the last decade. Even if capacity growth were to exceed consumption growth, the strong dependency on nitrogen export from China will remain.

China, development of energy prices, and cost of capital will remain important drivers for global nitrogen pricing in the longer term. Due to lower natural gas prices in North America, there is considerable investment in nitrogen capacity in this region. Other regions where investments are planned, but where timing and volume are more unclear, are Sub-Saharan Africa, the former Soviet Union, Latin America and Iran. Capacity increases from new investments are to a certain extent offset by reduced production from existing capacity, whether caused by political problems, gas supply issues or equipment age.

Company outlook

Yara supplies commodity fertilizer as well as value-added products. World demand for premium products is increasing and we expect this market segment, where we benefit from our crop nutrition knowledge, to grow further. Over the past years value-added products and solutions have constituted an increasing share of Yara's total fertilizer deliveries, now making up more than 50% of the total. Yara's ambition is to further increase the value-added share of total sales, with our portfolio driven towards greater product differentiation and less reliance on commodity swings. Our innovation focus, including activities within the growing fertigation segment, supports this development.

Yara will continue to execute its growth strategy and is well on the way to reaching its medium-term goal of increasing overall sales volumes of own produced fertilizer from the 2010 level of 24.5 million tons, to 32.5 million. Several projects generating organic growth are in the pipeline; others under consideration. In addition to investments of NOK 5–6 billion a year in maintenance and reliability upgrades of our ongoing operation, Yara will continue to seek profitable growth opportunities, backed by a strong financial position. Safety is a top focus in all of our operations, to protect people and facilities from harm and to uphold and improve reliability and profitability.

In 2015 we focus on realizing synergies from recent acquisitions, notably in Latin America, and improving global optimization. In addition to Latin America, we see profitable downstream growth opportunities in several markets, in particular in parts of Asia; in the longer run also in Africa. For environmental solutions, we see sizable global opportunities as stronger policy regulations drive several markets, not least in Asia and the Americas.

Our innovation aims to reinforce our competitive edge, not least with regard to developing solutions to meet existing and emerging global challenges, including resource scarcity, climate change and food security.

Financial statements

Consolidated financial statements

» Due to rounding differences, figures or percentages may not add up to the total.

Consolidated statement of income

NOK millions, except share information	Notes	2014	2013 Restated [1]
Revenue	5	95,047	84,668
Other income		293	119
Commodity based derivatives gain/(loss)		2	305
Revenue and other income		95,343	85,092
Raw materials, energy costs and freight expenses		(71,581)	(64,772)
Change in inventories of own production		1,023	(14)
Payroll and related costs	6	(6,616)	(5,454)
Depreciation, amortization and impairment loss	7	(4,678)	(3,743)
Other operating expenses	6	(3,186)	(3,036)
Operating costs and expenses		(85,037)	(77,018)
Operating income		10,305	8,074
Share of net income in equity-accounted investees	13	786	1,076
Interest income and other financial income	8	550	414
Earnings before interest expense and tax (EBIT)		11,642	9,563
Foreign exchange gain/(loss)	8	(698)	(949)
Interest expense and other financial items	8	(909)	(904)
Income before tax		10,035	7,711
Income tax expense	9	(2,092)	(1,602)
Net income		7,944	6,108
Net income attributable to			
Shareholders of the parent		7,625	5,759
Non-controlling interests	22	319	350
Net income		7,944	6,108
Earnings per share [2]	10	27.59	20.67
Weighted average number of shares outstanding [3]	10	276,385,013	278,647,345

1) See note 36 for more information.
2) Yara currently has no share-based compensation that results in a dilutive effect on earnings per share.
3) Weighted average number of shares outstanding was reduced in second, third and fourth quarter 2013 and 2014 due to the share buy-back program.

Consolidated statement of comprehensive income

NOK millions	Notes	2014	2013 Restated [1)]
Net income		7,944	6,108
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translation on translation of foreign operations		8,057	4,851
Available-for-sale financial assets - change in fair value	30	(12)	26
Cash flow hedges	29	(20)	-
Hedge of net investments	29	(682)	(292)
Share of other comprehensive income of equity-accounted investees, excluding remeasurements		52	70
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		7,395	4,655
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Remeasurements of the net defined benefit pension liability	23	(1,026)	399
Remeasurements of the net defined benefit pension liability for equity-accounted investees	13	(160)	(90)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		(1,186)	309
Reclassification adjustments of the period:			
- cash flow hedges	29	13	15
- fair value adjustments on available-for-sale financial assets disposed of in the year	30	(16)	-
- foreign currency translation on foreign operations disposed of in the year		8	-
Net reclassification adjustment of the period		4	15
Total other comprehensive income, net of tax		6,214	4,979
Total comprehensive income		14,157	11,087
Total comprehensive income attributable to			
Shareholders of the parent		13,325	10,572
Non-controlling interests	22	832	514
Total		14,157	11,087

1) See note 36 for more information.

Consolidated statement of changes in equity

NOK millions	Share Capital 2)	Premium paid-in capital	Translation of foreign operations	Available for sale financial assets	Cash flow hedges	Hedge of net invest-ments	Total other reserves	Retained earnings	Attri-butable to share-holders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2012 as reported 2013	477	117	(2,805)	5	(255)	169	(2,886)	50,538	48,246	1,745	49,991
Implementation of revised IAS 28 and IFRS 11, restatement effect	-	-	-	-	-	-	-	(652)	(652)	-	(652)
Balance at 1 January 2013 Restated 1)	477	117	(2,805)	5	(255)	169	(2,886)	49,886	47,594	1,745	49,339
Net income	-	-	-	-	-	-	-	5,759	5,759	349	6,108
Other comprehensive income, net of tax	-	-	4,686	26	15	(292)	4,435	399	4,834	165	4,999
Share of other comprehensive income of equity-accounted investees	-	-	6	-	63	-	69	(89)	(20)	-	(20)
Total other comprehensive income, net of tax	-	-	4,692	26	78	(292)	4,504	310	4,814	165	4,979
Long-term incentive plan	-	-	-	-	-	-	-	(5)	(5)	-	(5)
Transactions with non-controlling interests	-	-	-	-	-	-	-	17	17	(6)	11
Treasury shares	(2)	-	-	-	-	-	-	(375)	(377)	-	(377)
Redeemed shares, Norwegian State 3)	(4)	-	-	-	-	-	-	(529)	(533)	-	(533)
Dividends distributed	-	-	-	-	-	-	-	(3,647)	(3,647)	(100)	(3,748)
Balance at 31 December 2013 Restated 1)	471	117	1,887	30	(177)	(122)	1,618	51,415	53,621	2,152	55,773
Net income	-	-	-	-	-	-	-	7,625	7,625	319	7,944
Other comprehensive income, net of tax	-	-	7,551	(28)	(7)	(682)	6,834	(1,026)	5,808	514	6,322
Share of other comprehensive income of equity-accounted investees	-	-	8	-	39	-	47	(155)	(108)	-	(108)
Total other comprehensive income, net of tax	-	-	7,558	(28)	32	(682)	6,881	(1,181)	5,700	514	6,214
Long term incentive plan	-	-	-	-	-	-	-	(2)	(2)	-	(2)
Transactions with non-controlling interests	-	-	-	-	-	-	-	33	33	1,047	1,080
Treasury shares	(1)	-	-	-	-	-	-	(229)	(230)	-	(230)
Redeemed shares, Norwegian State 4)	(1)	-	-	-	-	-	-	(210)	(211)	-	(211)
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	-	-	-	-	180	180
Dividends distributed	-	-	-	-	-	-	-	(2,771)	(2,771)	(15)	(2,786)
Balance at 31 December 2014	468	117	9,445	3	(145)	(804)	8,499	54,681	63,765	4,196	67,962

1) See note 36 for more information.
2) Par value 1.70.
3) As approved by General Meeting 13 May 2013.
4) As approved by General Meeting 5 May 2014.

Consolidated statement of financial position

NOK millions	Notes	31 Dec 2014	31 Dec 2013 Restated 1)	1 Jan 2013 Restated 1)
Assets				
Non-current assets				
Deferred tax assets	9	2,804	1,984	1,409
Intangible assets	11	12,008	8,419	7,512
Property, plant and equipment	12	44,584	34,611	28,594
Equity-accounted investees	13	10,934	9,361	9,069
Other non-current assets	15	2,729	1,549	1,437
Total non-current assets		73,059	55,923	48,022
Current assets				
Inventories	17	18,639	13,129	12,003
Trade receivables	18	12,100	9,339	8,086
Prepaid expenses and other current assets	19	4,196	3,378	2,635
Cash and cash equivalents	20	3,591	6,824	10,015
Non-current assets classified as held-for-sale		47	8	11
Total current assets		38,573	32,679	32,750
Total assets		111,632	88,602	80,772

1) See note 36 for more information.

Consolidated statement of financial position

NOK millions, except share information	Notes	31 Dec 2014	31 Dec 2013 Restated [1]	1 Jan 2013 Restated [1]
Equity and liabilities				
Equity				
Share capital reduced for treasury stock	21	468	471	477
Premium paid-in capital		117	117	117
Total paid-in capital		586	588	594
Other reserves		8,499	1,618	(2,886)
Retained earnings		54,681	51,415	49,886
Total equity attributable to shareholders of the parent		63,765	53,621	47,594
Non-controlling interests	22	4,196	2,152	1,745
Total equity		67,962	55,773	49,339
Non-current liabilities				
Employee benefits	23	3,897	2,339	2,427
Deferred tax liabilities	9	5,767	4,423	4,444
Other long-term liabilities		989	569	659
Long-term provisions	24	725	398	407
Long-term interest-bearing debt	25	10,609	5,833	9,287
Total non-current liabilities		21,987	13,562	17,224
Current liabilities				
Trade and other payables	26	14,628	11,961	9,838
Current tax liabilities	9	1,060	1,407	1,932
Short-term provisions	24	348	458	230
Other short-term liabilities		843	1,114	686
Bank loans and other interest-bearing short-term debt	27	4,460	500	520
Current portion of long-term debt	25	345	3,826	1,004
Total current liabilities		21,683	19,266	14,209
Total equity and liabilities		111,632	88,602	80,772
Number of shares outstanding [2]		275,497,775	277,050,910	280,567,264

1) See note 36 for more information.
2) Weighted average number of shares outstanding was reduced in the second, third and fourth quarters of 2013 and second, third and fourth quarters of 2014 due to the share buy-back program.

The Board of Directors of Yara International ASA
Oslo, 19 March 2015

Leif Teksum
Chairperson

Hilde Merete Aasheim
Vice chair

John Thuestad
Board member

Hilde Bakken
Board member

Geir O. Sundbø
Board member

Geir Isaksen
Board member

Rune Bratteberg
Board member

Guro Mauset
Board member

Torgeir Kvidal
President and CEO (acting)

Consolidated statement of cash flows

NOK millions	Notes	31 Dec 2014	31 Dec 2013 Restated [1)]
Operating activities			
Operating Income		10,305	8,074
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation, amortization and impairment loss	7	4,678	3,743
Write down inventory and trade receivables		53	5
Tax paid [2)]		(2,378)	(3,881)
Dividend from equity-accounted investees	13	1,322	1,862
Interest and bank charges received/(paid)		(384)	(420)
(Gain)/loss on disposal and revaluation of non-current assets		157	22
Other		(113)	(159)
Working capital changes that provided/(used) cash			
Receivables		(218)	806
Inventories		(2,439)	2,506
Prepaid expenses and other current assets		(662)	919
Payable		(1,170)	(1,126)
Other interest free liabilities		(544)	(49)
Net cash provided by operating activities		8,607	12,300
Investing activities			
Purchases of property, plant and equipment		(7,020)	(5,420)
Net cash outflow on acquisition of subsidiary	4	(2,280)	(4,319)
Purchases of other long-term investments		(524)	(434)
Net sales/(purchases) of short-term investments		-	(1)
Proceeds from sales of property, plant and equipment		26	38
Net cash inflow on disposal of subsidiary		-	2
Proceeds from sales of other long-term investments	3	98	621
Net cash used in investing activities		(9,700)	(9,514)
Financing activities			
Loan proceeds		5,165	82
Principal payments		(4,503)	(1,367)
Purchase of treasury shares		(230)	(377)
Redeemed shares Norwegian State		(211)	(533)
Dividend		(2,771)	(3,647)
Net cash transfers (to)/from non-controlling interest	22	163	(100)
Net cash used in financing activities		(2,387)	(5,944)
Foreign currency effects on cash flows		246	(33)
Net increase/(decrease) in cash and cash equivalents		(3,233)	(3,191)
Cash and cash equivalents at 1 January		6,824	10,015
Cash and cash equivalents at 31 December	20	3,591	6,824
Bank deposits not available for the use of other group companies	20	463	383

1) See note 36 for more information.
2) Profit attributable to foreign shareholder (Yara) is subject to tax in Qatar. The tax is paid by Qafco, but refunded by Yara. Tax paid to Qatar was NOK 349 million in 2014 (2013: NOK 434 million).

Accounting policies

GENERAL

Yara (the Group) consists of Yara International ASA and its subsidiaries. Yara International ASA is a public limited company incorporated in Norway. The Company's registered office is at Drammensveien 131, Oslo, Norway.

The consolidated financial statements consist of the Group and the Group's interests in associated companies and jointly controlled entities. The principal activities of the Group are described in note 5 and note 13.

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB) and approved by the European Union (EU), as well as additional information requirements in accordance with the Norwegian Accounting Act.

BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention; modified to include revaluation to fair value of available-for-sale financial assets and derivative financial instruments.

BASIS OF CONSOLIDATION

The consolidated financial statements include Yara International ASA and entities controlled by Yara International ASA (its subsidiaries). Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of Yara International ASA and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra group transactions, balances, income and expenses are eliminated in full on consolidation. Profit or losses from transactions with associated companies and joint ventures are recognized in the Group's consolidated financial statements only to the extent of interest in the associate or joint ventures that is not related to the Group. When a group entity transacts with a joint operation in which a group entity is a joint operator, such as a sale or contribution of assets, the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transaction are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation. When a group entity enters into a transaction with a joint operation in which it is a joint operator, such as purchase of assets, it does not recognize its share of the gain and losses until it resells those assets to a third party.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

NEW AND REVISED STANDARDS - ADOPTED

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS effective at 1 January 2014.

IFRS 10 Consolidated Financial Statements and revised IAS 27 Separate Financial Statements.

The Group adopted IFRS 10 in the current year. IFRS 10 changes the definition of control and Yara has assessed whether or not the Group has control over some of the associates or joint ventures (under the previously existing IAS 28 and the old IAS 31). At the date of initial application of IFRS 10, the Group assessed that it did not control any of the equity-accounted investees.

IFRS 11 Joint Arrangements.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. Yara's management assessed the classification of the Group's investments in joint arrangements in accordance with IFRS 11. Management concluded that two joint arrangements should be classified as joint operations and thus changing the accounting from equity method to the Group's ownership to assets, liabilities, revenues and expenses. The companies are Trinidad Nitrogen Company Ltd. (Tringen), where Yara owns 49%, and Yara Pilbara Nitrates, where Yara consolidates 55% (owned directly 35% by Yara and 20% through Yara Pilbara Holding where Yara has an ownership of 51%). The main reason why Tringen is classified as a joint operation is that Yara buys all products produced by the plant. Yara Pilbara Nitrates is classified as a joint operation as the entity's revenues will be provided solely by the parties of the joint operation. See note 36 for further details.

IFRS 12 Disclosure of Interests in Other entities.

More extensive disclosures is required by IFRS 12 for entities having interests in subsidiaries, joint arrangements and associates. These requirements are included in the consolidated financial statements, see notes 13, 14 and 22.

IAS 28 Investments in Associates and Joint Ventures (Revised).

Yara sold 16% in Yara Praxair Holding AS in 2011 and joint control ceased over this entity. This transaction gave a remeasurement gain of remaining 34% ownership in the associate of NOK 661 million. Under the revised IAS 28 remeasurement of remaining ownership is not required. The effect has been restated. The restatement reduces the carrying value of the investment and Yara's equity. Also, the restatement gave a NOK 8 million positive impact on earnings before interest expense and tax due to reversal of amortization of excess values. See note 36 for further details.

NEW AND REVISED STANDARDS – NOT YET EFFECTIVE

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IAS 19 Defined Benefit Plans: Employee Contributions – Amendments to IAS 19. Adoption 1 January 2015.
- IAS 1 Disclosure Initiative – Amendments to IAS 1. Adoption 1 January 2016.
- IAS 16 and IAS 41 Agriculture – Bearer Plants – Amendments to IAS 16 and IAS 41. Adoption 1 January 2016.
- IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization- amendments to IAS 16 and IAS 38. Adoption 1 January 2016.
- IAS 27 Equity Method in Separate Financial Statements – Amendments to IAS 27. Adoption 1 January 2016.
- IFRS 15 Revenue from contracts with customers (issued 2014). Adoption 1 January 2017.
- IFRS 9 Financial Instruments (issued 2009). Expected adoption 1 January 2018.
- Improvements to IFRSs, 2010-2012 cycle and 2011-2013 cycle (December 2013). Adoption 1 January 2015.
- Improvements to IFRSs, 2012-2014 cycle and 2011-2013 cycle (September 2014). Adoption 1 January 2016.

IMPACT ON THE GROUP – SELECTED STANDARDS NOT YET EFFECTIVE

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. In July 2014 a revised version of IFRS 9 was issued. The revised version included impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" measurement category for certain simple debt instruments. Full evaluation of the impact has not been completed at this stage. This standard is expected to become effective for annual periods beginning on or after 1 January 2018.

IFRS 15 was issued in May 2014. The standard establishes a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction contracts and the related interpretations when it becomes effective. Under IFRS 15 an entity recognizes revenue when a performance obligation is satisfied, i.e. when control over the goods or services underlying the particular performance obligation is transferred to the customer. More details on when control is transferred have been included in the standard. Also, more extensive disclosure requirements are required. The evaluation of the impact has not been completed at this stage, but the directors don't anticipate a significant impact on the financial statements except for more comprehensive disclosures.

The Directors anticipate that the adoption of other new and revised standards will not significantly impact the financial statements.

FOREIGN CURRENCIES

Translation to Norwegian krone (NOK) of foreign companies

The individual financial statements of a subsidiary company are prepared in the company's functional currency, normally the currency of the country where the company is located. Yara International ASA uses NOK as its functional currency, which is also used as the presentation currency for the consolidated financial statements. In preparing the consolidated financial statements, the financial statements of foreign operations are translated using the exchange rates at year-end for statement of financial position items and monthly average exchange rates for statement of income items. Translation gains and losses, including effects of exchange rate changes on transactions designated as hedges of net foreign investments, are included in other comprehensive income as a separate component. The translation difference derived from each foreign subsidiary, associated company or jointly controlled entity, accumulated from 1 January 2004, is reversed through the statement of income as part of the gain or loss arising from the divestment or liquidation of such a foreign operation.

In individual companies, transactions in currencies other than the entity's functional currency are recorded at the exchange rate at the date of transaction. Monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

All foreign currency translations are recognized in the income statement with the exception of foreign currency translations on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, or monetary items that are regarded as a part of the net investments. These foreign currency translations are recognized as a separate component of other comprehensive income until the disposal of the net investment or settlement of the monetary item, at which time they are recognized in the consolidated statement of income. Tax charges and credits attributable to foreign currency translations on those borrowings are also recognized in other comprehensive income.

Foreign exchange hedges

To hedge the Group's currency exposure the Group enters into currency-based derivative financial instruments. The Group's accounting policies for such contracts are explained below under financial instruments.

BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except for deferred tax assets and liabilities, share-based payment arrangements and held-for-sale assets or disposal groups. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquire's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the business combination is achieved in stages, the acquisition date fair value of Yara's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

For each business combination, Yara measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Changes in the fair value of the contingent consideration that arise from additional information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date are adjusted retrospectively with corresponding adjustments against goodwill.

Any contingent consideration to be transferred by Yara will be recognized at fair value at the acquisition date. Contingent consideration is classified as an asset or liability and is measured at fair value with change in fair value recognized either in profit or loss or as a change in other comprehensive income. Contingent consideration not within the scope of IAS 39 is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured. Subsequent settlement is accounted for within equity.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items where the accounting is incomplete. Those provisional amounts are adjusted or additional assets or liabilities are recognized within the next twelve months from the acquisition date, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

GOODWILL

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit prorated on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

The Group's accounting policy for goodwill arising on the acquisition of an associate or joint arrangements is described under associated companies and joint arrangements below.

FAIR VALUE MEASUREMENT

The Group measures financial instruments, such as derivatives, and non-financial assets at fair value at each balance sheet date and all identified asset and liabilities acquired through business combinations at fair value at the acquisition date. All assets and liabilities for which fair value is measured at the balance sheet date or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

In estimating the fair value of an asset or liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group may engage third party qualified valuers to perform the valuation. The Group does not hold significant non-financial assets or liabilities that are required to be measured at fair value at each balance sheet date.

Assets and liabilities acquired through a business combination are categorized in level 3 of the fair value hierarchy if nothing else is stated in note 4. The Group applies generally accepted valuation techniques for the relevant asset or liability. Discount factor used is entity specific, including various risk factors.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

REVENUE RECOGNITION

Sale of goods

Revenue from the sale of products, including products sold in international commodity markets, is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Group
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for products provided in the normal course of business, net of discounts and sales related taxes. Yara's rebate arrangements include fixed-rate rebates or variable rate rebates increasing with higher volumes. For variable rate rebates, the estimated rebate is accrued at each revenue transaction, and the accrual is adjusted at the end of each rebate period, which typically is the end of a fertilizer season.

In arrangements where Yara acts as an agent, such as commission sales, only the net commission fee is recognized as revenue.

Government grants
Government grants are recognized in the consolidated financial statement when the Group has reasonable assurance that it will receive them and comply with conditions attached to them. Government grants that compensate the Group for expenses are recognized in the statement of income as the expenses are incurred. Government grants that compensate the Group for the cost of an asset are deducted in the carrying amount of the asset and recognized in the statement of income on a systematic basis over the useful life of the asset as a reduction to depreciation expense.

Dividends received
Dividends from investments are recognized in the statement of income when the Group has a right to receive the dividends.

Interest income
Interest income is recognized in the statement of income as it is accrued, based on the effective interest method.

TAX
Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year.

Deferred tax
Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent these can be utilized against probable taxable profits. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Current and deferred tax for the period
Current and deferred tax are recognized as expense or income in the statement of income, except when they relate to items recognized in other comprehensive income, in which case the tax is also recognized as other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of Yara's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

INTANGIBLE ASSETS
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Separately acquired intangible assets are recognized at fair value at the time of acquisition. As part of business combinations, intangible assets acquired as a result of contracts or legal rights, or rights that can be separated from the acquired entity, are recognized at fair value.

Research costs are expensed as incurred. Costs incurred in development of certain internally generated intangible assets, such as software, are expensed until all the recognition criteria are met. Qualifying costs incurred subsequently to meet the recognition criteria are capitalized.

Exploration and evaluation expenditure
Yara incurs costs related to evaluation and exploration of phosphate and potash. Expenditures to acquire such mineral interests and to drill and equip mines are capitalized as exploration and evaluation expenditure within intangible assets until the mine is complete and the results have been evaluated. If, following evaluation, the exploratory mine has not found proved reserves, the previously capitalized costs are evaluated for derecognition or tested for impairment.

Capitalized exploration and evaluation expenditure, including expenditures to acquire mineral interests, related to mines that find proven reserves are transferred from Exploration expenditure (Intangible assets) to Assets under construction (Property, plant and equipment) when the project reaches the development phase.

PROPERTY, PLANT AND EQUIPMENT
Measurement
Property, plant and equipment are measured at historic cost less accumulated depreciation and any impairment loss. If a legal or constructive obligation exists to decommission property, plant and equipment, the carrying value of the assets is increased with the discounted value of the obligation when it arises.

Repair and maintenance
Expenses in connection with periodic maintenance on property, plant and equipment are recognized as assets and depreciated on a systematic basis until the next periodic maintenance, provided the criteria for capitalizing such items have been met. Expenses in connection with ordinary maintenance and repairs are recognized in the statement of income as they are incurred. Expenses incurred in connection with major replacements and renewals that materially extend the life of property, plant and equipment are capitalized and depreciated on a systematic basis.

Useful life
Property, plant and equipment are depreciated on a straight-line basis over their expected useful life. If individual parts of property, plant and equipment have different useful lives they are accounted for and depreciated separately. Expected useful life and residual value is, unless immaterial, re-assessed annually. An asset's carrying amount is written down to its recoverable amount if the assets carrying amount is higher than its esti-

mated recoverable amount. Gain or loss due to sale or retirement of property, plant and equipment is calculated as the difference between sales proceeds and carrying value and is recognized in the statement of income.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets.

Demolition costs
Costs incurred in respect of obligation for dismantling, removing and restoring a site are recognized as property, plant and equipment when such obligation incurs and when the recognition criteria are met when an asset is acquired or when the obligation incurs when the asset is still in use.

Stripping costs
Stripping costs (waste rock removal) in the production phase of existing mines are capitalized as tangible assets when the activity gives improved access to ore and when the following recognition criteria are met:

- It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity.
- The component of the ore body for which access has been improved can be clearly identified.
- The costs relating to the improved access to the ore component can be measured reliably.

ASSOCIATED COMPANIES AND JOINT ARRANGEMENTS

Associated companies are investments in companies where the Group has significant influence, but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Normally exists when the Group controls between 20% and 50% of the voting rights. Yara currently has one investment with ownership level less than 20% which is classified as an associate, see note 13 for more information.

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement is either a joint operation or a joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The classification of joint arrangements as a joint operation or a joint venture depends upon rights and obligations of the parties to the arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint ventures
The share of results, assets and liabilities of associated companies and joint ventures are incorporated into the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, investments are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associated companies and jointly controlled entities, less any impairment in the value of the investment.

The consolidated statement of income reflects the Group's share of the results after tax of the associated companies and joint ventures. The consolidated statement of comprehensive income reflects the Group's share of any income and expense recognized by the associate or joint ventures outside the statement of income. Any excess of the cost of acquisition of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Yara reviews the carrying amount of equity-accounted investments for impairment if indications of loss in value are identified. Impairment indicators may be operating losses or adverse markets conditions. As Yara's associated companies and joint ventures are generally not listed on a stock exchange or regularly traded, the impairment review for such investments can rarely be based on observable market prices. Fair value of the investment is estimated based on valuation model techniques. If it is considered probable that the fair value is below Yara's carrying value, an impairment loss is recognized.

In preparing their individual financial statements, the accounting policies of certain associated companies and joint ventures do not conform with the accounting policies of Yara. Where appropriate, adjustments are made in order to present the consolidated financial statements on a consistent basis.

Investments in joint operations
When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation and;
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRSs applicable to the particular assets, liabilities, revenues and expenses.

INVENTORY

Inventories are stated at the lower of cost, using the first-in, first-out method ("FIFO"), and net realizable value. Net realizable value is estimated sales price reduced by costs of completion and other sales costs. Cost is direct materials, direct labor, other direct cost and an appropriate portion of production overhead, or the price to purchase inventory.

IMPAIRMENT OF NON-CURRENT ASSETS OTHER THAN GOODWILL

The Group assesses the carrying amount of tangible assets and identifiable intangible assets annually, or more frequently if events or changes in circumstances indicate that such carrying amounts may not be recoverable. Factors considered material by the Group and that could trigger an impairment test include:

- Significant underperformance relative to historical or projected future results, or
- Significant changes in the manner of the Group's use of the assets or the strategy for the overall business, or
- Significant negative industry or economic trends.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell and value in use. When it is determined that the carrying amount of tangible assets and identifiable intangible assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, any impairment is measured based on discounted projected cash flows using a pre-tax discount rate. An impairment loss is recognized to the extent that the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Previously recognized impairment losses, except for goodwill, are reversed if the assumptions for impairment are no longer present. Impairment losses are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment had been recognized.

OWN SHARES

When own shares are repurchased, the amount of consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. Gain/loss from the sale of own shares is recognized as a change in equity.

DIVIDENDS PAID

Dividends are recognized as a liability in the period that they are declared by the Annual General Meeting

EMPLOYEE BENEFITS

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan. The amount is an estimation of future benefits that the employees have earned in return for their service in current and prior periods. The benefit is discounted to determine its present value, and the fair value of the plan assets and unvested past service cost is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds or government bonds where no market for high quality corporate bonds exists. If the bond has a different maturity from the obligation, the discount rate is adjusted. Qualified actuaries using the projected credit unit method perform the calculations.

Past service costs, arising from the amendment of plan benefits, are recognized immediately in profit or loss. Remeasurement gains and losses are recognized as retained earnings through other comprehensive income in the period they occur, and will not be reclassified to profit or loss in subsequent periods.

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as an expense in the statement of income when employees have rendered services entitling them to the contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or deduction in future payments is available.

Other long-term benefits

The Group's obligation in respect of other long-term benefits is the amount of future benefits that the employees have earned in return for their service in current and prior periods. The obligation is discounted based on the same principles as defined benefit plans.

Share-based compensation

In the long-term incentive program for Yara Management and top executives Yara shall purchase shares on behalf of the employees. The original purchase amount is recorded as reduction in equity and the recognition of costs takes place during the vesting period, see note 34. If an executive does not meet the vesting conditions the net proceeds must be returned to Yara and will be recognized directly against equity.

The Group may also give employees the option to purchase shares in Yara at a reduced price. The related cost is recognized when the employee exercises this option.

PROVISIONS

A provision is recognized when the Group has a present obligation (legal or constructive) following a past event and it is likely that this will result in an outflow of cash or transfer of other assets to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of the cash flow.

RESTRUCTURING

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as a provision. An onerous contract is considered to exist where the Group has a contract where the unavoidable costs of meeting the obligations under a contract exceeds the economic benefits expected to be received from it.

Site restoration

A provision for an obligation to restore a site is recognized when it occurs as a consequence of a constructive or legal obligation.

Guarantees

A provision for guarantees is recognized when the products or services are sold. The provision is based on historical information on actual guarantee payments incurred and the probability that claims will be made.

Environmental expenditures

Environmental expenditures that increase the life, capacity, safety or efficiency of a facility are capitalized. Expenditures that relate to an existing condition caused by past operations are expensed. When environmental assessments, clean-ups or restoration are probable and the cost can be reliably measured, a provision is recognized.

Emission rights

Due to EU regulations in regard to greenhouse gas emissions, Yara receives annual emissions rights. These emission rights can be used to settle the Group's obligation that arises as a result of actual emissions. Granted emission rights received in a period are initially recognized at nominal value (nil value). Purchased emission rights are initially recognized at cost (purchase price) within intangible assets. A provision is recognized when the level of emissions exceeds the level of allowances granted.

If Yara's emissions are less than the emission rights allocated to its operations, these may be sold in the market. Gains are recognized if and when such transactions occur.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when the Group becomes part to the contractual obligations of the instrument.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and monetary items which are due in less than three months.

Other liquid assets

Other liquid assets comprises bank deposits and all other monetary items which are due between three and twelve months.

Trade receivables and other short-term receivables

Trade receivables and other short-term receivables are measured at initial recognition at fair value and subsequently measured at amortized cost. Short-term receivables, which are due within three months, are normally not discounted.

Available-for-sale financial assets

Available-for-sale financial assets are initially recognized at fair value. Available-for-sale financial assets are subsequently recognized at fair value, with gains and losses arising from changes in fair value recognized in the statement of comprehensive income, until the asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the consolidated statement of income for the period.

Impairment of financial assets

Financial assets, other than those recognized at fair value through the statement of income, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced directly by the impairment loss for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of income. With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of income. This is done to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In addition to the above impairment of available-for-sale equity securities, impairment may occur if the decline in fair value is significant or prolonged. In respect of available-for-sale equity securities, any increase in fair value subsequent to an impairment loss is recognized as other comprehensive income.

Trade payables and other short-term liabilities

Trade payables are initially measured at fair value and are subsequently measured at amortized cost. Short-term payables, which are due within three months, are normally not discounted.

Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less direct transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortized cost with any difference between cost and redemption being recognized in the statement of income over the period of the borrowings on an effective interest basis.

Derivative financial instruments

The Group uses derivative financial instruments to hedge exposure against currency risk, interest rate risk and commodity risk arising in operating, financing and investment activities. Derivatives are initially recognized at fair value at the date a derivative contract is entered into, and are subsequently remeasured to their fair value at each balance sheet date. The Group routinely enters into sale and purchase transactions for physical gas, ammonia and other commodities. The majority of these transactions take the form of contracts that were entered into and continue to be held for the purpose of receipt or delivery of the physical position in accordance with the Group's expected sale, purchase or usage requirements, and are therefore not within the scope of IAS 39 (own use exemption). Certain purchase and sales contracts are within the scope of IAS 39 as they can be settled net and do not qualify for the own use exemption. Such contracts are accounted for as derivatives under IAS 39 and are recognized in the statement of financial position at fair value. Gains and losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recognized in the consolidated statement of income.

Fair value for derivatives is measured based on quoted market prices when these are available. When quoted prices from active markets are not available, the Group estimates fair value by using valuation models that make maximum use of observable market data. The resulting change in fair value is recognized immediately in the statement of income unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in the consolidated statement of income depends on the nature of the hedge relationship.

A derivative is classified as a non-current asset or a non-current liability if the remaining maturity of the derivative is more than 12 months and as a current asset or a current liability if the remaining maturity of the derivative is less than 12 months.

Embedded derivatives
Derivatives embedded in other financial instruments or other non-financial host contracts are separated and treated as derivatives when the risks and characteristics of the derivative are not closely related to the host contract and the host contract is not measured at fair value with changes in fair value recognized in the consolidated statement of income.

Hedge accounting
The Group designates certain derivatives as either hedges of the fair value of recognized assets or liabilities (fair value hedges), hedges of foreign currency risk of recognized assets or liabilities (cash flow hedges), or hedges of net investments in foreign operations.

Cash flow hedges
Changes in fair value of financial instruments used as hedging instruments in cash flow hedges are recognized in equity until the hedged transactions are recognized. Any ineffective part of a hedge is recognized in the statement of income.

Fair value hedges
Changes in fair value of financial instruments designated as fair value hedges are recognized in the consolidated statement of income. The carrying amount of the hedged item is adjusted for changes in the fair value attributable to the hedged risk.

Hedge of net investment
Changes in fair value of financial instruments used as hedges of net investment in foreign operations are recognized as other comprehensive income.

Any ineffective part of a hedge is recognized in the consolidated statement of income.

Hedge accounting ceases when the hedging instrument expires, is sold, terminated or exercised or the hedge relationship does not fulfill the requirements for hedge accounting.

LEASING
Property, plant and equipment which is leased on conditions which substantially transfer all the economic risks and rewards to Yara (finance lease) are accounted for as property, plant and equipment at the present value of minimum lease payments or fair value if this is lower. The corresponding finance lease liabilities are included in long-term debt. Property, plant and equipment are depreciated over the estimated useful lives of the assets. The related liabilities are reduced by the amount of lease payments less the effective interest expense.

Other leases are accounted for as operating leases with lease payments recognized as an expense over the lease terms.

EU-DIRECTIVE 83/349
Yara GmbH & Co. KG with legal seat in Dülmen/Germany and its directly and indirectly owned subsidiaries are included in the consolidated financial statement of Yara International ASA as defined by sec. 291 HGB (German commercial code). For the purpose of sec. 264b HGB, Yara GmbH & Co. KG makes use of the relief to not disclose any independent financial statement and notes.

Notes to the accounts

Note 1 Key sources of estimation uncertainty, judgments and assumptions

GENERAL

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and applying the chosen accounting policies requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The accounting policies applied by Yara in which judgements, estimates and assumptions may significantly differ from actual results are discussed below.

IMPAIRMENT OF ASSETS

Property, plant and equipment

Yara has significant carrying amounts related to property, plant and equipment recognized in the consolidated statement of financial position. The value in use of some of these assets could be influenced by changes in market conditions where Yara carries out its business. Significant and prolonged adverse market conditions related for example to increases in natural gas cost and/or lower market prices for products sold could lead to temporary or permanent closures of production facilities. Such closures will be considered as an impairment indicator and an impairment test will be carried out. The outcome of such impairment tests may be that significant impairment losses are recognized in the statement of income. A reduction to the expected useful life of the assets can also lead to periods with higher depreciation expense going forward. Yara has carried out impairment tests for certain production facilities during 2014, mainly due to uncertain economic conditions in local markets. None of these facilities were temporarily or permanently closed at the end of 2014. Total impairment write-down recognized on property, plant and equipment in 2014 was NOK 222 million. The carrying amount of property, plant and equipment at 31 December 2014 is NOK 44,584 million. See note 12 and 16 for further details.

Equity-accounted investees

Yara has a number of associated entities and joint ventures. These are recognized in the financial statements based on the equity method. In addition to being influenced by changes in market conditions, for example increases in natural gas costs and/or lower market prices for products sold, the carrying value will to some degree be subject to partner risk and political risk in the area where it operates. Yara carries out impairment testing if and when there are impairment indicators. Total impairment write-down recognized on equity-accounted investees in 2014 was NOK 85 million which is related to IC Potash as there is a lower estimated probability of realizing the underlying SOP (Sulphate of Potash) mining project in New Mexico. The total carrying value of equity-accounted investees at 31 December 2014 is NOK 10,934 million. See note 13 and 16 for more information.

Goodwill and other intangible assets

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at 31 December 2014 is NOK 6,894 million. Yara recognized impairment of goodwill and other intangible assets of NOK 108 million in 2014. Details of recognized goodwill are provided in note 11 and the impairment information, including sensitivity disclosures, is provided in note 16. Other intangible assets mainly comprises supplier contracts, evaluation and exploration assets, licenses, customer relationships, software, patent and trademarks either identified as part of the purchase price allocation of new business combinations or internally developed. Yara carries out impairment testing if and when there are impairment indicators also for the carrying value of intangible assets. The carrying amount of identifiable intangible assets at 31 December 2014 is NOK 5,114 million. See note 11 and 16 for further details.

ASSESSMENT OF INFLUENCE AND CONTROL AND CLASSIFICATION OF JOINT ARRANGEMENTS

The Management has assessed whether it had control over any of its associated companies or joint arrangements and evaluated whether or not the Group has control over its subsidiaries in accordance with guidance in IFRS 10. Management concluded it did not control any of the associated companies or joint arrangements. Also, the evaluation did not change the control conclusion for any of the Group's subsidiaries. Our 50% investment in Libya, Libyan Norwegian Fertilizer Company C.V (Lifeco), was not classified as a joint operation. The reason is that Management concluded, based on the role of Libyan government, that Yara only have significant influence over the investment.

A joint arrangement is an arrangement in which two or more parties have joint control. Joint arrangements are classified either as joint ventures and joint operations. The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method while joint operations are accounted for by each joint operator recognizing its assets, liabilities, revenues and expenses. Management have made judgements in assessing whether the Groups joint arrangements are joint ventures or joint operations. Management has assessed its rights and obligations considering the structure, legal form of the arrangement, the terms agreed by the parties and other facts and circumstances. Management concluded that two joint arrangements should be classified as joint operations. The companies are Trinidad Nitrogen Company Ltd. (Tringen), where Yara owns 49%, and Yara Pilbara Nitrates, where Yara consolidates 55% (owned directly 35% by Yara and 20% through Yara Pilbara Holding where Yara has an ownership of 51%). The main reason why Tringen is classified as a joint operation is that Yara buys all products produced by the plant. Yara Pilbara Nitrates is classified as a joint operation as the entity's revenues will be provided solely by the parties of the joint operation.

BUSINESS COMBINATIONS

Yara is required to allocate the purchase price of acquired companies to the assets acquired and liabilities assumed based on their estimated fair values.

In case a business combination is achieved in stages, Yara must also estimate the fair value of the existing ownership interest when it gains control. The change in fair value is recognized in the consolidated statement of income. For larger acquisitions, we engage independent third-party firms to assist in determining the fair values of the assets acquired and liabilities assumed. Such valuations require management to make judgements in selecting valuation methods, estimates and assumptions. Management's estimates of fair value and useful lives are based upon assumptions believed to be reasonable, but which are inherently uncertain and, as a result, actual results may differ from estimates. The OFD and the Galvani transactions were the main business combinations in 2014 with total assets including recognized goodwill of NOK 3,897 million and NOK 5,008 million, respectively. For the business combinations in 2014 the purchase price allocations are preliminary and may be adjusted as a result of obtaining additional information regarding the preliminary estimates of fair values made at the date of purchase. Further details are provided in note 3 and 4.

INVENTORY

Yara has significant carrying amounts related to inventory recognized in the consolidated statement of financial position. As most of Yara's products are traded in markets where there are limited observable market references available, judgement is required in determining net realizable value. Management has used its best estimates in setting net realizable value for inventory. The carrying amount of inventory at 31 December 2014 is NOK 18,639 million and write-down at year-end is NOK 92 million. See note 17 for more information.

DEFERRED TAX

Judgement is required in determining the Group's deferred tax assets and liabilities. Yara recognizes deferred tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management has considered future taxable income in assessing whether deferred income tax assets as well as the outcome of tax cases should be recognized. The carrying amounts of deferred tax assets and deferred tax liabilities are NOK 2,804 million and NOK 5,767 million, respectively, at 31 December 2014. See note 9 for further details.

PENSION LIABILITIES

The fair value of pension liabilities is calculated based on several actuarial and economic assumptions. Any changes in the assumptions used would affect the estimated pension obligation. Changes in the discount rate have the most significant impact. The discount rate and other key assumptions are determined locally for each individual pension plan, based on the economic environment in which the plan is established. Assumptions are normally reviewed annually when the actuarial calculation is carried out, unless there are significant changes during the year. The carrying amount of the net pension liabilities at 31 December 2014 is NOK 3,471 million. The gross pension liabilities have a carrying value of NOK 16,010 million at the same date. Detailed information, including sensitivity disclosures, is provided in note 23.

Note 2 Composition of the group

The consolidated financial statement of Yara comprises 150 legal companies that are controlled by Yara. The material subsidiaries are disclosed in the table below, including the main parent(s). This list also includes major holding companies.

Subsidiaries	Ownership	Registered office	Main parent(s)
Yara Argentina S.A.	100.0%	Argentina	Yara Holdings Spain S.A.
Yara Australia Pty Ltd.	100.0%	Australia	Yara Technology B.V.
Yara Pilbara Fertilisers Pty Ltd.	51.0%	Australia	Yara Pilbara Holdings Ltd. (100%)
Yara Nipro Pty Ltd.	100.0%	Australia	Yara Australia Pty Ltd.
Yara Pilbara Holdings Ltd.	51.0%	Australia	Yara Australia Pty Ltd.
Yara Barbados Inc.	100.0%	Barbados	Fertilizer Holdings AS
Yara S.A.	100.0%	Belgium	Yara Belgium S.A.
Yara Belgium S.A.	100.0%	Belgium	Yara Nederland B.V.
Yara Tertre SA/NV	100.0%	Belgium	Yara Belgium S.A.
Yara Trinidad Ltd.	100.0%	Bermuda	Yara Caribbean Ltd.
Yara Brasil Fertilizantes S.A.	100.0%	Brazil	Fertilizer Holdings AS (50%) and Yara South America Investments B.V. (50%)
Yara Agrofertil S.A. Indústria e Comércio de Fertilizantes	100.0%	Brazil	Yara Brasil Fertilizantes S.A.
Galvani Indústria, Comércio e Servicos S.A.	60.0%	Brazil	Yara Agrofértil S.A. Indústria e Comércio de Fertilizantes
Yara Cameroun S.A.	65.0%	Cameroon	Yara France SAS
Yara Belle Plaine Inc.	100.0%	Canada	Yara Canada Inc.
Yara Canada Inc.	100.0%	Canada	Fertilizer Holdings AS
Yara Trading (Shanghai) Co. Ltd.	100.0%	China	Yara Asia Pte Ltd.
Abonos Colombianos SAS	96.2%	Colombia	OFD Holding S. de RL
OFD Comercial SAS	96.2%	Colombia	Abonos Colombianos SAS
Yara Colombia SAS	100.0%	Colombia	Yara International ASA
Compania Costarricense del Cafe S.A.	82.8%	Costa Rica	OFD Holding S. de RL
Yara Chemicals A/S	100.0%	Denmark	Yara Chemical Holding Danmark AS
Yara Danmark Gødning A/S	100.0%	Denmark	Yara Chemical Holding Danmark AS
Yara Chemical Holding Danmark AS	100.0%	Denmark	Fertilizer Holdings AS

TABLE CONTINUES >>

>> TABLE CONTINUED

Subsidiaries	Ownership	Registered office	Main parent(s)
Yara Agri Trade Misr.	51.0%	Egypt	Yara Trade Misr.
Yara Phosphates Oy	100.0%	Finland	Yara Suomi Oy
Yara Suomi Oy	100.0%	Finland	Yara Nederland B.V.
Yara France SAS	100.0%	France	Yara Nederland B.V.
Yara Beteiligungs GmbH	100.0%	Germany	Yara Nederland B.V.
Yara GmbH & Co. KG	100.0%	Germany	Yara Investments Germany B.V.
Yara Brunsbüttel GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Besitz GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Environmental Technologies GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Investment GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Industrial GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Hellas S.A.	100.0%	Greece	Yara International ASA
Yara Hungaria Gyarto es Kereskedelmi KFT	100.0%	Hungary	Yara Suomi Oy
P.T. Yara Indonesia	100.0%	Indonesia	Yara Asia Pte Ltd.
Yara Insurance Ltd.	100.0%	Ireland	Fertilizer Holdings AS
Yara Italia S.p.A.	100.0%	Italy	Yara Investment GmbH (72.2%) and Yara Nederland B.V. (27.7%)
Yara East Africa Ltd.	70.0%	Kenya	Yara Overseas Ltd.
Yara International (Malaysia) Sdn. Bhd.	70.0%	Malaysia	Yara Asia Pte Ltd.
Omagro Mexico, S. de R.L. de CV	100.0%	Mexico	OFD Holding S. de RL
Yara México S.A. de C.V.	100.0%	Mexico	Yara Nederland B.V.
Fertilizer Holdings AS	100.0%	Norway	Yara International ASA
Green Tech Marine AS	58.9%	Norway	Marine Global Norway AS
Marine Global Holding AS	63.3%	Norway	Fertilizer Holdings AS
Yara AS	100.0%	Norway	Fertilizer Holdings AS
Yara Gas Ship AS	100.0%	Norway	Yara Norge AS
Yara Norge AS	100.0%	Norway	Yara International ASA
OFD Holding S. de RL	100.0%	Panama	Fertilizer Holdings AS
Corporacion Misti S. A.	100.0%	Peru	OFD Holding S. de RL
Yara Fertilizers Philippines Inc.	64.0%	Philippines	Yara Asia Pte Ltd.
Yara Poland Sp.z.o.o.	100.0%	Poland	Yara Nederland B.V.
Yara Asia Pte Ltd.	100.0%	Singapore	Yara International ASA
KK Animal Nutrition (Pty) Ltd.	100.0%	South Africa	Yara Phosphates Oy
Yara Africa Fertilizers (Pty) Limited	33.3%	South Africa	Yara Nederland B.V.
Yara Holdings Spain S.A.	100.0%	Spain	Yara Nederland B.V.
Yara Iberian S.A.	100.0%	Spain	Yara Holdings Spain S.A.
Yara AB	100.0%	Sweden	Yara Holding Sverige AB
Yara Holding Sverige AB	100.0%	Sweden	Fertilizer Holdings AS
Yara Switzerland Ltd.	100.0%	Switzerland	Yara Nederland B.V.
Balderton Fertilisers S.A.	100.0%	Switzerland	Yara Nederland B.V.
Yara Tanzania Ltd.	100.0%	Tanzania	Fertilizer Holdings AS
Yara Thailand Ltd.	100.0%	Thailand	Yara Asia Pte Ltd.
Yara Benelux B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Dallol B.V.	66.6%	The Netherlands	Yara Nederland B.V.
Yara Finance Coöperatief W.A.	100.0%	The Netherlands	Fertilizer Holdings AS
Yara Nederland B.V.	100.0%	The Netherlands	Yara Holding Netherlands B.V.
Yara Technology B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Holding Netherlands B.V.	100.0%	The Netherlands	Fertilizer Holdings AS
Yara Finance Netherlands B.V.	100.0%	The Netherlands	Yara Finance Coöperatief W.A.
Yara Vlaardingen B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Sluiskil B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara South America Investments B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Gas B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Industrial B.V.	100.0%	The Netherlands	Yara Holding Netherlands B.V.
Yara Investments Germany B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Caribbean Ltd.	100.0%	Trinidad and Tobago	Yara Barbados Inc.
Yara Overseas Ltd.	100.0%	United Kingdom	Yara UK Ltd.
Yara UK Ltd.	100.0%	United Kingdom	Fertilizer Holdings AS
Yara North America Inc.	100.0%	United States	Yara International ASA

Note 3 Business initiatives

ACQUISITIONS

On 1 December 2014, Yara acquired a 60% stake in Galvani Indústria, Comércio e Serviços S/A (Galvani), for an enterprise value of USD 318 million. Galvani is an independent, privately held fertilizer company. The company is engaged in phosphate mining, Single Super Phosphate (SSP) production (approximately 1 million tons per annum) and distribution of fertilizers in the center and northeast of Brazil. Galvani also owns licenses for two greenfield phosphate mine projects in Brazil. The primary reason for the Galvani acquisition is to secure phosphate fertilizer capacity in the center of Brazil. Furthermore, Galvani brings industry competence with cost-effective solutions for mining, production, blending and warehousing facilities. The unit is included in the Upstream segment. More detailed information can be found in note 4.

On 1 October 2014, Yara closed the acquisition of OFD Holding Inc (OFD) with an enterprise value of USD 423 million. OFD owns and operates a fertilizer production facility in Cartagena with an annual capacity of approximately 320 kilotons (kt) compound NPK, 100 kt calcium nitrate (CN) and 70 kt ammonium nitrate (AN), with integrated ammonia production. OFD also controls approximately 700 kt of NPK blending capacity across 12 sites and 100 kt liquid fertilizer capacity as part of its fertilizer distribution network across Colombia, Mexico, Peru, Bolivia, Costa Rica and Panama. The primary reason for the OFD acquisition is further development in Latin America, creating value for Yara's shareholders and contributing to agricultural, industrial and mining sector growth in the region. The units are consolidated into Yara's financial statements in fourth quarter, and are included in the Downstream segment. More detailed information can be found in note 4.

In third quarter 2014, Yara acquired the flue gas cleaning division of Strabag SE after approval by all relevant regulatory bodies. The consideration was EUR 2 million. The assets are included in the company Yara Environmental Technologies GmbH, Austria, which is included in the Industrial segment.

During second quarter 2014, Yara acquired the Borealis' 52.15% stake in Le Havre urea plant, situated on the northwest coast of France. Yara held 47.85% prior to the acquisition. The production facilities produce 320,000 metric tons urea and 400,000 metric tons ammonia per annum. The consideration was EUR 4 million. The Le Havre urea plant is included in the Upstream segment.

Yara acquired a majority 63.33% stake in Green Tech Marine (GTM), a sulphur oxide (SOx) scrubber supplier to the marine industry during second quarter 2014. Yara paid NOK 47.5 million for the shares. In addition, there is an earn-out arrangement with a minimum amount of NOK 10 million. The company is included in the Industrial segment.

Yara acquired the Kynoch business in the Cape regions of South Africa on 1 March 2014. The business represents 140 kt of fertilizer sales, with a differentiated product portfolio offering crop nutrition solutions. The consideration was USD 31 million, and the unit is included in the Downstream segment.

On 29 January 2014, Yara acquired H+H Umwelt- und Industrietechnik GmbH. H+H specializes in Selective Catalytic Reduction (SCR) systems for NO_x abatement in ships and power plants. The company provides SCR systems to the shipping and industrial markets, with over 1,200 installed SCR units around the world. The consideration was EUR 15.4 million and the company is included in the Industrial segment.

Yara acquired the German water sensor company ZIM Plant Technology GmbH on 2 January 2014. The company has developed technology to monitor the water status of the crop. The consideration was EUR 3.5 million and the company is included in the Downstream segment.

Yara has consolidated the above mentioned acquisitions in 2014. See note 4 for further information.

OTHER BUSINESS INITIATIVES

On 5 December 2014, the Board of Yara International ASA approved an investment of SEK 1,747 million (USD 220 million) to sustain and increase technical ammonium nitrate (TAN) capacity in the Köping site in Sweden. The investment includes the construction of a new nitric acid plant replacing an existing plant which is approaching the end of its operating life. The total TAN capacity after the upgrade will reach about 450 kt per annum. Construction will start in 2015, with completion expected in second half 2017.

On 21 October 2014, the Board of Yara International ASA approved an investment of approximately NOK 2,250 million to expand annual NPK and Calcium Nitrate capacity by 50,000 tons and 200,000 tons respectively in Porsgrunn, Norway. The project is expected to be completed during first quarter 2017.

On 23 September 2014, Yara announced that it was in early-stage discussions with CF Industries regarding a potential merger. It later became clear that the parties would not be able to agree on terms that would be acceptable to all stakeholders, and Yara announced on 17 October 2014 that the discussions had been terminated.

On 17 July 2014, the Board of Yara International ASA approved an investment of approximately EUR 50 million to expand annual NPK production capacity by 250 kilotons in Uusikaupunki, Finland. The project shall be completed by the end of 2015.

On 19 February 2015, Yara announced it has agreed with BASF to build a world scale ammonia plant in Texas. See note 37 for more information.

DISPOSALS

During second quarter 2014, Yara sold a 10% stake in three distribution and trading companies in the Baltic region for EUR 10 million. The transaction resulted in a gain of NOK 56 million recognized within "Interest income and other financial income" in Downstream segment. Fair value adjustments of NOK 16 million were recognized in other comprehensive income before the sale. The net effect on equity was therefore NOK 40 million.

Business initiatives 2013

On 8 August 2013, Yara closed its acquisition of Bunge's fertilizer business in Brazil. The company operates 22 blending units across Brazil, delivering 4.6 million tons of fertilizer products in 2012. It also included two SSP plants with an annual production capacity of about 500,000 metric tons, a port concession and a terminal development project. The consideration of the business combination was USD 750 million. The primary reason for the business combination was to strengthen Yara's fertilizer position in Brazil. Brazil is a key growth market where there is significant further potential for acreage and yield increases and the acquisition created a strong platform for future growth opportunities within the Brazilian fertilizer industry.

On 1 November 2013 Yara acquired 49% of the shares in the Mexican company Hanka SA De CV. The company is a provider of explosives, raw materials and services to the mining industry and is reported in the Industrial segment. The consideration was USD 10.7 million.

Yara entered into shipbuilding contracts with Hyundai Mipo Dockyard (HMD) in December 2013 and January 2014 for the construction and delivery of two mid-size LPG carriers and three semi-refrigerated LPG carriers with an expected cost per vessel of USD 51 million. Following an evaluation of current new-build and time charter rates, Yara has chosen to build new vessels to replace existing time chartered vessels, covering part of its long-term transport requirement, meeting stricter environmental regulations and maintaining flexibility to serve Yara's production system.

Note 4 Business combinations

YARA HAS COMPLETED THE FOLLOWING BUSINESS COMBINATIONS DURING 2014

Business combinations disclosed individually

- Galvani (fourth quarter)
- OFD Holding (fourth quarter)

Business combinations included in "Other"

- Flue gas cleaning division of Strabag SE (third quarter)
- Le Havre urea plant (second quarter)
- Green Tech Marine (second quarter)
- ZIM Plant Technology GmbH (first quarter)
- H+H Umwelt- und Industrietechnik GmbH (first quarter)
- Kynoch South (first quarter)

Business combination included in "Other" are disclosed below on aggregated basis as they are assessed to be individually insignificant. More information about each transaction can be found in note 3.

Considerations

NOK millions	Galvani 1 December	OFD 1 October	Other 2014
Cash transferred	266	1,153	404
Debt settled as part of the transaction	172	502	19
Deferred consideration and earn-out [1]	1,212	46	35
Total considerations	1,650	1,701	459

1) The deferred consideration related to Galvani can maximum be USD 186 million (nominal value).

The deferred consideration related to Galvani is conditional upon successful project studies and milestones in addition to post-closing adjustment of the normalized working capital. Deferred consideration related to OFD is dependent on subsequent adjustments of working capital.

Acquisition- and integration related costs amounting to NOK 13 million related to the business combination of Galvani and NOK 133 million related to the business combination of OFD has been excluded from the consideration transferred and have been recognized as an expense in the current year, within 'Other operating expenses' in the consolidated statement of income.

Identifiable assets acquired and liabilities recognized at the date of acquisitions (fair value)

NOK millions, except percentages	Galvani 1 December	OFD 1 October	Other 2014
Assets			
Deferred tax asset	55	54	1
Exploration and evaluation assets, part of intangible assets	1,010	-	-
Trademarks, part of intangible assets	44	39	-
Patents and technologies, part of intangible assets	-	-	43
Customer relationships, part of intangible assets	115	113	104
Other, part of intangible assets	12	-	-
Property, plant and equipment	1,352	1,181	66
Mineral rights, part of property, plant and equipment	456	-	-
Equity-accounted investees	-	42	1
Other non-current assets	276	12	-
Inventories	527	995	107
Trade receivables	409	964	44
Prepaid expenses and other current assets	94	210	26
Cash and cash equivalents	27	162	28
Total assets	4,376	3,773	420
Liabilities			
Long-term provisions	91	12	14
Deferred tax liabilities	620	144	39
Long-term interest-bearing debt	114	263	-
Other long-term liabilities	-	16	-
Trade and other payables	650	507	86
Current tax liabilities	-	2	1
Bank loans and other interest-bearing short-term debt	897	1,153	8
Other short-term liabilities	-	34	9
Total liabilities	2,372	2,130	157
Total identifiable net assets at fair value	2,004	1,643	264

The receivables (trade receivables and other non-current assets) acquired in the business combination of Galvani have a gross contracutal amount of NOK 718 million compared to a fair value of NOK 685 million. The receivables acquired in the business combination of OFD have a gross contracutal amount of NOK 1,059 million compared to a fair value of NOK 976 million. The fair value of the receivables is equal to the cash flow expected to be collected. For the other business combinations the gross contractual amount is equal to the fair value.

The initial accounting for the acquisitions has only been provisionally determined at the end of the reporting period and may be subject to changes until the purchase price allocation has been concluded.

Non-controlling interests

NOK millions	Galvani 1 December	OFD 1 October	Other 2014
Non-controlling interest [1]	40 %	5.2%	
Non-controlling interest's share the fair value of identifiable assets and liabilities	985	66	30

1) The non-controlling interest in "Other" is manily related to the 36.67% non-controlling interst in Green Tech Marine.

Yara has used the option to recognize the non-controlling interest in Galvani and OFD based on fair value.

Yara's voting rights for all acqusitions are equal to the equity share.

Goodwill arising on acquisitions

NOK millions	Galvani 1 December	OFD 1 October	Other 2014
Cash transferred, deferred consideration and earn-out	1,478	1,200	440
Debt settled as part of the transaction	172	502	19
Non-controlling interest	985	66	30
Fair value of net identifiable assets acquired	(2,004)	(1,643)	(264)
Goodwill arising on acquisition	632	124	225

The goodwill arising from the Galvani acquisition reflects plans for increased upgrading capacity for phosphate fertilizer, the value on assembled workforce and Yara specific synergies from balancing its Upstream and Downstream positions in Brazil. The goodwill arising from the OFD acqusition reflects synergies through increased presence and growth in Latin America.

None of the goodwill arising on the acquisitions is deductible for tax purposes.

Net cash outflow on business combinations

NOK millions	Galvani 1 December	OFD 1 October	Other 2014
Consideration paid in cash at date of acquisition	266	1,153	380
Deferred consideration paid in cash	-	-	25
Debt settled as part of the transaction	172	502	-
Cash and cash equivalent balances acquired	(27)	(162)	(30)
Net cash outflow on business combinations	412	1,493	375

Net cash outflow is presented as a part of “investing activitites” in the consolidated statement of cash flows.

Impact of the acquisitions on the total assets of the Group

NOK millions	Galvani 1 December	OFD 1 October	Other 2014
Consolidated identifiable assets	4,376	3,773	420
Goodwill arising on the acquisition	632	124	225
Consideration paid for shares and debt settled as part of the transaction	(438)	(1,655)	(380)
Total impact on the total assets of the group	4,569	2,242	266

Impact of acquisitions on the results of the Group

NOK millions	Galvani 1 December	OFD 1 October	Other 2014
Included in year-to-date consolidated figures			
Revenues	47	1,109	650
Net income before tax and non-controlling interests (loss)	(36)	(114)	(60)

Pro forma figures

NOK millions	Galvani 1 December	OFD 1 October	Other 2014
Yara has reported a consolidated income before tax of NOK 10,035 million. If the combinations had taken place individually at the beginning of the year, Yara’s ‘pro-forma’ year-to-date consolidated income before tax would have been	9,822	10,091	10,029

In determining the 'pro forma' net income before tax the following adjustments have been made:

- Calculated depreciation of tangible and intangible assets acquired on the basis of fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements.
- Calculated reduced interest income on funds used for acquiring the shares.
- Calculated reduced interest expense on debt settled as part of the transaction.
- Calculated interest expense on deferred consideration related to Galvani.

BUSINESS COMBINATIONS 2013

Business combinations disclosed individually
- Bunge's fertilizers business in Brazil

Business combinations included in "Other"
- Yara Environmental Technologies AS (previously Yarwil AS)
- Crystalis Oy

Considerations transferred

NOK millions	Bunge's fertilizer business 8 August 2013	Other 2013
Cash	4,408	40

Identifiable assets acquired and liabilities recognized at the date of acquisitions (fair value)

NOK millions	Bunge's fertilizer business 8 August 2013	Other 2013
Assets		
Deferred tax asset	45	1
Trademarks, part of intangible assets	17	-
Customer relationships, part of intangible assets	246	-
Other, part of intangible assets	1	-
Property, plant and equipment	1,666	14
Long-term receivables	111	-
Inventories	2,845	8
Trade receivables	1,327	5
Prepaid expenses and other current assets	233	3
Cash and cash equivalents	388	25
Total assets	6,878	57
Liabilities		
Other long-term liabilities	13	2
Trade and other payables	2,280	5
Current tax liabilities	45	-
Other interest-bearing short-term debt	286	-
Other short-term liabilities	99	-
Total liabilities	2,724	8
Total identifiable net assets at fair value	4,154	50

The long-term receivables acquired in the business combination of Bunge's fertilizer business had a gross contractual amount of NOK 264 million, corresponding amount for trade receivables is NOK 1,349 million. Both long-term and trade receivables have been remeasured to fair value as presented above.

The tax values of the identifiable assets acquired as part of the Bunge fertilizer transaction are adjusted to fair values.

NOK millions	Bunge's fertilizer business 8 August 2013	Other 2013
Non-controlling interest's share of identifiable assets and liabilities	12	-

Yara has used the option to recognize the non-controlling interest based on its proportionate share in the recognized amounts of the identifiable net assets.

The non-controlling interest recognized as part of the Bunge fertilizer business combination is related to two minor subsidiaries. Yara's voting rights for all acqusitions is equal to the equity share.

Goodwill arising on acquisitions

NOK millions	Bunge's fertilizer business 8 August 2013	Other 2013
Consideration transferred	4,408	40
Fair value of previously owned shares	8	9
Subsequent adjustments to purchase price	-	2
Non-controlling interest in other companies included in the business combination	12	-
Fair value of net identifiable assets acquired	(4,154)	(50)
Goodwill arising on acquisition	275	-

Goodwill reflects supply chain synergies, comprising scale advantages in raw material sourcing and freight and port operations, and other adminstrative and operational synergies in addition to future economic benefits from the assembled workforce.

Goodwill is expected to be deductible for tax purposes.

Net cash outflow on acquisitions of subsidiaries

NOK millions	Bunge's fertilizer business 8 August 2013	Other 2013
Consideration paid in cash at date of acquisition	4,408	40
Deferred consideration	-	2
Short-term bank loans to be settled as part of closing	275	-
Cash and cash equivalent balances acquired	(388)	(25)
Net cash outflow on acquisition of subsidiaries	4,295	16

Note 5 Segment information

The operating segments presented are the key components of Yara's business. These are evaluated on a regular basis by Yara's senior management on the basis of financial and operational information prepared specifically for each segment for the purpose of assessing performance and allocating resources. The information disclosed is on the same basis as presented internally and used for follow-up of the company's development by Yara Management.

SEGMENT STRUCTURE

The current segment structure was implemented 1 October 2003. Yara's segments are managed as separate and strategic businesses. The segment information is presented for operating segments. In addition, information about geographical areas is provided.

DOWNSTREAM

The Downstream segment consists of Yara's worldwide marketing organization and global distribution network for fertilizer products and agronomic solutions. With a global network of sales offices, terminals and warehouses, Downstream is present in 50 countries and sells to more than 150 countries. The segment also includes smaller production facilities which upgrade intermediate products to finished fertilizers, which are primarily marketed in the region where production takes place. While approximately one-third of the sales volume is sourced from own production plants in Downstream, the remaining sales volume is purchased on an arm's-length basis from the Upstream segment or third parties. The Downstream segment is mainly a margin business, which reduces volatility in Yara's earnings. With a relatively lower investment in chemical manufacturing capacity, the downstream operation, particularly outside of Europe, is more focused on distribution margins and operating capital management than on manufacturing margins. The segment is characterized by a high capital turnover, a low ratio of property, plant and equipment to total assets compared to a production-oriented fertilizer operation, and by a relatively low EBITDA margin in relation to revenues.

INDUSTRIAL

The Industrial segment creates value by developing and selling chemical products and industrial gases (mostly CO_2) to non-fertilizer market segments. Industrial sells nitrogen chemicals, including ammonia-derived products, animal feed, industrial explosives and environmental applications (technology & services). Sales of nitrogen chemicals to the European process industry and the global industrial explosives industry constitute the segment's main markets, while sales of chemicals for environmental application is the fastest-growing business.

UPSTREAM

The Upstream segment comprises ammonia and urea production, phosphate mining, the global trade and shipping of ammonia, as well as nitrate and NPK fertilizer production co-located with ammonia production, serving both domestic and international markets. The Upstream segment includes significant ownership interests in associates and joint arrangements. Our investments in the joint arrangements Trinidad Nitrogen Company Ltd and Yara Pilbara Nitrates Pty Ltd have been classified as joint operations, for which we consolidate our share of assets, liabilities, revenues and expenses. Please see note 14 for further details. Our investments in joint ventures and associates are accounted for using the equity method of accounting. Therefore, their operating results are not reflected in our operating income, but Yara's share of net income from these investees is included in EBITDA and net income. The Upstream segment's operating results are strongly linked to its production margins, which are primarily driven by the price levels for ammonia, urea, nitrates, NPK and phosphoric acid and the price level of energy and raw materials such as phosphate rock and potash. In addition, operating results can be strongly influenced by movements in currency exchange rates. The fluctuation of the Upstream segment's operating results is similar to other fertilizer producers and is typically less stable than the operating results of Yara's Downstream and Industrial segments.

OPERATING SEGMENT INFORMATION

Yara's steering model reflects management's focus on cash flow-based performance indicators, before and after taxes. EBITDA is an approximation of cash flows from operating activities before tax and is considered an important measure of performance for the company's operating segments. Yara defines EBITDA as operating income plus interest income, other financial income and results from equity-accounted investees. It excludes depreciation, amortization and impairment loss, as well as amortization of excess value in associated companies and joint ventures. In addition the segments are measured on CROGI (defined as gross cash flow after tax divided by gross investment). ROCE (Return on capital employed) has been included as an additional performance measure to CROGI to simplify benchmarking with other companies. ROCE is defined as EBIT minus tax divided by average capital employed. See also page 81 - 84 for more info.

Inter-segment sales and transfers reflect arm's-length prices as if sold or transferred to third parties. Results of activities considered incidental to Yara's main operations as well as revenues, expenses, liabilities and assets not originating in, or defined as part of, either the Upstream, Downstream or Industrial segment, are reported separately under "Other and eliminations". These amounts principally include interest income and expenses, realized and unrealized foreign exchange gains and losses and the net effect of pension plans. In addition, elimination of gains and losses related to transactions between the segments will be accounted for as part of "other and eliminations". "Other and eliminations" also includes corporate overhead costs and other costs not allocated to the operating segments.

Operating segment information, Consolidated statement of income

NOK millions	Notes	2014	2013 Restated [1]
External revenues and other income			
Downstream		71,494	62,268
Industrial		14,928	13,693
Upstream		8,874	9,008
Other and eliminations		46	123
Total		95,343	85,092
Internal revenues and other income			
Downstream		1,724	1,592
Industrial		164	170
Upstream		31,976	30,487
Other and eliminations		(33,864)	(32,249)
Total		-	-
Revenues and other income			
Downstream		73,219	63,860
Industrial		15,092	13,864
Upstream		40,850	39,495
Other and eliminations		(33,819)	(32,127)
Total		95,343	85,092
Operating expenses excl depreciation, amortization and impairment loss			
Downstream		(67,738)	(60,150)
Industrial		(13,814)	(12,808)
Upstream		(31,718)	(32,540)
Other and eliminations		32,910	32,223
Total		(80,359)	(73,275)
Depreciation, amortization and impairment loss			
Downstream		(993)	(632)
Industrial		(306)	(215)
Upstream		(3,276)	(2,820)
Other and eliminations		(102)	(76)
Total	7	(4,678)	(3,743)
Operating Income			
Downstream		4,488	3,078
Industrial		973	841
Upstream		5,856	4,135
Other and eliminations		(1,011)	20
Total		10,305	8,074
Share of net income in equity-accounted investees			
Downstream		53	40
Industrial		96	83
Upstream		638	954
Total	13	786	1,076
Interest income and other financial income			
Downstream		457	259
Industrial		8	5
Upstream		16	7
Other and eliminations		69	143
Total	8	550	414
EBITDA			
Downstream		5,991	4,013
Industrial		1,385	1,144
Upstream		9,871	8,004
Other and eliminations		(840)	238
Total		16,407	13,399

1) See note 36 for more information.

Operating segment information, Other

NOK millions	Notes	2014	2013 Restated [1]
Reconciliation of EBITDA to Income before tax			
EBITDA		16,407	13,399
Depreciation and amortization [2]	7	(4,766)	(3,836)
Foreign exchange gain/(loss)	8	(698)	(949)
Interest expense and other financial items	8	(909)	(904)
Income before tax		10,035	7,711
EBIT			
Downstream		4,998	3,376
Industrial		1,076	929
Upstream		6,510	5,096
Other and eliminations		(942)	162
Total		11,642	9,563
Investments [3]			
Downstream		3,143	3,515
Industrial		766	321
Upstream		9,326	3,941
Other and eliminations		176	206
Total		13,411	7,984

1) See note 36 for more information.
2) Including amortization and impairment of excess value in equity-accounted investees
3) Includes investments in property, plant and equipment, intangible assets, equity-accounted investees and other equity investments.

Operating segment information, Non-GAAP measures

NOK millions, except percentages	Notes	2014	2013 Restated [1]
Gross cash flow after tax [2]			
Downstream		4,755	3,179
Industrial		1,140	933
Upstream		8,403	6,968
Other and eliminations		(199)	474
Total		14,099	11,554
Gross investment [3]			
Downstream		26,288	21,915
Industrial		6,756	6,045
Upstream		73,257	64,788
Other and eliminations		(621)	(841)
Total		105,679	91,907
Cash Return on Gross Investment (CROGI)			
Downstream		18.1 %	14.5 %
Industrial		16.9 %	15.4 %
Upstream		11.5 %	10.8 %
Total [4]		13.3 %	12.6 %

1) See note 36 for more information.
2) Defined as EBITDA less total tax expense, excluding tax on net foreign exchange gain/(loss).
3) 12-month average.
4) Cash and other liquid assets are included in gross investments when calculating the CROGI for the segments, but not included for Total. In addition, actual Yara tax is used for calculating the Yara CROGI while a standardized tax rate of 25% is used for the segments. These two effects explain the higher CROGI for Yara in total than for the segments. See page 48 "Definitions and variance analysis" for more information.

NOK millions, except percentages	Notes	2014	2013 Restated [1]
Earnings before interest, after tax			
Downstream		3,762	2,542
Industrial		831	717
Upstream		5,042	4,061
Other and eliminations		(301)	399
Total		9,333	7,718
Capital employed [2]			
Downstream		20,284	16,686
Industrial		4,108	3,669
Upstream		46,886	42,034
Other and eliminations		(1,049)	(1,212)
Total		70,229	61,177
Return on capital employed (ROCE)			
Downstream		18.5 %	15.2 %
Industrial		20.2 %	19.5 %
Upstream		10.8 %	9.7 %
Total [3]		13.3 %	12.6 %

1) See note 36 for more information.
2) Capital employed is defined as total assets adjusted for deferred tax assets minus other current liabilities, and is calculated on a 12-month rolling average basis.
3) Cash and other liquid assets are included in capital employed when calculating the ROCE for the segments, but not included for Total. In addition, actual Yara tax is used for calculating the Yara ROCE while a tax rate of 25% (2013: 25%) is used for the segments. These two effects explain the variance in ROCE between Yara segments. See page 45 "Definitions and variance analysis" for more information.

Operating segment information, Consolidated statement of financial position

NOK millions	Notes	2014	2013 Restated [1]
Assets [2]			
Downstream		37,551	26,884
Industrial		6,860	5,125
Upstream		64,897	49,479
Other and eliminations		2,323	7,113
Total		111,632	88,602
Current assets [2]			
Downstream		25,298	17,780
Industrial		4,112	3,096
Upstream		10,900	7,511
Other and eliminations		(1,737)	4,292
Total		38,573	32,679
Non-current assets [2]			
Downstream		12,253	9,104
Industrial		2,748	2,029
Upstream		54,013	41,975
Other and eliminations		4,044	2,815
Total		73,059	55,923
Equity-accounted investees			
Downstream		453	345
Industrial		371	285
Upstream		10,109	8,730
Total	13	10,934	9,361

1) See note 36 for more information.
2) Assets excludes internal cash accounts and accounts receivable related to group relief.

INFORMATION ABOUT PRODUCTS AND MAJOR CUSTOMERS

Revenues by product group

NOK millions	2014	2013
Ammonia	7,387	7,406
Nitrate	11,651	11,387
NPK	27,671	23,953
Urea	13,048	13,362
CN	2,452	2,304
UAN	2,253	2,291
Other fertilizer products	11,085	7,281
Industrial products	14,921	12,234
Feed phosphates	1,537	1,456
Other products	3,042	2,994
Total	95,047	84,668

Yara serves a large number of customers. No revenues from transactions with any single customer amount to ten percent or more of Yara's total revenues.

Information about geographical areas

	Revenues 1)		Non-current assets 2)		Investments 2)	
NOK millions	2014	2013	2014	2013	2014	2013
Belgium	1,510	1,473	1,794	1,451	531	400
Denmark	1,469	1,264	250	231	10	10
Finland	2,017	1,908	5,502	4,566	999	792
France	6,549	6,657	1,876	1,468	599	315
Germany	4,870	4,599	2,098	1,759	473	384
Great Britain	4,972	4,827	2,247	2,125	95	113
Italy	3,392	3,431	1,049	1,023	206	177
Spain	1,875	1,920	61	50	13	2
Sweden	2,219	1,739	717	680	106	121
The Netherlands	1,969	1,667	5,176	4,639	806	548
Other	3,582	3,957	93	68	26	3
Total EU	34,423	33,443	20,864	18,061	3,863	2,863
Norway	1,771	1,582	3,728	2,967	1,084	732
Other Europe	997	931	1,648	1,108	1	3
Total Europe	37,191	35,956	26,239	22,136	4,948	3,598
Africa	5,189	4,166	2,599	2,036	340	202
Asia	9,365	9,833	7,508	6,088	10	6
Australia and New Zealand	1,309	1,299	10,467	7,861	1,538	971
North America	11,944	11,547	11,295	10,547	250	221
Brazil	24,103	17,561	8,587	3,745	4,372	2,709
Other South and Central America	5,946	4,307	2,769	781	1,953	278
Total outside Europe	57,856	48,712	43,225	31,058	8,463	4,386
Total	95,047	84,668	69,464	53,194	13,411	7,984

1) Revenues are identified by customer location

2) The identification of non-current assets and investments is based on location of operation. Excluded from non-current assets are financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts. Eliminations are related to internal transactions between geographical areas. Investments include the acquisition cost for property, plant and equipment, intangible assets, equity-accounted investees and other equity investments. Brazil investments in 2014 include NOK 3,620 million related to the acquisition of Galvani (2013: NOK 2,196 million related to the acquisition of Bunge's fertilizer business), and Other South and Central America investments include NOK 1,500 million related to the acquisition of OFD Holding, see note 4.

Note 6

Operating expense

NOK millions	Notes	2014	2013 Restated [1]
Payroll and related costs			
Salaries [2]		(5,219)	(4,278)
Social security costs		(889)	(714)
Social benefits		(65)	(55)
Net periodic pension cost	23	(443)	(406)
Total		(6,616)	(5,454)
Other operating expenses			
Selling and administrative expense		(1,927)	(1,962)
Rental of buildings etc.		(226)	(182)
Travel expense		(327)	(279)
Gain /(loss) on trade receivables		(71)	(7)
Fees auditors, lawyers, consultants		(380)	(456)
Other expenses		(255)	(150)
Total		(3,186)	(3,036)
Research costs [3]		(154)	(128)

1) See note 36 for more information.
2) Increase in salaries cost mainly due to OFD acquisition. Also, Bunge Fertilizer business which was acquired in August 2013 is now included with full year.
3) Over the last few years, Yara has focused on orienting research and development resources towards commercial activities, both with respect to process and product improvements and agronomical activities. It is impracticable to give a fair estimate of possible future financial returns of these activities.

Note 7

Depreciation, amortization and impairment loss

NOK millions	Notes	2014	2013
Depreciation of property, plant and equipment	12	(3,738)	(3,132)
Impairment loss property, plant and equipment	12,16	(222)	(74)
Reversal of impairment loss property, plant and equipment	12,16	12	8
Total depreciation and impairment loss property, plant and equipment		(3,948)	(3,198)
Amortization of intangible assets	11	(622)	(520)
Impairment loss intangible assets	11,16	(107)	(25)
Total amortization and impairment loss intangible assets		(729)	(545)
Total depreciation, amortization and impairment loss		(4,678)	(3,743)

Note 8 Financial income and expense

NOK millions	Notes	2014	2013 Restated 1)
Interest income on customer credits		314	182
Interest income, other		170	224
Dividends and net gain/(loss) on securities		66	7
Interest income and other financial income		550	414
Net foreign exchange gain/(loss)	28	(698)	(949)
Interest expense		(739)	(708)
Capitalized interest		1	4
Return on pension plan assets		418	346
Interest expense defined pension liabilities	23	(487)	(434)
Reclassification adjustments cash flow hedge 2)	29,30	(18)	(19)
Other financial expense		(84)	(92)
Interest expense and other financial expense		(909)	(904)
Net financial income / (expense)		(1,056)	(1,440)

1) See note 36 for more information.
2) Interest rate swap designated as cash flow hedge transferred from equity.

Note 9 Income taxes

The major components of income tax expense for the year ended 31 December 2014 are:

NOK millions	2014	2013 Restated 1)
CONSOLIDATED STATEMENT OF INCOME		
Current taxes		
Current year	(2,306)	(2,439)
Prior years adjustment	(58)	(78)
Total	(2,363)	(2,517)
Deferred taxes		
Deferred tax income / (expense) recognized in the current year	255	870
Adjustments to deferred tax attributable to changes in tax rates and laws	4	96
(Write-downs) / reversal of previous write-downs of deferred tax assets	12	(52)
Total	272	914
Total tax income / (expense) recognized in statement of consolidated income	(2,092)	(1,603)
OTHER COMPREHENSIVE INCOME		
Current tax		
Hedge of net investment	252	113
Intercompany currency effect on debt treated as part of net investment	(69)	185
Total current tax	183	298
Deferred tax		
Pensions	296	(117)
Available-for-sale financial assets	3	(7)
Cash flow hedges	8	-
Total	307	(124)
Transfers to profit and loss		
Cash flow hedges	(5)	(4)
Total	(5)	(4)
Total tax income / (expense) recognized directly in other comprehensive income	486	169
Total tax income / (expense) recognized in comprehensive income	(1,606)	(1,434)

1) See note 36 for more information.

Taxable income differs from net income before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in future years (temporary differences). It also excludes items that are never taxable or deductible (permanent differences).
The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

NOK millions, except percentages	2014	2014	2013 Restated [1]
Income before tax		10,035	7,711
Expected income taxes at statutory tax rate [2]	27.0 %	(2,710)	(2,159)
Tax law changes	(0.1 %)	6	89
Foreign tax rate differences	(5.5 %)	548	359
Unused tax losses and tax offsets not recognized as deferred tax assets	0.9 %	(90)	(71)
Previously unrecognized and unused tax losses and deductible temporary differences now recognized as deferred tax assets	(0.5 %)	55	20
Non-deductible expenses	1.1 %	(106)	(158)
Tax free income equity-accounted investees	(2.2 %)	224	324
Tax free income miscellaneous	(1.5 %)	153	158
Prior year assessment	0.6 %	(58)	(77)
Withholding and capital tax	0.4 %	(42)	(135)
Other, net	0.7 %	(73)	45
Total income tax expense		(2,092)	(1,603)
Effective tax rate		20.8 %	20.8 %

1) See note 36 for more information.
2) Calculated as Norwegian nominal statutory tax rate of 27% applied to income before tax.

SPECIFICATION OF DEFERRED TAX ASSETS/(LIABILITIES)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

2014

NOK millions	Opening balance	Charged to income	Reclassified from equity to profit or loss	Changes in tax rate	Recognized in other comprehensive income	Acquisitions/ disposals	Foreign currency translation	Closing balance
Non-current items								
Intangible assets	(562)	149	-	2	-	(326)	(109)	(846)
Property, plant and equipment	(3,311)	(112)	-	(3)	-	(453)	(463)	(4,343)
Pensions	453	(2)	-	-	296	13	60	820
Equity securities available-for-sale	(11)	-	4	-	3	-	-	(4)
Other non-current assets	(161)	(809)	-	-	-	(12)	14	(967)
Other non-current liabilities and accruals	98	302	(5)	-	8	21	47	471
Total	(3,494)	(472)	(1)	(1)	307	(758)	(451)	(4,869)
Current items								
Inventory valuation	4	157	-	4	-	11	3	178
Accrued expenses	311	(117)	-	5	-	26	21	247
Total	316	40	-	8	-	37	24	425
Tax loss carry forwards	1,229	698	-	1	-	50	56	2,035
Unused tax credits	11	(10)	-	-	-	-	-	2
Valuation allowance	(501)	12	-	(5)	-	(14)	(50)	(559)
Net deferred tax asset/(liability)	(2,439)	269	(1)	4	307	(685)	(421)	(2,963)

2013 Restated [1)]

NOK millions	Opening balance	Charged to income	Reclassified from equity to profit or loss	Changes in tax rate	Recognized in other comprehen-sive income	Acquisitions/ disposals	Foreign currency translation	Closing balance
Non-current items								
Intangible assets	(651)	115	-	3	-	-	(29)	(562)
Property, plant and equipment	(3,232)	37	-	70	-	-	(187)	(3,311)
Pensions	574	(35)	-	7	(117)	1	22	453
Equity securities available-for-sale	(4)	-	-	1	(7)	-	(1)	(11)
Other non-current assets	66	(209)	-	(33)	-	-	16	(161)
Other non-current liabilities and accruals	(140)	253	(4)	4	-	1	(16)	98
Total	(3,387)	162	(4)	52	(124)	2	(195)	(3,494)
Current items								
Inventory valuation	(37)	36	-	7	-	17	(19)	4
Accrued expenses	377	(90)	-	1	-	29	(6)	311
Total	340	(54)	-	8	-	46	(25)	316
Tax loss carry forwards	454	767	-	(1)	-	1	8	1,229
Unused tax credits	11	(1)	-	-	-	-	1	11
Valuation allowance	(449)	(52)	-	36	-	-	(36)	(501)
Net deferred tax asset/(liability)	(3,031)	822	(4)	96	(124)	49	(247)	(2,439)

1) See note 36 for more information.

Unrecognized deductible temporary differences, unused tax losses and unused taxs credits

NOK millions	2014	2013 Restated [1)]
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following		
Tax losses	230	202
Deductible temporary differences	328	299
Total	559	501

1) See note 36 for more information.

Deferred tax presented in the statement of financial position

NOK millions	2014	2013 Restated [1)]
Deferred tax assets	2,804	1,984
Deferred tax liabilities	(5,767)	(4,423)
Net deferred tax asset/(liability)	(2,963)	(2,439)

1) See note 36 for more information.

Undistributed earnings of foreign subsidiaries and in foreign non-consolidated investees are amounting to approximately NOK 78 billion that for the main part can be distributed as tax-free dividends. For the expected part of dividend that can not be distributed as tax-free income, a deferred tax liability of NOK 70 million is recognized.

Specification of expiration of tax loss carry forwards and unused tax credits

NOK millions	
2015	83
2016	10
2017	13
2018	51
2019	27
After 2019	143
Without expiration	6,772
Total tax loss carry forwards	7,099
Deferred tax effect of tax loss carry forwards	2,035
Valuation allowance	(230)
Deferred tax assets recognized in statement of financial position	1,805

Yara's recognized tax losses carry forwards primarily relate to the business in Norway and Brazil, where tax losses are without expiration.

Note 10 Earnings per share

NOK millions, except number of shares	2014	2013 Restated [1)]
Earnings		
Net income for the purposes of basic earnings per share (profit for the year attributable to the equity holders of Yara International ASA)	7,625	5,759
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	276,385,013	278,647,345

1) See note 36 for more information.

The denominators for the purposes of calculating basic earnings per share have been adjusted for the buy-back of own shares and redemption of shares held by the Norwegian State, see note 21.

Note 11

Intangible assets

2014

NOK millions, except percentages	Goodwill	Exploration and evaluation assets [1]	Supplier contracts	Other intangibles [2]	Total
Cost					
Balance at 1 January Restated [3]	5,267	927	1,621	2,542	10,357
Addition at cost	-	173	-	348	522
Disposal	-	-	-	(13)	(13)
Acquisition new companies [4]	981	1,010	-	472 [5]	2,462
Transfer	-	-	-	98	98
Foreign currency translation	748	214	356	284	1,602
Balance at 31 December	6,995	2,324	1,977	3,731	15,028
Amortization and impairment					
Balance at 1 January Restated [3]	(34)	-	(649)	(1,255)	(1,938)
Amortization	-	-	(351)	(272)	(622)
Impairment loss	(58)	-	-	(50)	(107)
Reversed impairment	-	-	-	-	-
Disposal	-	-	-	11	11
Foreign currency translation	(9)	-	(201)	(152)	(363)
Balance at 31 December	(101)	-	(1,200)	(1,718)	(3,020)
Carrying value					
Balance at 1 January Restated [3]	5,233	927	972	1,286	8,419
Balance at 31 December	6,894	2,324	777	2,014	12,008
Useful life in years			5	3 - 15	
Amortization rate			20 %	5 - 35 %	

1) Exploration and evaluation assets are intangible assets under development, and are not amortized.
2) Other intangibles comprises mainly customer relationships in addition to patents/trademarks and software.
3) See note 36 for more information.
4) See note 4 for more information.
5) Mainly customer relationship in Galvani of NOK 115 million and OFD group of NOK 113 million.

2013

NOK millions, except percentages	Goodwill	Exploration and evaluation assets [1]	Supplier contracts	Other intangibles [2]	Total
Cost					
Balance at 1 January Restated [3]	4,720	702	1,486	1,918	8,826
Addition at cost	-	138	-	224	362
Disposal	-	-	-	(14)	(14)
Acquisition new companies [4]	275	-	-	264	539
Transfer	-	-	-	28	28
Foreign currency translation	272	87	135	121	616
Balance at 31 December Restated [3]	5,267	927	1,621	2,542	10,357
Amortization and impairment					
Balance at 1 January Restated [3]	(41)	-	(284)	(988)	(1,314)
Amortization	-	-	(329)	(191)	(520)
Impairment loss	-	-	-	(25)	(25)
Disposal	-	-	-	14	14
Transfer	-	-	-	-	-
Foreign currency translation	7	-	(35)	(64)	(93)
Balance at 31 December Restated [3]	(34)	-	(649)	(1,255)	(1,938)
Carrying value					
Balance at 1 January Restated [3]	4,678	702	1,202	930	7,512
Balance at 31 December Restated [3]	5,233	927	972	1,286	8,419
Useful life in years			5	3 - 15	
Amortization rate			20 %	5 - 35 %	

1) Exploration and evaluation assets are intangible assets under development, and are not amortized.
2) Other intangibles comprises mainly customer relationships in addition to patents/trademarks and software.
3) See note 36 for more information.
4) See note 4 for more information.

ASSETS USED AS SECURITY

Intangible assets pledged as security was NOK 46 million in 2014 (2013: NOK 38 million). See note 31 for more information.

Note 12 Property, plant and equipment

2014

NOK millions, except percentages	Land	Machinery and equipment	Buildings	Asset under construction	Other	Total
Cost						
Balance at 1 January Restated 1)	1,059	51,389	9,358	3,305	561	65,672
Addition at cost	57	2,684	917	3,597	1	7,256
Disposal	(1)	(1,250)	(163)	-	(5)	(1,419)
Acquisition new companies 2)	623	942	775	255	460 3)	3,055
Transfer	33	2,051	556	(2,782)	-	(141)
Foreign currency translation	124	4,577	940	773	37	6,451
Balance at 31 December	1,895	60,393	12,383	5,149	1,054	80,874
Depreciation and impairment						
Balance at 1 January Restated 1)	(27)	(27,335)	(3,477)	(36)	(186)	(31,062)
Depreciation	-	(3,284)	(421)	-	(34)	(3,738)
Impairment loss	-	(78)	(133)	(10)	-	(222)
Reversed impairment	-	5	4	3	-	12
Disposal	-	1,047	139	7	3	1,196
Transfer	-	-	3	-	-	3
Foreign currency translation	(4)	(2,205)	(255)	(4)	(12)	(2,479)
Balance at 31 December	(31)	(31,851)	(4,138)	(40)	(230)	(36,290)
Carrying value						
Balance at 1 January Restated 1)	1,032	24,054	5,881	3,269	375	34,611
Balance at 31 December	1,864	28,542 4)	8,244 5)	5,109 6)	825	44,584
Useful life in years		4 - 20	20 - 50		5 - 10	
Depreciation rate		5 - 25 %	2 - 5 %		10 - 20 %	

1) See note 36 for more information.
2) See note 4 for more information.
3) The main item acquired in the 'other' category is NOK 456 million worth of mineral rights from the Galvani acquisition. Included in the opening balance are mineral rights from the Kemira acquisition with a carrying value of NOK 187 million.
4) Includes net carrying value related to finance leases of NOK 219 million in 2014.
5) Includes net carrying value related to finance leases of NOK 138 million in 2014.
6) The Pilbara Nitrates TAN plant accounts for NOK 2.662 million of asset under construction.

2013

NOK millions, except percentages	Land	Machinery and equipment	Buildings	Asset under construction	Other	Total
Cost						
Balance at 1 January Restated [1]	668	41,852	10,053	1,958	409	54,940
Addition at cost	31	2,060	356	2,870	40	5,357
Disposal	(1)	(875)	(58)	(1)	(67)	(1,001)
Acquisition new companies [2]	295	351	851	183	-	1,680
Transfer	(10)	4,490	(2,718)	(1,938)	143	(34)
Foreign currency translation	75	3,512	873	233	37	4,730
Balance at 31 December Restated [1]	1,059	51,389	9,358	3,305	561	65,672
Depreciation and impairment						
Balance at 1 January Restated [1]	(23)	(23,070)	(3,043)	-	(210)	(26,346)
Depreciation	-	(2,635)	(470)	-	(27)	(3,132)
Impairment loss	(9)	(22)	(7)	(36)	-	(74)
Reversed impairment	8	-	-	-	-	8
Disposal	-	808	49	-	64	920
Transfer	-	(243)	243	-	-	-
Foreign currency translation	(3)	(2,173)	(249)	-	(13)	(2,438)
Balance at 31 December Restated [1]	(27)	(27,335)	(3,477)	(36)	(186)	(31,062)
Carrying value						
Balance at 1 January Restated [1]	646	18,782	7,010	1,958	198	28,594
Balance at 31 December Restated [1]	1,032	24,054 [3]	5,881 [4]	3,269	375	34,611
Useful life in years		4 - 20	20 - 50		5 - 10	
Depreciation rate		5 - 25 %	2 - 5 %		10 - 20 %	

1) See note 36 for more information.
2) See note 4 for more information.
3) Includes net carrying value related to finance leases of NOK 150 million in 2013.
4) Includes net carrying value related to finance leases of NOK 68 million in 2013.

ASSETS USED AS SECURITY

Property, plant and equipment pledged as security was NOK 5,938 million in 2014 (2013: NOK 5,154 million). See note 31 for more information.

GOVERNMENT GRANTS

Government grants related to assets have been recognized as deduction to the carrying value by reducing “Addition at cost” with NOK 20 million in 2014 (2013: NOK 9 million).

BORROWING COSTS

The amount of borrowing cost capitalized amounted to NOK 1.3 million in 2014 (2013: NOK 4 million). The average rate for the borrowing cost capitalized was 3.6% in 2014.

COMPENSATIONS

Compensations from insurance companies recognized in the consolidated statement of income amounted to NOK 49 million in 2014 (2013: NOK 18 million).

Note 13 Associated companies and joint ventures

2014

NOK millions	Balance at 1 January	Investments/ (sale), net and long-term loans	Transfers to/from subsidiary	Yara's share of net income/ (loss)	Amortization, depreciation and write-down	Total share of net income in equity-accounted investees	Dividends/ Repayment of capital	Posted directly in equity	Foreign currency translation and other	Balance at 31 December
Qafco	6,006	349 [1]	-	677	-	677	(981)	39	1,346	7,436
GrowHow UK	1,546	-	-	232	-	232	(285)	(157)	248	1,583
Lifeco	1,017	-	-	(189)	-	(189)	-	-	189	1,017
Yara Praxair Holding	127	-	-	42	-	42	-	(3)	6	172
IC Potash Corp	128	-	-	(6)	(85) [2]	(91)	-	5	6	47
Other	538	32	-	119	(3)	116	(64)	8	49	679
Total	9,361	381	-	874	(88)	786	(1,330)	(108)	1,844	10,934

1) Profit attributable to foreign shareholder (Yara) is subject to tax in Qatar. The tax is paid by Qafco, but refunded by Yara.
2) Yara made an impairment write-down of NOK 85 million on shares in IC Potash Corp in 2014. See below for more information.

2013 Restated [1]

NOK millions	Balance at 1 January	Investments/ (sale), net and long-term loans	Transfers to/from subsidiary	Yara's share of net income/ (loss)	Amortization, depreciation and write-down	Total share of net income in equity-accounted investees	Dividends/ Repayment of capital	Posted directly in equity	Foreign currency translation and other	Balance at 31 December
Qafco	5,837	434 [2]	-	960	-	960	(1,798)	63	509	6,006
GrowHow UK	1,328	-	-	143	-	143	-	(87)	162	1,546
Lifeco [3]	1,150	-	-	(58)	-	(58)	(187)	-	112	1,017
Yara Praxair Holding	84	-	-	40	-	40	-	3	-	127
IC Potash Corp	209	-	-	(6)	(88) [4]	(94)	-	1	11	128
Other	461	154	(18)	90	(5)	85	(64)	(1)	(81)	538
Total	9,069	588	(18)	1,169	(92)	1,076	(2,049)	(20)	712	9,361

1) See note 36 for more information.
2) Profit attributable to foreign shareholder (Yara) is subject to tax in Qatar. The tax is paid by Qafco, but refunded by Yara.
3) Yara received repayment of capital from Lifeco in 2013. The repayment has been reported as part of "financing activities" in the consolidated statement of cash flows.
4) Yara acquired 19.9% of the shares in IC Potash Corp in 2012. After a capital injection in 2013 where Yara did not participate, the ownership share was reduced to 17.46%. Yara also made an impairment writedown of NOK 87 million in 2013.

Due to it being impractical to obtain financial report at the same reporting date as Yara uses, there is for some of the associated companies and jointly controlled entities a lag of 1-3 month for the numbers included.

Ownership, sales and receivables/payables

NOK millions, except percentages	Place of incorporation and operation	Percentage owned by Yara 2014 [1]	Sales from Investees to Yara Group [2]		Yara's current receivables/ (payables) net with investees	
			2014	2013	2014	2013
Qafco [3]	Qatar	25.0 %	-	(1,596)	-	(3)
GrowHow UK Ltd	Great Britain	50.0 %	(972)	(1,031)	(116)	(90)
Lifeco	Libya	50.0 %	(910)	(1,297)	(112)	(114)
Yara Praxair Holding	Norway	34.0 %	(4)	(4)	6	-
IC Potash Corp	Canada	17.5 %	-	-	-	-
Other			(36)	(192)	(98)	(157)
Total			(1,921)	(4,120)	(319)	(364)

1) Equals voting rights.
2) Included in raw materials, energy cost and freight expenses.
3) In 2014, there were no direct sales of product from Qafco to Yara. Muntajat is the legal unit in Qatar buying all Qafco products and selling them further on to Yara.

BUSINESS IN EQUITY-ACCOUNTED INVESTEES

Qafco

Yara is the owner of 25% of Qatar Fertiliser Company (S.A.Q.), ("Qafco"), the owner and operator of a fertilizer complex in Mesaieed in Qatar. The remaining 75% of Qafco is owned by Industries Qatar, a Doha Stock Market listed company, owned 51% by Qatar Petroleum, 19% by The General Retirement and Social Insurance Authority and 30% by general public. Qafco operates six ammonia plants and six urea plants. Qafco 5 and Qafco 6, the two newest ammonia and urea trains, commenced production during 2012. Total production capacity is approximately 3.5 and 5.6 million tons of ammonia and urea, respectively. Yara is, through a cooperation with Muntajat, a Qatari company coordinating sales and marketing of chemical products produced in Qatar, marketing and distributing a significant amount of urea produced by Qafco. Qafco has 70% ownership in Gulf Formaldehyde Company, which produces and sells Urea Formaldehyde Concentrate, mainly used in the urea production process. In addition, Qafco owns 60% of Qatar Melamine Company, which owns a melamine plant located at the Qafco site, and with a capacity of 60,000 tons per year. Qafco is operating and providing marketing services for this plant.

GrowHow UK

Yara has a 50% interest in GrowHow UK Group Limited, a joint venture with CF Industries Inc. with a turnover in excess of GBP 400 million. The company is based in Ince, with production site in both Ince and Billingham, and is the UK's leading manufacturer of ammonium nitrate and compound fertilizers, and a major supplier for process chemicals and utilities. GrowHow UK Group Ltd operates production sites in Billingham and Ince. The company is responsible for the sales of the joint venture's fertilizer and associated process chemical products in the UK.

Lifeco

Yara owns 50% in Libyan Norwegian Fertilizer Company (Lifeco), while National Oil Corporation (NOC) and the Libyan Investment Authority (LIA) are each holding a 25% stake. Lifeco is operating two urea and two ammonia plants with capacity of approximately 900,000 tons of urea and 150,000 tons of merchant ammonia per year. More than 90% of the ammonia and urea from Lifeco is exported, and Yara is Lifeco's exclusive global export product distributor. The plant stopped production in mid-January 2014 due to a local militia group blockade. Lifeco production gradually resumed during second quarter, and the plant produced at less than 50% capacity during second half of 2014 due to inconsistent gas supplies.

Yara Praxair Holding

Yara holds a 34% ownership in Yara Praxair, which is one of the leading industrial gases companies in Scandinavia. The company supplies atmospheric, process and specialty gases to a wide variety of industries: food and beverages, healthcare, fish farming, chemicals, refining, primary metals and metal fabrication as well as other areas of general industry. The entity comprises Yara's previous industrial gases business located in Norway, Denmark and Sweden.

IC Potash Corp

In April 2012, Yara purchased 30,129,870 common shares in IC Potash Corp (ICP). IC Potash intends to become a primary producer of Sulphate of Potash (SOP) by mining its 100%-owned Ochoa property in southeast New Mexico, a highly advanced polyhalite mineral deposit. After a capital injection in 2013, where Yara did not participate, the ownership of Yara was reduced to 17.5% on a non- diluted basis. The combination of a ownership of 17.5% and Yara's representation in the Board of Directors results in Yara having significant influence. Yara has also entered into an off-take arrangement for 30% of all products produced by ICP's Ochoa project in New Mexico for a period of 15 years. Yara made an impairment write-down of the ICP shares in third quarter 2014 of NOK 85 million to reflect the market value of the shares. The write-down is presented within "Share of net income in equity-accounted investees" in the consolidated statement of income. Yara's carrying value of shares in ICP after write-down is NOK 47 million. The market value of Yara's ownership is NOK 48 million (CAD 0.25 cent per share), based on the shares traded at the close of business at 31 December 2014.

Carrying value and share of net income by segment for associated companies and joint ventures are disclosed in note 5.

FINANCIAL INFORMATION

The following table sets forth summarized unaudited IFRS financial information of Yara's associated companies and joint ventures on a 100% basis. Yara's share of these investments, which is also specified above, is accounted for using the equity method. Grow How UK is the largest investment classified as a Joint venture for Yara. Qafco, Lifeco, Yara Praxair and ICP are all classified as associated companies.

Financial position

NOK millions (unaudited, 100% basis)	31 December 2014				31 December 2013			
	Qafco	Lifeco	Grow How UK	Others	Qafco	Lifeco	Grow How UK	Others
Cash and cash equivalents	3,955	679	141	212	2,846	429	223	282
Current assets excluding cash and cash equivalents	3,851	1,074	1,352	2,386	2,934	910	1,224	1,816
Non current assets	32,719	2,012	3,531	2,324	28,221	1,637	3,051	2,003
Current liabilities	(2,545)	(1,737)	(513)	(1,928)	(2,347)	(946)	(470)	(1,652)
Non current liabilities	(5,857)	-	(1,777)	(769)	(5,391)	-	(1,328)	(707)
Non-controlling interests	(979)	-	-	(21)	(811)	-	-	(14)
Net assets	31,144	2,028	2,734	2,204	25,452	2,030	2,700	1,728
Yara's share	25 %	50 %	50 %		25 %	50 %	50 %	
Yara's share of total equity based on ownership %	7,786	1,017	1,367		6,363	1,017	1,349	
Tax effect of Qafco [1]	(350)				(358)			
Yara's share of total equity (carrying amount) [2]	7,436	1,017	1,367	927	6,006	1,017	1,349	739

1) Tax effect is tax on profit attributable to Yara from Qafco.The tax is paid by Qafco, but refunded by Yara.
2) Yara's goodwill and excess values related to investments in Grow How UK and "other" are not included in net assets in the table.

Income statement

NOK millions (unaudited, 100% basis)	2014				2013			
	Qafco	Lifeco	Grow How UK	Others	Qafco	Lifeco	Grow How UK	Others
Total operating revenues	12,594	847	4,535	7,149	13,249	1,339	4,284	6,685
Interest income	112	1	121	11	174	3	100	4
Depreciation, amortisation & impairment loss	(29)	(150)	(352)	(165)	(17)	(110)	(268)	(146)
Operating income	4,141	(386)	629	560	5,389	(107)	367	454
Interest expense	(270)	(1)	(164)	(41)	(342)	(1)	(135)	(46)
Income tax expense	-	-	(125)	(139)	-	-	(48)	(101)
Non-controlling interests	4	-	-	(10)	(7)	-	-	(9)
Net income	3,992	(375)	460	382	5,218	(98)	285	311
Yara's share	25 %	50 %	50 %		25 %	50 %	50 %	
Yara's share of net income based on ownership %	998	(188)	230		1,304	(49)	142	
Tax effect of Qafco [1]	(299)				(341)			
Currency translation effects [2]	(22)	(1)	2		(3)	(9)	1	
Yara's share of net income (as per books)	677	(189)	232		960	(58)	143	
Net other comprehensive income that may be reclassified to profit and loss account in subsequent period	175	-	-	23	252	-	-	14
Net other comprehensive income that will not be reclassified to profit and loss account in subsequent period	-	-	(296)	24	-	-	(174)	
Total other comprehensive income, net of tax	175	-	(296)	47	252	-	(174)	14
Total comprehensive income	4,167	(375)	164	430	5,470	(98)	110	325

1) Tax effect is tax on profit attributable to Yara from Qafco.The tax is paid by Qafco, but refunded by Yara.
2) Certain financial information from equity-accounted investees is only collected once per yer and translated at the average rate for the year. Deviations towards figures reported and translated on a monthly basis can occur.

Note 14 Joint operations

Yara has two investments that are classified as joint operations:

Yara Pilbara Nitrates

The construction of the TAN plant (owned directly and indirectly 45% by Yara, 45% by Orica and 10% by Apache) is progressing and the TAN plant is more than 90% complete end of 2014. The company is controlled 50/50 by Yara and Orica and the plant is expected to commence commercial operations in second half 2015.

Tringen

Tringen owns an ammonia complex consisting of two separate ammonia plants which are managed and operated by Yara under a management and operating agreement. In addition, Yara provides marketing support through sales agency agreements. Yara has a 49% ownership stake in Tringen, the remaining 51% of Tringen is owned by National Enterprises Limited, which is a publicly listed Company, in which the Government of the Republic of Trinidad and Tobago has majority shareholding.

The following table shows the effect of consolidating joint operations according to IFRS 11 on Yara's financial statements. Pilbara Nitrates is consolidated 55% and Tringen 49% (according to ownership share). The table is based on unaudited financial information of Yara's joint operations based on their IFRS financial statements.

Financial position

	31 December 2014			31 December 2013		
NOK millions (unaudited)	Yara Pilbara Nitrates	Tringen	Yara's share of consolidated Joint Operations	Yara Pilbara Nitrates	Tringen	Yara's share of consolidated Joint Operations
Assets						
Deferred tax assets	23	47	70	8	36	45
Property, plant and equipment	2,976	685	3,662	1,438	306	1,744
Other non current assets	6	-	6	-	-	-
Total non current assets	3,005	733	3,738	1,446	343	1,789
Inventories	-	76	76	-	106	106
Trade receivables	-	54	54	43	68	111
Prepaid expenses and other current assets	7	144	151	-	72	72
Cash and cash equivalents	20	16	36	5	39	45
Total current assets	28	289	317	48	285	334
Total assets	3,033	1,022	4,055	1,494	628	2,122
Total equity	799	409	1,208	660	351	1,011
Liabilities						
Employee benefits	-	120	120	-	98	98
Deferred tax liabilities	3	92	94	2	19	21
Long-term provisions	145	-	145	-	-	-
Long-term interest bearing debt	1,960	-	1,960	757	-	757
Total non-current liabilities	2,107	212	2,319	759	117	876
Trade and other payables	126	247	373	74	152	225
Other short-term liabilities	-	2	2	2	8	10
Bank loans and other interest-bearing short term debt	-	153	153	-	-	-
Total current liabilities	126	401	528	75	160	235
Total equity and liabilities	3,033	1,022	4,055	1,494	628	2,122

Income statement

	2014			2013		
NOK millions (unaudited)	Yara Pilbara Nitrates	Tringen	Yara's share of consolidated Joint Operations	Yara Pilbara Nitrates	Tringen	Yara's share of consolidated Joint Operations
Revenue and other income	-	1,116	1,116	-	1,089	1,089
Operating cost and expenses	(14)	(838)	(852)	(18)	(786)	(804)
Operating income / loss	(14)	278	264	(18)	303	285
Earning before interest expense and tax (EBIT)	(14)	278	264	(18)	303	285
Income before tax	(13)	87	74	(18)	301	283
Income tax	11	(84)	(73)	7	(100)	(94)
Net income	(3)	3	1	(12)	201	189

Note 15 Other non-current assets

NOK millions	2014	2013 Restated [1]
Prepayments for long-term employee obligations	426	342
Equity investments available-for-sale	176	227
Interest rate swap designated as hedging instrument	81	135
Prepayment for property, plant and equipment [2]	498	94
Long-term loans and receivables [3]	1,548	751
Total	2,729	1,549

1) See note 36 for more information.
2) Related to ammonia ships.
3) Mainly related to tax and VAT credits.

Note 16 Impairment on non-current assets

Recognized impairment loss

NOK millions	2014	2013
Asset class		
Goodwill	58	-
Other intangible assets	50	25
Property, plant and equipment	222	74
Equity-accounted investees [1]	85	88
Total impairment of non-current assets	415	187
Reversal of impairment of non-current assets	(12)	(8)
Net impairment loss	403	179

1) Presented as part of "Share of net income in equity-accounted investees" in the consolidated statement of income.

NOK millions	2014	2013
Segment split		
Upstream	169	138
Downstream	167	13
Industrial	62	21
Other	5	7
Net impairment loss	403	179

The goodwill impairment in 2014 is related to Downstream Australia and is reflecting lower than expected returns from its liquid fertilizer business. Impairment of customer relationships, presented as "other intangible assets" in the table above, is related to the Upstream ammonia trade activity. The impairment loss on property, plant and equipment is NOK 222 million in 2014, of which NOK 102 million is related to Downstream blending units in Brazil and NOK 62 million is related to the Industrial site in Pardies (France). The impairment in Brazil was triggered by a decision to optimize volumes towards more efficient sites while the Pardies impairment reflects lower TAN profitability. Yara revised its own view on the underlying mining project in the associated entity IC Potash and recognized an impairment loss of NOK 85 million in 2014.

IMPAIRMENT TESTING

The mandatory impairment testing of cash generating units (CGUs) with allocated goodwill or assets with indefinite useful life are carried out during fourth quarter each year. The recoverable amounts have been determined based on "value-in-use", except for Yara's investment in the listed entity IC Potash (associate) where the market value of the shares was used. Yara has also performed testing of other CGUs with various impairment indicators. Key assumptions used in the calculation of value in use are generally:
- EBITDA
- Growth rates
- Capital expenditures
- Discount rate

EBITDA

EBITDA represents the operating margin before depreciation and amortization and is estimated based on the expected future development for Yara's existing businesses and their main markets. Committed operational efficiency programs are taken into consideration. Changes in the outcome of these initiatives may affect future estimated EBITDA margin. EBITDA for the first year is based on the latest approved business plan for the CGU. The two most important assumptions in the corporate business plan are the expected agricultural commodity prices and the global urea supply/demand balance. Yara utilizes available internal and external information when setting business plan assumptions. For the following four years, management projections are applied based on available forecasts for volumes, sales prices, energy and other cost components, with the exception of some Downstream units where an estimated annual growth rate is applied.

Growth rates
Yara uses a steady growth rate normally not exceeding 2.5% (including inflation) for periods that are not based on management projections. For Latin America a higher growth rate is used due to market development expectations. The steady growth rate period starts after year five at the latest. Yara also prepares cash flow projections for the Upstream plants after year five, using long-term commodity and energy forecasts as supporting documentation to the terminal-year cash flow. The growth rates used are estimated not to exceed the growth rates for the products, industry or countries in which the units operate.

Capital expenditure
To the best of management's judgment, estimated capital expenditures do not include capital expenditures that enhance the current performance of assets and related cash flows have been treated consistently.

Discount rate
Discount rates reflect the current market assessment of the risks specific to each cash generating unit. The discount rates were estimated based on the weighted average cost of capital for the industry. This rate was further adjusted to reflect the currency in which the CGU operates and market assessments of any risk specific to the CGU for which future estimates of cash flows have not been adjusted

CASH GENERATING UNITS WITH GOODWILL

Goodwill acquired through business combinations have been allocated for impairment testing to these CGUs, presented together with the applicable discount rates used in the impairment testing:

	Goodwill		Discount rate pre tax	
NOK millions, except percentages	2014	2013	2014	2013
Upstream				
Belle Plaine (Canada)	2,248	2,012	8.6 %	8.5 %
Yara Pilbara Fertilizer (Australia)	819	673	9.5 %	8.7 %
Finland	713	664	8.4 %	7.8 %
Galvani (Brazil)	647	-	13.5 %	
Ammonia trade (Switzerland)	409	336	8.5 %	9.0 %
Yara Dallol (Ethiopia)	124	102	15.3 %	12.8 %
Other Upstream [1)]	53	49		
Total Upstream	5,013	3,836		
Downstream				
Fertilizer trade (Switzerland)	613	504	8.6 %	9.0 %
Brazil	388	359	12.4 %	10.4 %
Belle Plaine (Canada)	126	113	9.4 %	8.2 %
OFD (Latin America)	124	-	11.4 %	
Other Downstream [1)]	313	266		
Total Downstream	1,564	1,242		
Industrial				
Environmental Solutions Industry & Maritime	217	61	8.1 %	
Other Industrial [1)]	100	93		
Total Industrial	317	154		
Total	6,894	5,233		

1) Goodwill presented within "Other" per segment are allocated to various cash generating units but presented together due to materiality.

FURTHER INFORMATION ABOUT CGUS WITH ALLOCATED GOODWILL:

Upstream and Downstream Belle Plaine
Goodwill in relation to the Saskferco (now Yara Belle Plaine) acquisition in 2008 was allocated to two CGUs; Upstream Belle Plaine and Downstream Canada. The upstream site has one ammonia plant, one nitric acid plant and one urea granulation plant. It produces an average of 3,000 tons of urea, 700 tons of UAN and 1,900 tons of ammonia per day. The majority of the ammonia produced is used in the production of UAN and granular urea, however some products are sold for agricultural purposes during peak ammonia seasons. The change in carrying value of goodwill is fully explained by currency translation effects (CAD/NOK).

Upstream Yara Pilbara Fertilizer

Yara increased its ownership in Yara Pilbara Holdings (former Burrup Holdings) to 51% in 2012. This entity owns 100% of Yara Pilbara Fertilisers, a company that owns and operates an ammonia plant located in Western Australia with an annual production capability of approximately 850,000 metric tons. The change in carrying value of goodwill is fully explained by currency translation effects (USD/NOK).

Upstream Finland

Goodwill in relation to the Kemira GrowHow acquisition in 2007 was allocated to five CGUs, of which Upstream Finland was the largest (rest is included in Other Downstream and Other Industrial in the table above). Upstream Finland has several production sites. The Siilinjärvi site produces mainly fertilizers and phosphoric acid, but also other industrial chemicals. It consists of several plants in addition to a mine. Uusikaupunki has three nitric acid plants as well as two fertilizer plants producing for the Finnish market and for export. Kokkola produces mainly potassium sulfate and feed phosphates and Harjavalta produces special fertilizers, both for markets worldwide. The change in carrying value of goodwill is fully explained by currency translation effects (EUR/NOK).

Upstream Galvani

In 2014 Yara acquired a 60% stake in Galvani. This company is engaged in phosphate mining, production of Single Super Phosphate (SSP) and distribution of fertilizers in Brazil. Total SSP production is approximately 1 million tons per year. More information about the business combination is provided in note 3 and 4.

Upstream Ammonia trade and Downstream Ferilizer trade

Goodwill in relation to the Balderton transaction in 2010 was allocated to two CGUs and is fully integrated in Yara's global supply and trade operation in ammonia and fertilizer products. The change in carrying value of goodwill is fully explained by currency translation effects (USD/NOK).

Upstream Yara Dallol

Yara increased its ownership in Yara Dallol (former Ethiopotash) to a controlling position of 51% in 2012. Yara has made subsequent capital injections and has now an ownership of 66.6%. The company is developing a potash resource in Dallol in the Danakil Depression of Ethiopia. In February 2015, Yara announced that an independent study identified an annual production of 600,000 metric tons sulfate of potash (SOP) over 23 years from the reserves. The company, which aims to begin mining activities in third quarter 2018, is now seeking equity partners to develop the project. The change in carrying value of goodwill is fully explained by currency translation effects (USD/NOK).

Downstream Brazil

Goodwill allocated to Downstream Brazil is mainly related to the acquisition of Bunge Fertilizers in 2013. The unit is involved in SSP production, blending and distribution through 20 locations, delivering approximately 8 million tones of fertilizers in 2014 and covering one fourth of the Brazilian market demand. The change in carrying value of goodwill is fully explained by currency translation effects (BRL/NOK).

Downstream OFD (Latin America)

OFD was acquired in fourth quarter 2014 with operations comprise production facilities in Cartagena, Colombia, and distribution companies across Latin America. More information about the unit is provided in note 3 and 4.

Industrial Environmental Solutions Industry & Maritime

Goodwill allocated to this Industrial unit comprises the 2014 acquisitions of H+H Umwelt- und Industrietechnik, Green Tech Marine and the flue gas cleaning division of Strabag, in addition to goodwill originating from the purchase of Yara Miljø (former Petromiljø) in 2011. The CGU markets urea and ammonia-based reagents as well as a broad technology portfolio for the reduction of air pollution from industrial plants and commercial ships.

SENSITIVITY TO CHANGES IN ASSUMPTIONS

Sensitivity calculations are done for all CGUs that are tested for impairment. As a basis for the sensitivity assessment, Yara uses the following assumption changes:

- An increase of discount rate of 1.0% points (after tax)
- A reduction to management projected EBITDA of 10% each year, in the period year one to five
- A reduction of nominal growth after year five of 1% point.

A combined change of all three assumptions would lead to total impairment write-down of approximately 3.5 billion, mainly related to certain fertilizer plants in Europe. An isolated adjustment to the discount rate, EBITDA and nominal growth would give a loss of approximately NOK 200 million, NOK 700 million and NOK 150 million, respectively. The total carrying value of the CGUs that are sensitive to impairment is approximately NOK 22 billion, with a current headroom of approximately NOK 9 billion. The carrying value includes necessary working capital and non-current assets. In addition to the sensitivity information provided above, Yara regards its investments in mining development projects and the investment in Lifeco (associated entity) to be highly sensitive to impairment due to other key uncertainties. These uncertainties are further described below.

Mining development projects

The carrying value of Yara's mining exploration and evaluation assets is NOK 2,324 million at the end of 2014, of which NOK 1,044 million is related to Galvani's Brazilian greenfield projects and NOK 1,032 million is related to Yara Dallol project in Ethiopia. Combined with goodwill recognized on acquisitions, the total carrying value of intangible assets associated with these mining projects is NOK 3,095 million. The cash inflows for these projects are several years in to the future and there are multiple uncertainties related to the projects' profitability, mineability of the reserves, financing, required infrastructure and necessary governmental permits. Any negative development to these uncertainties could trigger a decision to stop one or more of the projects and a resulting impairment loss.

Lifeco investment

The key uncertainties when performing the impairment testing of the equity-accounted investee Lifeco are the political situation in Libya and the availability of gas and utilities. The plants are currently operating at less than 50% of capacity due to reduced availability of gas. The total carrying value of Yara's investment is NOK 1,017 million. For the purpose of the impairment testing, Yara has used probability weighted scenarios where the base case assumes a production at today's level for three more years, followed by a gradual improvement. The headroom is minor and any negative development to the conditions under which the plants are operating can trigger an impairment loss. In addition to closely monitoring the local security situation, Yara is currently engaging with its partners in Lifeco to address the challenges associated with supply of gas and other utilities to Lifeco.

Note 17 Inventories

NOK millions	2014	2013 Restated [1)]
Finished goods	10,085	7,164
Work in progress	707	633
Raw materials	7,847	5,332
Total	18,639	13,129
Write-down		
Balance at 1 January	(103)	(96)
New write-downs regonized during the year	(46)	(160)
Write-downs reversed due to product sold	52	157
Write-downs reversed, other	11	5
Foreign currency translation	(7)	(9)
Balance at 31 December	(92)	(103)

1) See note 36 for more information.

Inventories pledges as security were NOK 592 million in 2014 (2013: NOK 141 million). See note 31 for more information.

Note 18 Trade receivables

NOK millions	Notes	2014	2013 Restated [1)]
Trade receivables		12,614	9,760
Allowance for impairment loss		(514)	(421)
Total	30	12,100	9,339

1) See note 36 for more information.

Movement in allowance for impairment loss

NOK millions	2014	2013 Restated [1)]
Balance at 1 January	(421)	(432)
Impairment losses recognized on receivables	(80)	(30)
Amounts written off during the year as uncollectible	20	22
Impairment losses reversed	20	34
Foreign currency translation	(52)	(15)
Balance at 31 December	(514)	(421)

1) See note 36 for more information.

AGEING ANALYSIS OF TRADE RECEIVABLES AT 31 DECEMBER

Gross trade receivables

			Past due gross trade receivables			
NOK millions	Total	Not past due gross trade receivables	< 30 days	30 - 90 days	91 - 180 days	> 180 days
2014	12,614	10,472	869	311	286	676
2013 Restated [1)]	9,760	8,062	805	264	101	529

1) See note 36 for more information.

Net trade receivables

NOK millions	Total	Neither past due nor impaired	Past due but not impaired			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2014	12,100	10,466	865	297	281	191
2013 Restated [1]	9,339	8,062	799	253	94	131

1) See note 36 for more information.

Impairment of trade receivables

NOK millions	Total	Impairment on not past due receivables	Impairment on past due receivables			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2014	(514)	(6)	(4)	(14)	(5)	(485)
2013 Restated [1]	(421)	-	(5)	(11)	(7)	(398)

1) See note 36 for more information.

Note 19 Prepaid expenses and other current assets

NOK millions	2014	2013 Restated [1]
VAT and sales related taxes	1,322	758
Foreign exchange contracts	86	35
Commodity derivatives and embedded derivatives	21	83
Prepaid income taxes	565	1,096
Prepaid expenses	1,128	1,079
Other current assets	1,074	327
Total	4,196	3,378

1) See note 36 for more information.

Note 20 Cash, cash equivalents and other liquid assets

NOK millions	Notes	2014	2013 Restated [1]
Cash and cash equivalents	30	3,591	6,824
Other liquid assets	30	15	-

1) See note 36 for more information.

External bank deposits that are not available for use by the group at 31 December 2014 have a carrying value of NOK 463 million (2013: NOK 383 million), mainly related to a technical reserve in Yara Insurance required by the regulators. Information about bank deposits and dividend resolutions in subsidiaries with significant non-controlling interests is provided in note 22.

Other liquid assets comprises bank deposits with maturity between three months and one year.

The average interest rate for liquid assets is approximately 1.8% at 31 December 2014 (2013: 1.7%).

Yara minimizes the counter party exposure by keeping its cash deposits in various Nordic and International banks with established limits for exposure towards each institution.

Note 21 Share information

On 5 May 2014, the Annual General Meeting approved a share buy-back program, authorizing the Board of Directors for a period of 12 months to let the Company acquire up to 5% of total shares in the open market and from the Norwegian State. The purchase price shall not be less than NOK 10 nor more than NOK 1,000. Shares acquired may either be used for cancellation, or, according to decision by the Board of Directors, as consideration in commercial transactions. The 2014 buy-back program is similar to previous years' programs.

Yara's largest shareholder, the Norwegian State, has committed to sell a proportionate part of its shares, leaving the State's ownership unchanged at 36.21%. The compensation to the State will be equal to the average price paid in the market for the buy-back of shares, plus interests of NIBOR +1%, calculated from the date of the acquisition of the corresponding shares.

During 2014, Yara purchased 730,000 shares for a total consideration of NOK 229.8 million under the 2014 share buy-back program. Shares will be cancelled.

During 2013, Yara purchased 1,450,000 shares for a total consideration of NOK 377.2 million under the 2013 share buy-back program. Shares were cancelled.

Dividend proposed for 2014 is NOK 13.00 per share, amounting to NOK 3,581 million. Dividend approved for 2013 and paid out in 2014 was NOK 2,771 million.

Yara has one class of shares, all with equal voting rights and the right to receive dividends.

	Ordinary shares	Own shares
Total at 31 December 2012	284,207,264	(3,640,000)
Redeemed shares Norwegian State 1)	(2,066,354)	
Shares cancelled 1)	(3,640,000)	3,640,000
Treasury shares - share buy-back program 1)	-	(1,450,000)
Total at 31 December 2013	278,500,910	(1,450,000)
Redeemed shares Norwegian State 2)	(823,135)	-
Shares cancelled 2)	(1,450,000)	1,450,000
Treasury shares - share buy-back program 2)	-	(730,000)
Total at 31 December 2014	276,227,775	(730,000)

1) As approved by General Meeting 13 May 2013.
2) As approved by General Meeting 5 May 2014.

Note 22 Non-controlling interests

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below.

2014

NOK millions	Total at 1 January	Share of profit	Dividend distributed	Disposals	Share capital increase	Companies acquired	Foreign currency translation	Total at 31 December
Yara Pilbara Holdings Ltd 1)	1,845	291	-	-	-	-	434	2,570
Galvani Industria, Comercio e Servicos S.A.	-	(10)	-	-	180	1,001	10	1,181
Yara Dallol B.V.	161	23	-	(47)	-	-	30	166
Other	146	15	(15)	13	-	98	23	279
Total	2,152	319	(15)	(35)	180	1,099	497	4,196

1) Including Yara Pilbara Fertilisers Pty Ltd.

2013

NOK millions	Total at 1 January	Share of profit	Dividend distributed	Disposals	Share capital increase	Companies acquired	Foreign currency translation	Total at 31 December
Yara Pilbara Holdings Ltd 1)	1,436	354	(85)	-	-	-	141	1,845
Yara Dallol B.V.	176	(12)	-	(18)	-	-	15	161
Other	133	7	(16)	-	-	12	10	146
Total	1,745	350	(100)	(18)	-	12	165	2,152

1) Including Yara Pilbara Fertilisers Pty Ltd.

Place of incorporation and percentage of non-controlling interests

Company name	Place of incorporation	Percentage non-controlling interests [1] 2014	Percentage non-controlling interests [1] 2013
Yara Pilbara Holdings Ltd [2]	Australia	49.0 %	49.0 %
Galvani Industria, Comercio e Servicos S.A.	Brazil	40.0 %	-
Yara Dallol B.V.[3]	The Netherlands	33.4 %	44.0 %

1) Equals voting rights.
2) Including Yara Pilbara Fertilisers Pty Ltd.
3) Place of operations is Ethiopia. In January 2014, Yara increased its ownership in Yara Dallol B.V. from 51% to 56.05%. In July 2014, Yara acquired an additional 10.55% shareholding, total ownership is 66.6% by year-end.

Dividend resolutions by Yara's 51% owned subsidiary Yara Pilbara Holdings require unanimous Board approval, providing the non-controlling interest with a protective right. At year-end 2014, Yara Pilbara Holding and its subsidiary held NOK 530 million in cash and cash equivalents. While Yara is managing the day-to-day activities of the plant, the non-controlling interest is provided with a number of protective rights, among these the consent to the budget and business plan.

The shareholders in Yara Dallol have agreed that no dividends shall be distributed from the company before the start of production. After that, the company shall pay out as much as permitted by applicable law and possible restrictions in future financing agreements. At year-end 2014, Yara Dallol held NOK 24 million in cash and cash equivalents. While Yara has the overall management and control of the project development, the non-controlling interest is provided with protective rights as long as it holds more than 33% of the shares, among these the consent to construct the mine and the plant.

A dividend resolution by Galvani requires the approval by 75% of the voting shares, providing the non-controlling interest with a protective right. At year-end 2014, Galvani held NOK 146 million in cash and cash equivalents. The budget and business plan for the mining development projects require consent from at least one board member representing the non-controlling interest while approval of the budget and business plan for the ongoing business is controlled by Yara. The non-controlling interest is also provided with other protective rights.

	2014			2013	
NOK millions	Yara Pilbara [1]	Yara Dallol	Galvani	Yara Pilbara [1]	Yara Dallol
Current assets	1,598	24	1,161	770	13
Non-current assets	8,461	1,175	4,045	7,059	825
Current liabilities	(1,224)	(62)	(1,440)	(886)	(46)
Non-current liabilities	(2,723)	(268)	(813)	(2,463)	(221)
Equity attributable to owners of the company	(3,542)	(702)	(1,772)	(2,635)	(411)
Non-controlling interests	(2,570)	(166)	(1,181)	(1,845)	(161)

1) Including Yara Pilbara Fertilisers Pty Ltd.

	2014			2013	
NOK millions	Yara Pilbara [1]	Yara Dallol	Galvani	Yara Pilbara [1]	Yara Dallol
Total operating revenues	2,183	-	47	2,494	-
Expenses	(1,594)	(10)	(71)	(1,931)	(8)
Net income/(loss)	589	(10)	(24)	563	(8)
Net income attributable to shareholders of the parent	311	(33)	(14)	252	4
Net income attributable to non-controlling interests	278	23	(10)	311	(12)
Net income/(loss)	589	(10)	(24)	563	(8)
Other comprehensive income attributable to shareholders of the parent	600	118	15	(35)	3
Other comprehensive income attributable to non-controlling interests	434	30	10	141	15
Other comprehensive income/(loss) for the year	1,034	148	25	106	18
Total comprehensive income attributable to shareholders of the parent	911	85	1	217	7
Total comprehensive income attributable to non-controlling interests	712	53	-	452	3
Total comprehensive income/(loss) for the year	1,623	138	1	669	10
Net cash inflow / (outflow) from operating activities	962	7	(88)	965	29
Net cash inflow / (outflow) from investing activities [2]	(750)	(157)	(15)	(396)	62
Net cash inflow / (outflow) from financing activities	(4)	158	(55)	(265)	(115)
Net cash inflow / (outflow)	208	8	(158)	304	(24)

1) Including Yara Pilbara Fertilisers Pty Ltd.
2) Cash flow from investing activities in Yara Pilbara include funding of Yara Pilbara Nitrates (joint operation), representing Yara Pilbara Holdings 20.4% ownership interest.

Note 23 Employee retirement plans and other similar obligations

The Group companies provide various retirement plans in accordance with local regulations and practices in the countries in which they operate.

Defined benefit plans are generally based on years of service and average or final salary levels, offering retirement benefits in addition to what is provided by state pension plans. Most of the defined benefit plan obligations are covered by external insurance companies or by pension funds.
By definition, both investment risk and actuarial risk (i.e. the actual level of benefits to be paid in the future) are retained by the Group companies.

Defined contribution plans require the companies to make agreed contributions to a separate fund when employees have rendered services entitling them to the contributions. The companies have no legal or constructive obligation to pay further contributions.

Some companies make contributions to multi-employer pension plans included in a joint arrangement with others. All multi-employer plans are accounted for as defined contribution plans.

Some companies have recognized provisions for jubilee benefits, which are classified as Other long-term employee benefits.

Long-term employee benefit obligations recognized in the statement of financial position

NOK millions	Notes	2014	2013 Restated [1]
Defined benefit plans		(3,736)	(2,230)
Prepayments for defined benefit plans		425	336
Net liability for defined benefit plans		(3,312)	(1,894)
Termination benefits		(46)	(34)
Prepayments for other long term employee obligations		1	5
Other long-term employee benefits		(115)	(76)
Net long-term employee benefit obligations recognized in Statement of financial position		(3,471)	(1,998)
Of which classified as Prepayments for long-term employee obligations	15	426	342
Of which classified as Long-term employee benefit obligations		(3,897)	(2,339)

1) See note 36 for more information.

Expenses for long-term employee benefit obligations recognized in the statement of income

NOK millions	Notes	2014	2013 Restated [1]
Defined benefit plans		(189)	(267)
Defined contribution plans		(148)	(129)
Multi-employer plans		(56)	(48)
Termination benefits		(29)	(8)
Other long-term employee benefits		(91)	(42)
Net expenses recognized in Statement of income		(513)	(494)
Of which classified as Payroll and related costs	6	(443)	(406)
Of which classified as Interest expense and other financial items	8	(69)	(88)

1) See note 36 for more information.

DEFINED BENEFIT PLANS

Yara International ASA and Norwegian subsidiaries have incurred obligations under a funded defined benefit plan. The pension plan was closed to new entrants in 2006 and employees below the age of 55 at that time received a paid-up policy for previously earned benefit entitlements. The defined benefit plan was replaced by a defined contribution plan from the same date. Further pension obligations in Norway include certain unfunded pension arrangements as well as an early retirement scheme. Retirement age is flexible from age 62 to age 67.

A majority of Yara's obligations under defined benefit plans are related to subsidiaries within the Eurozone.

Employees of Yara's Dutch subsidiaries hired before 1 August 2014 are members of a funded Defined Benefit pension plan. Employees born before 1950 and who were in service before 2006 are entitled to a pension scheme based on final salary at the age of retirement. The other employees are members of an Average Pay scheme. Retirement age is 67. The funded Defined Benefit pension plan has been closed for new members from 1 August 2014. A new permanent pension plan for new hires from that date is being established.

Obligations in Finland include the statutory TyEL pension scheme as well as a further defined benefit plan which is closed to new entrants. Both schemes are covered by pension funds. The TyEL pension scheme provides for a flexible retirement age from 63 to 68 based on the employee's salary each year and with accelerated earning of retirement benefits beyond the age of 63. There is also a possibility for early retirement at the age of 62 with a permanent reduction of benefits.

Subsidiaries of Yara are also liable to retirement benefits in France, Germany, Belgium and Italy within the Eurozone.

The pension plan in Great Britain is funded and provides retirement benefits based on final salary. Normal retirement age is 62 except for some contracts with retirement age of 65.

Other defined benefit plan obligations include employees of subsidiaries in Sweden, Trinidad and South Africa.

Most defined benefit plans include benefits in case of disability, death in service and death after retirement, which are included in the valuation of liabilites.

The provision for defined benefit plans also includes liabilities for medical plans in Great Britain, Trinidad and South Africa with a total of NOK 46 million (2013: NOK 41 million).

Defined benefit obligations and plan assets by origin

	2014		2013 Restated [1]	
NOK millions	Obligations	Assets	Obligations	Assets
Finland	(2,795)	2,713	(2,293)	2,617
The Netherlands	(4,730)	4,170	(3,655)	3,556
Other Eurozone	(1,696)	446	(1,325)	367
Great Britain	(3,677)	3,114	(2,897)	2,479
Norway	(2,134)	1,699	(2,006)	1,627
Other	(818)	395	(669)	306
Total	(15,849)	12,538	(12,846)	10,953

1) See note 36 for more information.

VALUATION OF DEFINED BENEFIT OBLIGATIONS

The defined benefit plans are valued at 31 December using updated financial and demographical assumptions and taking into account the relevant economic environment of each pension plan.

The discount rate is a weighted average of the yields at the balance sheet date on high quality corporate bonds, or government bonds where no deep market exists for high quality corporate bonds. The discount rate is adjusted by extrapolation if neccessary, to take into account differences in maturities.

The following financial assumptions have been applied for the valuation of liabilities

Discount rate (in %)	2014	2013
Finland	1.9	3.3
The Netherlands	2.1	3.8
Great Britain	3.4	4.4
Norway	2.4	3.9
Total [1]	2.5	3.8

1) Weighted average.

Expected salary increase (in %)	2014	2013
Finland	2.3	3.0
The Netherlands	2.8	3.0
Great Britain	3.7	4.0
Norway	2.8	3.6
Total [1]	3.0	3.4

1) Weighted average.

Expected pension indexation (in %)	2014	2013
Finland	1.9	2.1
The Netherlands	1.4	2.0
Great Britain	3.0	3.2
Norway	0.3	1.5
Total [1]	1.8	2.2

1) Weighted average.

The following table presents indicators of life expectancy of the mortality tables applied for valuation of the obligations, by showing expected longevity of a current employee aged 45 today from the date he or she reaches age 65, and the expected longevity of a current retiree aged 65.

Expected longevity (in years)	Expected longevity of current employee	Expected longevity of current retiree
Finland	23.5	21.9
The Netherlands	24.5	22.3
Great Britain	25.9	23.4
Norway	24.4	22.9

Actuarial valuations provided the following results

NOK millions	2014	2013 Restated [1]
Present value of fully or partially funded liabilities for defined benefit plans	(13,921)	(11,200)
Present value of unfunded liabilities for defined benefit plans	(1,873)	(1,598)
Present value of liabilities for defined benefit plans	(15,794)	(12,798)
Fair value of plan assets	12,538	10,953
Social security tax liability on defined benefit plans	(55)	(48)
Net liability recognized for defined benefit plans	(3,312)	(1,894)

1) See note 36 for more information.

Duration of liabilities at the end of the year:

Duration of liabilities (in years)	2014
Finland	14
The Netherlands	19
Great Britain	16
Norway	14
Total [1]	16

1) Weighted average.

PENSION COST RECOGNIZED IN STATEMENT OF INCOME

The assumptions used to value the defined benefit obligations at 31 December are used in the following year to determine the net pension cost. The discount rate is used to calculate the interest income from plan assets.

The following items have been recognized in the Statement of income

NOK millions	2014	2013 Restated [1]
Current service cost	(240)	(228)
Contribution by employees	26	23
Past service cost (vested) [2]	99	30
Settlements	2	2
Social security cost	(8)	(7)
Payroll and related costs	(120)	(180)
Interest expense on obligation	(487)	(433)
Interest income from plan assets	418	346
Net interest expense on the net obligation	(69)	(87)
Net pension cost recognized in Statement of income	(189)	(267)

1) See note 36 for more information.
2) In 2014 a gain of NOK 94 million has been recognized in the Statement of income relating to certain plan amendments in the Netherlands. An agreed compensation of NOK 37 million has been recognized as Other long-term employee benefits.

NOK millions	2014	2013
Payroll and related costs		
Finland	(37)	(33)
The Netherlands	25	(43)
Great Britain	(21)	(18)
Norway	(49)	(50)
Net interest income / (expense) on the net obligation / asset		
Finland	10	1
The Netherlands	(3)	(17)
Great Britain	(17)	(18)
Norway	(12)	(11)

SENSITIVITY OF ASSUMPTIONS

Measurement of defined benefit obligations and pension costs requires the use of a number of assumptions and estimates. The table below indicates the sensitivity of the most significant assumptions applied to the defined benefit obligation (DBO), by showing the estimated result from a reasonable increase or decrease in any one of the key assumptions applied. Holding all other assumptions constant represents a limitation of the analysis, as some of the assumptions may be correlated. The methods used in preparing the analysis are consistent with previous years.

NOK millions	2014	2013
Actual valuation	(15,794)	(12,798)
Discount rate +0.5%	(14,570)	(11,885)
Discount rate -0.5%	(17,100)	(13,774)
Expected rate of salary increase +0.5%	(15,954)	(12,950)
Expected rate of salary increase -0.5%	(15,640)	(12,650)
Expected rate of pension increase +0.5%	(16,513)	(13,582)
Expected rate of pension increase -0.5%	(15,098)	(12,078)
Expected longevity +1 year	(16,340)	(13,192)
Expected longevity -1 year	(15,252)	(12,408)

Development of defined benefit obligations

NOK millions	2014	2013 Restated [1]
Defined benefit obligation at 1 January	(12,798)	(11,409)
Current service cost	(228)	(225)
Interest cost	(487)	(433)
Experience adjustments	171	(63)
Effect of changes in financial assumptions	(1,996)	177
Effect of changes in demographic assumptions	15	(105)
Past service cost	99	30
Settlements [2]	2	2
Benefits paid	559	495
Transfer of obligation (in)/out	(6)	(5)
Other	1	2
Foreign currency translation on foreign plans	(1,127)	(1,265)
Defined benefit obligation at 31 December	(15,794)	(12,798)

1) See note 36 for more information.
2) Settlements are related to termination of certain employee benefit obligations in France.

Development of plan assets

NOK millions	2014	2013 Restated [1]
Fair value of plan assets at 1 January	10,953	9,217
Interest income from plan assets	406	344
Return on plan assets (excluding the calculated interest income)	469	520
Employer contributions	194	215
Employees' contributions	26	23
Benefits paid	(477)	(404)
Transfer of plan assets in/(out)	5	5
Foreign currency translation on foreign plans	961	1,033
Fair value of plan assets at 31 December	12,538	10,953

1) See note 36 for more information.

The actual return on plan assets in 2014 was a positive NOK 875 millions (2013: Positive 864 millions).

Depending on local regulations, Yara may be required to ensure a certain funding level of the pension plans. In the UK Yara is paying an annual contribution until 2018 in order to make good a funding deficit determined in the actuarial valuation of 2014. In The Netherlands, an agreement is in place in which Yara will need to ensure a minimum level of funding each year by making additional contribution to the fund. On the other hand, Yara will be able to recover parts of the contribution, paid to the fund in case the funding ratio reaches a certain level. In Norway, Yara may be required to increase the capital buffer of the pension fund.

The pension funds have the legal form of foundations, independently governed by their Board of Directors or Board of Trustees. It is the responsibility of the Board to determine the investment strategy, and to review the administration of plan assets and the funding level of the pension plans.

Yara's defined benefit plan obligations are inherently exposed to inflation risk, interest rate risk and longevity risk. The investment strategies of the pension funds ensure diversement of investments in order to keep market volatility risk at a desired level. An exception is the pension fund of Yara in Finland, which has invested about 1/3 of the fair value of plan assets into shares of non-listed Pohjolan Voima Oy, a company producing electricity and heat for its shareholders on an at cost-basis. The Boards of the pension funds are targeting a satisfactory level of risk and return corresponding to the maturity profile of future pension benefit payments.

At the end of the year, the plan assets were invested as follows

NOK millions, except percentages	2014	2014	2013 Restated 1)	2013 Restated 1)
Cash and cash equivalents	255	2 %	380	3 %
Shares	3,625	29 %	3,252	30 %
Other equity instruments	51	-	88	1 %
High yield debt instruments	347	4 %	457	4 %
Investment grade debt instruments	5,963	46 %	4,603	42 %
Properties	275	2 %	243	2 %
Interest rate swap derivatives	3	-	3	-
Other plan assets 2)	960	8 %	853	8 %
Total investments quoted in active markets	11,479	92 %	9,880	90 %
Shares and other equity instruments	890	7 %	896	8 %
Other plan assets 3)	169	1 %	177	2 %
Total unquoted investments	1,059	8 %	1,073	10 %
Total plan assets	12,538		10,953	

1) See note 36 for more information.
2) Other plan assets include insurance policies, hybrid funds and other fund investments.
3) Other unquoted plan assets is mainly a loan to Yara Suomi Oy.

Contributions expected to be paid to the defined benefit plans for 2015 are NOK 336 million (including benefits to be paid for unfunded plans). The contributions paid in 2014 were NOK 276 million. The increase is mainly due to an additional contribution which is required to meet funding ratio requirements of the Dutch pension fund.

Remeasurement gains / (losses) recognized in other comprehensive income

NOK millions	2014	2013 Restated 1)
Remeasurement gains / (losses) on obligation for defined benefit plans	(1,810)	9
Remeasurement gains / (losses) on plan assets for defined benefit plans	469	520
(Increase) / decrease in social security tax liability on remeasurement gains / (losses) for defined benefit plans (Norway only)	(4)	(4)
Net remeasurement gains / (losses) for defined benefit plans	(1,345)	526
Change in deferred tax related to remeasurement gains / (losses) for defined benefit plans 2)	319	(127)
Remeasurement gains / (losses) recognized from Equity Accounted Investees (net of tax)	(160)	(90)
Total remeasurement gains / (losses) recognized in other comprehensive income	(1,186)	309

1) See note 36 for more information.
2) 2013 includes impact from reduction of tax percentage in Finland, Great Britain and Norway, and the increase of tax percentage in France and Germany.

Remeasurement gains and losses include experience adjustments, reflecting the difference between estimated and actual changes in obligations and plan assets during the year, as well as the impact of change in demographic and financial assumptions when measuring the present value of pension liabilities at year-end with revised assumptions.

Remeasurement gains and losses are permanently recognized directly in retained earnings in the period in which they occur. The cumulative amount of remeasurement losses recognized in other comprehensive income is NOK 3,288 million (2013: NOK 2,102 million).

Note 24

Provisions and contingencies

2014

NOK millions	Environmental	Restructuring	Legal Claims	Decommission	Other	Total
Balance at 1 January 2014	169	14	135	297	240	856
Additional provision in the year	33	17	33	189	96	368
Interest expense on liability	1	-	3	11	-	15
Unused provision	(37)	(2)	(26)	(12)	(41)	(118)
Utilisation of provision	(18)	(10)	(23)	(30)	(160)	(242)
Companies purchased/(sold)	-	-	47	45	12	104
Currency translation effects	17	-	9	48	16	90
Balance at 31 December 2014	165	19	178	548	162	1,072

2013

NOK millions	Environmental	Restructuring	Legal Claims	Decommission	Other	Total
Balance at 1 January 2013	164	23	76	302	72	637
Additional provision in the year	25	6	87	2	206	326
Interest expense on liability	-	-	7	9	-	16
Unused provision	-	(5)	(16)	-	(6)	(28)
Utilisation of provision	(39)	(12)	(28)	(46)	(39)	(164)
Companies purchased/(sold)	-	-	11	(3)	-	8
Currency translation effects	19	2	(1)	34	7	61
Balance at 31 December 2013	169	14	135	297	240	856

Provisions presented in the consolidated statement of financial position

NOK millions	2014	2013
Current liabilities	348	458
Non-current liabilities	725	398
Total	1,072	856

ENVIRONMENTAL

Yara's future cost for environmental clean-up depends on a number of uncertain factors, such as the extent and type of remediation required. Due to uncertainties inherent in the estimation process, it is possible that such estimates could be revised in the near term. In addition, conditions which could require future expenditures may be determined to exist for various sites, including Yara's major production facilities and product storage terminals. The amount of such future costs is not determinable due to the unknown timing and extent of corrective actions which may be required.

Yara's operations are subject to environmental laws and regulations. These laws and regulations are subject to changes, and such changes may require that the company make investments and/or incur costs to meet more stringent emission standards or to take remedial actions related to e.g. soil contamination.

RESTRUCTURING

Restructuring mainly relates to closure or significant reorganization of business locations in a country or region. The provision is a best estimate based on the detailed formal plan for the business and location affected.

LEGAL CLAIMS

Yara is party to a number of lawsuits in various jurisdictions arising out of the conduct of its business. None of these lawsuits, individually or in aggregate, are anticipated to have a material adverse effect on Yara.

DECOMMISSION

Provisions have been made where Yara has legal or constructive obligations for decommission as a result of past events. In 2014, Yara recognized a NOK 143 million provision related to the new TAN plant in Western Australia.

OTHER

Other consists of onerous contracts and various provisions for constructive obligations as a result of past events.

CONTINGENCIES

Yara is involved in a number of legal proceedings during the normal course of its business. While acknowledging the uncertainties of litigation, Yara is of the opinion that based on the information currently available, these matters will be solved without any material adverse effect on Yara's consolidated results of operations, liquidity or financial position.

Several subsidiaries are engaged in judicial and administrative proceedings related to various disputed tax matters. The majority of these contingencies are related to indirect taxes in Brazil, amounting to approximately NOK 900 million including cases where the probability of cash outflow is considered remote. Such cases have varying risk of loss, and the final outcome is normally several years into the future. Yara follows the development on case-by-case basis, making provisions if and when cash outflow is assessed to be probable.

Unrecognized contingent assets related to external insurance claims have increased, mainly following the Tertre Ammonia fire in January 2014. Yara has recovered NOK 42 million which is recognized in the statement of income in 2014, and Yara estimates a further recovery of around NOK 200 million for incidents in 2013 and 2014. The amount may change, and Yara will not recognize any receivables until the claims are virtually certain. If confirmed, Yara expects that the majority will be recognized in the statement of income.

Note 25 Long-term debt

NOK millions, except percentages and denominated amounts	Weighted average interest rates	Denominated amounts 2014	2014	2013
NOK (Coupon 8.80%) 1)	8.9 %	1,000	1,033	1,039
NOK (Coupon NIBOR + 0.70%) 2)	2.2 %	2,200	2,196	-
NOK (Coupon 2.55%) 3)	2.6 %	700	696	-
NOK (Coupon 3.00%) 4)	3.0 %	600	596	-
USD (Coupon 7.88%) 5)	8.3 %	500	3,676	3,013
NOK (Coupon NIBOR + 3.75%)	-	-	-	300
NOK (Coupon 7.40%)	-	-	-	326
USD (Coupon 5.25%)	-	-	-	3,066
Total unsecured debenture bonds			8,198	7,744
USD	1.0 %	141	1,045	947
COP (Colombia)	7.9 %	77,361	241	2
MYR (Malaysia)	2.5 %	-	1	-
Total unsecured bank loans 2)			1,286	950
Lease obligation			300	164
Mortgage loans			1,146	777
Other long-term debt			24	24
Total			1,470	964
Outstanding long-term debt			10,954	9,659
Less: Current portion			(345)	(3,826)
Total			10,609	5,833

1) Fixed interest rate until 2016. Subject to fair value hedge accounting, see note 29.
2) Repricing within a year.
3) Fixed interest rate until 2021. Subject to fair value hedge accounting, see note 29.
4) Fixed interest rate until 2024. Subject to fair value hedge accounting, see note 29.
5) Fixed interest rate until 2019.

The carrying values include issuance discount, capitalised issuance costs and fair value hedge accounting adjustments as indicated above (see also note 30 for further information about fair value of financial instruments).

At 31 December 2014, the fair value of the long-term debt, including the current portion, was NOK 11,729 million and the carrying value was NOK 10,954 million.

Yara builds its funding on a negative pledge structure with the basic funding ranging pari passu. Substantially all unsecured debenture bonds and unsecured bank loan agreements therefore contain provisions restricting the pledging of assets to secure future borrowings.

Of the long-term debt at the end of 2014, the USD 500 million bond debt originated from Yara's June 2009 bond issue in the US market according to 144A/Regulation S. A further NOK 1,000 million originated from Yara's March 2009 bond issue in the Norwegian market, while NOK 3,500 million originated from Yara's December 2014 bond issues in the Norwegian market. The 2014 bond debt has been converted to USD exposure through cross-currency swaps.

Yara's additional long-term funding is based on bank loans. Yara's term loan from the Nordic Investment Bank has been reduced to USD 135 million through scheduled downpayments and linear instalments will continue until December 2023. A further minor portion of the long-term bank loans was borrowed in emerging markets.

By year end, Yara had an undrawn revolving credit facility totaling USD 1,250 million, whereof USD 1,210 million due 2019 and USD 40 million due 2018. In addition, Yara had an undrawn USD 300 million facility and a partially drawn USD 480 million facility, both due 2015, that are included in the short-term frame reported in note 27.

Yara Pilbara's term loan due 2016 totaled USD 100 million per year end 2014 and is included under mortgage loans. Their undrawn USD 60 million revolving credit facility due 2015 is included in the short-term frame reported in note 27. For both loans, 49% of any outstanding amount is guaranteed versus the bank by the non-controlling stakeholder.

Of the fixed interest rate debenture bonds, NOK 2,300 million is exposed to floating interest rates through interest rate swaps.

Contractual payments on long-term debt, including current portion

NOK millions	Debentures	Bank Loans	Capital lease and other long-term loans	Total [1]
2015	-	264	81	345
2016	1,033	244	786	2,063
2017	-	38	219	257
2018	-	154	44	198
2019	3,676	127	41	3,844
Thereafter	3,489	460	299	4,248
Total	8,198 [2]	1,286	1,471	10,954

1) Including current portion.
2) Yara International ASA is responsible for the entire amount.

Note 26 Trade payables and other payables

NOK millions	2014	2013 Restated [1]
Trade payables	9,504	7,810
Payroll and value added taxes	1,778	1,335
Prepayments from customers	1,970	2,361
Other liabilities	1,377	456
Total	14,628	11,961

1) See note 36 for more information.

TERMS AND CONDITIONS TO THE ABOVE FINANCIAL LIABILITIES:

Trade payables are non-interest bearing and have an average term of 50 days. Payroll and value added taxes are mainly settled bimonthly or on quarterly basis. Other payables are non-interest bearing and normally settled within 12 months.

Note 27 Bank loans and other short-term interest bearing debt

NOK millions, except percentages	Notes	2014	2013
Bank loans and overdraft facilities		4,336	351
Other		124	149
Total	30	4,460	500
Weighted average interest rates [1]			
Bank loans and overdraft facilities		4.9 %	11.9 %
Other		5.1 %	2.8 %

1) Repricing minimum annually.

At 31 December 2014, Yara had unused short-term credit facilities with various banks totalling approximately NOK 7 billion. This figure includes the undrawn portions of long-term credit facilities expiring in 2015 (see note 25 for further information about the long-term facilities).

Note 28 Risk management

RISK MANAGEMENT POLICIES

Risk management in Yara is based on the principle that risk evaluation is an integral part of all business activities. Yara has established procedures for determining appropriate risk levels or limits for the main risks and for monitoring these risk exposures. Based on the overall evaluation of risk, Yara may use insurance policies, trade finance contracts, guarantees or derivative instruments such as forward contracts, options and swaps to reduce exposures.

Yara's business model and positions provide natural hedges to reduce business risks inherent in the market. The most important of these is the quality and efficiency of Yara's production facilities, which ensures its competitive position. Furthermore, Yara's geographical spread supports a diversified gas supply, reducing the impact of regional price changes, and a reduced exposure to the inherent seasonality of the fertilizer business. Yara's substantial sales of differentiated products, comprising specialty fertilizers and industrial products, also contribute to more stable margins for the business as a whole. Finally, a certain correlation between energy prices and fertilizer prices reduces the volatility in Yara's results.

There were no principal changes in the Group's approach to capital management during the years ending 31 December 2014 and 31 December 2013. Through recent years, strong cash flow has generated a liquidity surplus kept as short-term bank deposits. During 2014, the volume of deposits has been gradually reduced reflecting acquisitions, investments and dividend payments made.

FUNDING STRUCTURE

Yara is focused on maintaining a sound funding structure. Main elements of the funding strategy are to secure long-term debt and to base the funding of Yara on diversified capital sources to avoid dependency on single markets.

The debt/equity ratio at the end of 2014, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.17 compared with 0.06 at the end of 2013. The Yara Group is not subject to any externally imposed capital requirements.

Yara maintained the Baa2 rate from Moody's and the BBB rate from Standard & Poor's during 2014.

The financial structure of Yara gives Yara the necessary flexibility to capture the right industrial opportunities when they arise. As such opportunities typically materialize in periods characterized by industry margins and earnings below peak levels, Yara will seek to maintain adequate financial capacity throughout the business cycle. Yara aims to maintain a long-term mid investment grade rating level, i.e. minimum BBB according to Standard & Poor's methodology and Baa2 according to Moody's methodology.

Yara's Finance, Treasury & Insurance function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risks such as currency and interest rate risk, credit risk and liquidity risk. The Finance, Treasury & Insurance function reports regularly to the Group's management.

The Group may seek to reduce the exposure to such risks by using derivative financial instruments to hedge the inherent exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity.

CURRENCY RISK

Factor

Prices of Yara's most important products are either directly denominated or determined in US dollars. In markets outside the US, local prices will generally adjust to fluctuations in the US dollar exchange rate, however with a certain time lag. Yara's raw materials costs, such as natural gas used in the production of ammonia, are either denominated in US dollars or highly correlated to changes in the US dollar exchange rate. In order to hedge Yara's long-term exposure to fluctuations in the US dollar exchange rate, Yara incurs most of its debt in US dollars. Throughout the year, the part of Yara's US dollar debt established to hedge future earnings was kept around USD 830-900 million (2013: USD 800-830 million). A certain portion of the total debt is kept in various local currencies in order to finance local currency exposed business positions.

Mitigation

Yara manages currency risks by adjusting the composition of the debt or liquidity portfolios to changes in Yara's overall risk exposure. Derivative instruments may also be used to manage currency risk related to forecast purchases and sales or to offset short-term liquidity needs in one currency with surplus liquidity in another currency. Such forward contracts are not designated as hedging instruments for accounting purposes. Changes in fair value are therefore recognized in the income statement.

Recognized currency gain/(loss) in the statement of income

NOK millions	2014	2013 Restated [1]
Foreign exchange gain (loss)	(698)	(949)
of which related to internal currency positions	523	(556)

1) See note 36 for more information.

Recognized exchange translation on other comprehensive income

NOK millions, except percentages	2014	2013 Restated [1)]
Foreign currency translation from foreign operations	8,057	4,851
Yara's exposure is mainly related to subsidiaries with functional currencies US dollars, Canadian dollars and Euro.		
USD	27 %	23 %
CAD	16 %	16 %
EUR	19 %	27 %

1) See note 36 for more information.

Sensitivity - profit or loss

A 10% weakening of US dollars or Euro against Norwegian kroner and other functional currencies at 31 December would have increased/(decreased) profit or loss by the amounts shown below.

NOK millions	2014	2013 Restated [1)]
USD -10% gain/(loss)	659	365
EUR -10% gain/(loss)	(391)	362

1) See note 36 for more information.

This analysis is done for illustrative purposes only, taking into consideration only the effect on the value of financial instruments in the consolidated statement of financial position at year-end. Since all other variables are assumed to remain constant, the analysis does not reflect subsequent effects on operating income, EBITDA or equity. The analysis was performed on the same basis for 2013.

A 10% weakening of the Norwegian kroner against the above currencies at 31 December would have had the equal but opposite effect to the amounts shown above.

Sensitivity - Other comprehensive income

A 10% weakening of US dollars, Canadian dollars or Euro against Norwegian kroner and other functional currencies at 31 December would have increased/(decreased) other comprehensive income by the amounts shown below.

NOK millions	2014	2013 Restated [1)]
USD -10% increase/(decrease) in other comprehensive income	(1,266)	(1,524)
CAD -10% increase/(decrease) in other comprehensive income	(1,072)	(900)
EUR -10% increase/(decrease) in other comprehensive income	(1,849)	(1,246)

1) See note 36 for more information.

This analysis is done for illustrative purposes only, taking into consideration only the effect on equity in foreign operations at year-end. Since all other variables are assumed to remain constant, the analysis does not reflect subsequent effects on equity. The analysis was performed on the same basis for 2013. A 10% weakening of the Norwegian kroner against the above currencies at 31 December would have had the equal but opposite effects to the amounts shown above.

INTEREST RATE RISK

Factor

Yara's exposure to changes in interest rates is mainly linked to fair value risk and cash flow risk from its debt portfolio as disclosed in note 25. Yara has chosen to retain a significant part of its debt at fixed interest rates.

Mitigation

Yara has kept USD 400 million of the USD 500 million fixed interest bond issued in 2004 as fixed interest rate debt until the maturity of the bonds in December 2014. Further, Yara has kept the entire USD 500 million fixed interest bond issued in 2009 as fixed interest rate debt during 2014. Information about financial instruments designated as hedge instruments is presented in the derivative section in note 29.

At reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

NOK millions	2014	2013 Restated 1)
Net interest-bearing debt at 31 December	11,808	3,378
Fixed portion of bonds	3,676	5,445
Net interest-bearing debt/(deposits) less fixed portion of bonds	8,132	(2,067)

1) See note 36 for more information.

NOK millions	2014	2013 Restated 1)
An increase of 100 basis points in USD interest rates at the reporting date would have increased/(decreased) profit or loss by	(59)	(12)
An increase of 100 basis points in NOK interest rates at the reporting date would have increased/(decreased) profit or loss by	(8)	19

1) See note 36 for more information.

All other variables remain constant. This analysis is done for illustrative purposes only, taking into consideration only the effect on financial instruments in the consolidated statement of financial position at year-end. The analysis is performed on the same basis for 2013. A decrease of 100 basis points at the reporting date would have decreased/increased profit or loss with the same amounts.

COMMODITY PRICE RISK

Factor

A major portion of Yara's operating revenues is derived from the sale of ammonia, urea and other fertilizers that may generally be classified as commodities. Yara also purchases natural gas, electricity and other commodities. The prices of these commodities can be volatile and may create fluctuations in Yara's earnings.

Mitigation

To manage this risk, Yara's financial policy prioritizes maintaining a low debt/equity ratio and maintaining liquidity reserves. Periodically, Yara utilizes derivative instruments to manage certain price risk exposures and also for some position taking within the limits established by the risk management policies. A limited number of ordinary sales and purchase contracts contain price links against other products that are regarded as embedded derivatives recognized at fair value. The reason for embedding other price links in these contracts is normally to secure a margin for Yara. Information about commodity derivatives is presented in the derivative section below. Besides that, there are no other financial instruments that are exposed to the commodity price risk.

CREDIT RISK

Factor

The exposure to credit risk is represented by the carrying amount of each class of financial assets, including derivative financial instruments, recorded in the statement of financial position. Credit risk arising from the inability of the counterparty to meet the terms of Yara's financial instrument contracts is generally limited to amounts, if any, by which the counterparty's obligations exceed Yara's obligations.

Mitigation

Yara's policy is to enter into financial instruments with various international banks with established limits for transactions with each institution. Yara also has a well-established system for credit management with established limits at both customer and country level. Due to Yara's geographical spread and significant number of customers there are no significant concentrations of credit risk. Therefore, Yara does not expect to incur material credit losses on its portfolio or other derivative financial instruments.

Yara may undertake a number of measures to reduce credit risk of particular receivables. Such measures include letters of credit, bank guarantees and credit insurance agreements. The effect of credit risk reduction from these measures is not considered to be material for the Group.

FUNDING AND LIQUIDITY RISK

Factor

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 25 and 27, cash and cash equivalents and equity attributable to equity holders of the parent, comprising paid-in capital and retained earnings, as disclosed in notes 20, 21 and statement of changes in equity.

Mitigation

Main elements of the funding strategy are the establishment of a long-term debt base and the security and flexibility obtained by funding through diversified capital sources and avoidance of dependency on single institutions or markets. Yara manages liquidity risk by maintaining adequate reserves and committed bank facilities and by continuously monitoring forecasted and actual cash flows. Yara aims at an even debt repayment schedule and has secured committed undrawn credit facilities to provide sufficient reserves to meet unforeseen liquidity needs.

Included in notes 25 and 27 are overviews of undrawn facilities that the Group has at its disposal.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2014

NOK millions	Carrying amount	Contractual cash flows	On demand	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Short-term interest-bearing debt	(4,460)	(4,461)	(7)	(3,866)	(569)	(11)	(8)	-
Long-term interest-bearing debt [1)]	(10,954)	(13,063)	-	(333)	(323)	(1,907)	(8,179)	(2,322)
Accrued interest expense	(92)	(92)	-	(92)	-	-	-	-
Accounts payables	(9,504)	(9,483)	(50)	(9,210)	(224)	-	-	-
Payroll and value added taxes	(1,778)	(1,787)	(38)	(1,644)	(105)	(1)	-	-
Other short-term liabilities	(1,261)	(1,260)	-	(1,086)	(175)	-	-	-
Other long-term liabilities	(431)	(487)	-	(1)	(1)	(267)	(201)	(18)
Derivative financial instruments								
Freestanding financial derivatives	113							
Outflow		(5,856)	-	(1,838)	(36)	(58)	(2,483)	(1,441)
Inflow		5,922	-	1,923	39	65	2,445	1,451
Commodity derivatives	(425)							
Outflow		(446)	-	(22)	(32)	(111)	(282)	-
Inflow		21	-	21	-	-	-	-
Hedge designated derivatives	49							
Outflow		(494)	-	(76)	(46)	(58)	(100)	(214)
Inflow		481	-	88	36	124	107	126
Total	(28,744)	(31,005)	(95)	(16,136)	(1,436)	(2,224)	(8,701)	(2,418)

1) Includes current portion of long-term interest bearing debt amounting to NOK 345 million.

31 December 2013 Restated [1)]

NOK millions	Carrying amount	Contractual cash flows	On demand	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Short-term interest-bearing debt	(500)	(500)	(96)	(365)	(39)	-	-	-
Long-term interest-bearing debt [2)]	(9,659)	(11,329)	-	(1,057)	(3,302)	(546)	(2,853)	(3,571)
Accrued interest expense	(106)	(106)	-	(106)	-	-	-	-
Accounts payables	(7,810)	(7,809)	(48)	(7,734)	(27)	-	-	-
Payroll and value added taxes	(1,334)	(1,336)	(31)	(1,218)	(85)	-	-	-
Other short-term liabilities	(366)	(366)	(2)	(193)	(171)	-	-	-
Other long-term liabilities	(47)	(47)	-	(1)	(1)	(4)	(28)	(13)
Derivative financial instruments								
Freestanding financial derivatives	24							
Outflow		(1,904)	-	(1,904)	-	-	-	-
Inflow		1,928	-	1,928	-	-	-	-
Commodity derivatives	(334)							
Outflow		(416)	-	(63)	(16)	(64)	(151)	(123)
Inflow		-	-	-	-	-	-	-
Hedge designated derivatives	135							
Outflow		(67)	-	-	(34)	(34)	-	-
Inflow		204	-	84	12	54	54	-
Total	(19,997)	(21,749)	(177)	(10,629)	(3,663)	(594)	(2,978)	(3,707)

1) See note 36 for more information.
2) Includes current portion of long-term interest bearing debt amounting to NOK 3.826 million.

Derivative instruments

NOK millions	2014	2013 Restated [1]
Fair value of derivatives		
Forward foreign exchange contracts	19	24
Interest rate swaps designated for hedging	81	135
Interest rate swaps	62	-
Embedded derivatives in sales and purchase contracts	(423)	(336)
Commodity derivatives	(2)	2
Balance at 31 December	(264)	(176)
Derivatives presented in the statement of financial position		
Non-current assets	144	135
Current assets	107	117
Non-current liabilities	(399)	(338)
Current liabilities	(115)	(90)
Balance at 31 December	(264)	(176)

1) See note 36 for more information.

Yara is committed to outstanding forward foreign exchange contracts as follows

NOK millions	2014	2013
Forward foreign exchange contracts, notional amount	3,763	2,862

All outstanding forward foreign exchange contracts at 31 December 2014 have maturity in 2015. Buy positions are mainly in US dollars towards Norwegian kroner. Sell positions are mainly in Euro and various operating currencies towards Norwegian kroner.

Note 29

Hedge accounting

FAIR VALUE HEDGES

NOK bond debt

Two long-term NOK interest swaps have been designated as hedging instruments since 2011. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,000 million bond debt from 2009. The swaps have different interest payment dates (semi-annually vs. annually), but identical interest basis and maturity as the hedged debt and are assessed to be highly effective. Two other long-term NOK interest rate swaps designated as hedge instruments matured in March 2014 together with the hedged bond debt. While active, the hedges were assessed to be highly effective.

In December 2014, Yara designated a new portfolio of long term NOK interest swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,300 million fixed rate bond debt from 2014. The swaps have different interest payment dates (quarterly vs. annually), but identical interest basis and maturity as the hedged debt and are assessed to be highly effective.

USD bond debt

The long term USD interest rate swap designated as a hedge instrument matured in December 2014 together with the hedged bond debt. While active, the hedge was assessed to be highly effective. There are no fair value hedges of USD debt outstanding at 31 December 2014.

NOK millions	2014	2013
USD bond debt fair value hedge		
Change in fair value of the derivatives	(1)	5
Change in fair value of the bond	1	(5)
Ineffectiveness	-	-
Loss on fair value hedge included in the carrying amount of the fixed rate debt	-	(27)
NOK bond debt fair value hedge		
Change in fair value of the derivatives	13	13
Change in fair value of the bonds	(10)	(18)
Ineffectiveness	3	(4)
Loss on fair value hedge included in the carrying amount of the fixed rate debt	(34)	(41)

CASH FLOW HEDGES

In 2004 and 2007, Yara used interest rate swaps to hedge the future cash flows of a USD 300 million portion of the December 2004 bond issue and treasury locks to hedge the future cash flows of a USD 300 million portion of the June 2009 bond issue. The loss on these contracts was recognized directly in equity and is reclassified into interest expense and income tax over the duration of the bonds (due in 2014 and 2019).

During 2014, Yara has used treasury locks to hedge the future cash flows of a USD 350 million portion of a planned bond issue. The loss on these contracts is recognized directly in equity and will be reclassified into interest expense and income tax over the duration of the bonds.

NOK millions	2014	2013
2004-bond cash flow hedge		
Amount reclassified into interest expense	(13)	(13)
Related deferred tax benefit	4	4
2009-bond cash flow hedge		
Amount reclassified into interest expense	(5)	(7)
Related deferred tax benefit	1	1

HEDGES OF NET INVESTMENT

At 31 December 2014, the Group held in total USD 780 million (2013: USD 780 million) of debt designated as hedges of net investments in foreign entities. The hedges were assessed to be highly effective. At 31 December 2014, the hedges had a positive fair value of NOK 560 million recognized in other comprehensive income (2013: negative NOK 122 million). There is not recognized any ineffectiveness in 2014 or 2013.

Note 30 Financial instruments

Below is an overview of gains and losses from financial instruments recognized in the consolidated statement of income and consolidated statement of other comprehensive income, including amounts recognized on disposal of financial instruments:

NOK millions	Notes	Derivatives at fair value through profit and loss	Derivatives designated as hedging instruments	Loans and receivables [1]	Available-for-sale financial assets	Financial liabilities at amortized cost	Total
2014							
Consolidated statement of income							
Commodity based derivatives gain/(loss)	28	2	-	-	-	-	2
Interest income/(expense) and other financial income/(expense)	28	-	17	-	56	-	73
Foreign exchange gain/(loss)	28	23	-	-	-	-	23
Consolidated statement of comprehensive income [2]							
Available-for-sale investments - change in fair value		-	-	-	(16)	-	(16)
Hedge of net investments	29	-	-	-	-	(934)	(934)
Reclassification adjustments related to:							
- cash flow hedges [1]	29	-	18	-	-	-	18
- available for sale investments disposed of in the year [1]		-	-	-	(20)	-	(20)
Total		26	35	-	21	(934)	(853)
2013 Restated [3]							
Consolidated statement of income							
Commodity based derivatives gain/(loss)	28	305	-	-	-	-	305
Interest income/(expense) and other financial income/(expense)	28	-	(1)	-	7	-	6
Foreign exchange gain/(loss)	28	56	-	-	-	-	56
Consolidated statement of comprehensive income [2]							
Available-for-sale investments - change in fair value		-	-	-	32	-	32
Hedge of net investments	29	-	-	-	-	(405)	(405)
Reclassification adjustments related to:							
- cash flow hedges [1]	29	-	20	-	-	-	20
- available for sale investments disposed of in the year [1]		-	-	-	-	-	-
Total		361	18	-	39	(405)	13

1) Effects of foreign currency translation on other financial instruments than derivatives are not included in the overview.
2) Amounts are presented before tax.
3) See note 36 for more information.

CARRYING AMOUNTS SHOWN IN THE STATEMENT OF FINANCIAL POSITION, PRESENTED TOGETHER WITH FAIR VALUE PER CATEGORY

31 December 2014

NOK millions	Notes	Derivatives at fair value through profit and loss	Derivatives designated as hedging instruments	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortized cost	Non-financial assets and liabilities	Total
Non-current assets								
Other non-current assets	15	62	81	1,984	176		426	2,729
Long-term loans to equity-accountes investees		-	-	8				8
Current assets								
Trade receivables	18	-	-	12,100	-		-	12,100
Prepaid expenses and other current assets	19	107	-	2,381	-		1,693	4,181
Other liquid assets	20	-	-	15	-		-	15
Cash and cash equivalents	20	-	-	3,591	-		-	3,591
Non-current liabilities								
Other long-term liabilities		(393)	-	-	-	(431)	(165)	(989)
Long-term interest-bearing debt	25	-	-	-	-	(10,609)	-	(10,609)
Current liabilities								
Trade and other payables	26	(88)	-	-	-	(12,542)	(1,998)	(14,628)
Other short-term liabilities		-	-	-	-	(92)	(750)	(843)
Bank loans and other interest-bearing debt	27	-	-	-	-	(4,460)	-	(4,460)
Current portion of long-term debt	25	-	-	-	-	(345)	-	(345)
Total		(311)	81	20,079	176	(28,480)	(795)	(9,250)
Fair value [1]		(311)	81	20,079	176	(29,599)		
Unrecognized gain/(loss)		-	-	-	-	(1,119)		

1) Unrecognized loss on financial instruments at amortized cost is mainly related to long-term interest-bearing debt with fixed interest rate. See note 25.

31 December 2013 Restated [1]

NOK millions	Notes	Derivatives at fair value through profit and loss	Derivatives designated as hedging instruments	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortized cost	Non-financial assets and liabilities	Total
Non-current assets								
Other non-current assets	15	-	135	839	227	-	342	1,541
Long-term loans to equity-accountes investees		-	-	7	-	-	-	7
Current assets								
Trade receivables	18	-	-	9,339	-	-	-	9,339
Prepaid expenses and other current assets	19	117	-	1,084	-	-	2,175	3,377
Other liquid assets	20	-	-	1	-	-	-	1
Cash and cash equivalents	20	-	-	6,824	-	-	-	6,824
Non-current liabilities								
Other long-term liabilities		(338)	-	-	-	(47)	(185)	(569)
Long-term interest-bearing debt	25	-	-	-	-	(5,833)	-	(5,833)
Current liabilities								
Trade and other payables	26	(90)	-	-	-	(9,511)	(2,361)	(11,961)
Other short-term liabilities		-	-	-	-	(106)	(1,008)	(1,114)
Bank loans and other interest-bearing debt	27	-	-	-	-	(500)	-	(500)
Current portion of long-term debt	25	-	-	-	-	(3,826)	-	(3,826)
Total		(310)	135	18,095	227	(19,822)	(1,037)	(2,713)
Fair value [2]		(310)	135	18,097	227	(18,984)		
Unrecognized gain/(loss)		-	-	2	-	(838)		

1) See note 36 for more information.
2) Unrecognized loss on financial instruments at amortized cost is mainly related to long-term interest-bearing debt with fixed interest rate. See note 25.

PRINCIPLES FOR ESTIMATING FAIR VALUE

The following summarizes the major methods and assumptions used in estimating fair values of financial instruments reflected in the above table.

Equity securities available-for-sale

The fair value of investments in listed companies is based on year-end quoted market prices. Available-for-sale instruments that are not traded in active markets are measured based on recent market transactions and valuation techniques. An approach to maximize the use of market inputs and rely as little as possible on entity-specific inputs is used when measurements are based on valuation techniques.

Trade receivables and other receivables

Interest-free receivables are discounted if it has a material impact on fair value. The carrying amount has been reduced for impaired receivables and reflects a reasonable approximation of fair value.

Cash and cash equivalents

Fair value is assumed to be equal to the carrying amount.

Long-term interest-bearing debt and other long-term liabilities

Since there is no active market with quoted prices, we have used valuation techniques to estimate the fair value. Fair value for disclosure purposes is thus calculated based on the present value of future principal and interest cash flows. Cash flows have been estimated by using LIBOR with different maturities as a benchmark rate and adding a credit margin derived from recent transactions or other information available.

Trade payables and other short-term debt

Interest-free short-term payables are discounted if it has material impact on fair value. Fair value is assumed to be equal to the carrying amount.

Foreign exchange contracts and interest rate swaps

The fair value of foreign exchange contracts and interest rate swaps is based on their listed market price, if available. If a listed market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) if this has material impact on fair value.

Commodity derivatives and embedded derivatives

Certain of the Group's purchase and sales contracts constitute derivatives or contain embedded derivatives within the scope of IAS 39. Derivatives under IAS 39 are recognized at fair value in the statement of financial position with changes through the statement of income. The commodity derivative category constitutes derivatives with a range of different caracteristics and comprises both commodity based financial contracts as well as non-financial purchase and sales contracts with maturity mainly from 3 months to 8 years.

The fair value of commodity contracts constitute the unrealized gains and losses represented by the present value of future gains and losses for which the price is fixed in advance of delivery. Fair value of the embedded derivatives is calculated as present value of the difference between the price of non-closely related commodity (embedded derivative) and a pricing model which in the best way reflects market price of the contract commodity. All commodity contracts are bilateral contracts, or embedded derivatives in bilateral contracts, for which there are no active markets. Fair value of all items in this category, is therefore calculated using valuation techniques with maximum use of market inputs and assumptions that reasonably reflect factors that market participants would consider in setting a price, relying as little as possible on entity-specific inputs. Fair values of commodity contracts are especially sensitive to changes in forward commodity prices. None of the derivatives in this category are designated in hedge relationships.

FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value, by valuation method, at 31 December 2014. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

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

2014

NOK millions	Level 1	Level 2	Level 3	Total
Equity securities available-for-sale	-	-	176	176
Foreign exchange contracts	-	86	-	86
Interest rate derivative contracts	-	62	-	62
Interest rate contracts designated as hedging instrument	-	81	-	81
Commodity derivatives and embedded derivatives	-	2	18	21
Total assets at fair value	-	232	194	426
Foreign exchange contracts	-	(34)	(2)	(36)
Commodity derivatives and embedded derivatives	-	-	(446)	(446)
Total liabilities at fair value	-	(34)	(448)	(482)

There were no transfers between Level 1 and Level 2 in the period.

The following table shows a reconciliation from the opening balances to the closing balances at 31 December 2014 for fair value measurements in Level 3 of the fair value hierarchy:

NOK millions	Equity securities available-for-sale	Derivatives - assets	Derivatives - liabilities	Total
Balance at 1 January	227	80	(416)	(110)
Total gains or (losses):				
In income statement	56	(60)	24	20
In other comprehensive income	(35)	-	-	(35)
Disposals	(82)	-	-	(82)
Foreign currency translation	10	(2)	(57)	(48)
Balance at 31 December	176	18	(448)	(255)

The following table shows a reconciliation from the opening balances to the closing balances at 31 December 2013 restated for fair value measurements in Level 3 of the fair value hierarchy:

2013 Restated [1)]

NOK millions	Equity securities available-for-sale	Derivatives - assets	Derivatives - liabilities	Total
Balance at 1 January	170	71	(657)	(416)
Total gains or (losses):				
In income statement	-	9	254	263
In other comprehensive income	32	-	-	32
Foreign currency translation	25	-	(13)	12
Balance at 31 December	227	80	(416)	(110)

1) See note 36 for more information.

Although Yara believes that its estimates of fair value are appropriate, the use of different assumptions could lead to different measurements of fair value. For fair value measurements in Level 3 of the fair value hierarchy, changing one or more of the assumptions would have the following effects:

Sensitivity of fair value measurement for Level 3, financial instruments

	Effect on profit or loss		Effect on other comprehensive income	
NOK millions	Favourable	(Un-favourable)	Favourable	(Un-favourable)
Embedded derivative in energy contract (20% decrease/increase in ammonia price)	226	(347)		
Embedded derivative in energy contract (20% increase/decrease in oil-product price)	28	(28)	-	-
Unlisted equity securities (20% increase/decrease in electricity price)	-	(24)	40	(16)
Total	254	(399)	40	(16)

The favourable and unfavourable effects on the embedded derivatives in the energy contracts are calculated by increasing/ decreasing the input of ammonia prices or relevant oil-product forward prices by 20 percent for the whole contract period, also for long-term contracts. All other variables remain constant.

The favourable and unfavourable effects on the fair value of the unlisted equity securities are calculated using the same model but with an increasing/decreasing of the forward electricity prices used in the model by 20 percent. All other variables remain constant.

Note 31 Secured debt and guarantees

NOK millions	2014	2013
Amount of secured debt	2,163	781
Assets used as security		
Machinery and equipment, etc.	3,806	3,510
Buildings and structural plant	1,988	1,561
Inventories [1]	592	141
Other (including land and shares) [1]	1,029	121
Total	7,415	5,334
Guarantees (off-balance sheet)		
Contingency for discounted bills	1	3
Guarantees of debt in the name of equity-accounted investees	11	-
Non-financial parent company guarantees	8,490	6,200
Non-financial bank guarantees	1,019	801
Total	9,521	7,003

1) increases in inventories and other are mainly due to assets pledged as security for working capital loans in Galvani

The amount of secured debt has increased with NOK 1,382 million from 2013 following the acquisitions in Latin America. The volume of assets pledged as security has increased correspondingly.

Guarantees of debt in the name of equity-accounted investees are parent company guarantees covering external credit facilities established in such entities. Yara could be required to perform in the event of a default by the entity guaranteed. Guarantees of debt issued on behalf of consolidated companies are not included since the drawings under such credit lines are included in the consolidated statement of financial position. The guarantee obligation under such guarantees is at any time limited to the amount drawn under the credit facility.

Non-financial guarantees consist of commercial guarantees related to contract obligations (Bid Bonds, Performance Guarantees and Payment Guarantees) and various mandatory public guarantees (Customs Guarantees, Receivable VAT Guarantees) recorded as off-balance sheet liabilities. These guarantees are issued on behalf of Yara International ASA, its subsidiaries and equity-accounted investees. The guarantor could be required to perform in the event of a default of a commercial contract or non-compliance with public authority regulations.

Guarantees related to pension liabilities are included to the extent such guarantees exceed the liability included in the consolidated statement of financial position.

Guarantees issued to public authorities covering tax and VAT liabilities are not included as these obligations are already included in the consolidated statement of financial position.

Total non-financial guarantees increased with NOK 2,518 million compared with 2013, with the increase mainly related to fertilizer distribution, energy supply and ship-building contracts. The increase also reflects the depreciation of the Norwegian krone vs. most of Yara's main currencies.

CONTINGENT LIABILITIES RELATED TO THE DE-MERGER FROM NORSK HYDRO ASA

Under the Norwegian Public Limited Companies Act, Yara will be contingently liable for obligations established by Norsk Hydro ASA (Hydro) prior to the de-merger, unless the right to enforce against Yara any rights to payments (or other rights) has been specifically waived by the party holding the right. Following the de-merger of Hydro's oil and gas division in 2007, these obligations may be allocated to either Hydro or Statoil ASA. During 2014, all such guarantees previously outstanding have expired or been waived.

Yara remains contingently liable for Hydro's unfunded pension liabilities accrued prior to the consummation of the de-merger as a matter of the joint and several liability provided by Norwegian law. Hydro's unfunded pension liabilities, calculated in accordance with Hydro's accounting policies, amounted to approximately NOK 2 billion at demerger 24 March 2004 and have been reduced by payments thereafter.

Note 32 Contractual obligations and future investments

NOK millions	Investments 2015	Investments Thereafter	Investments Total
Contract commitments for investments in property, plant and equipment	2,325	1,753	4,078
Contract commitments for other future investments	157	-	157
Contract commitments for acquisition or own generated intangible assets	13	-	13
Total	2,495	1,753	4,248

Yara has publicly communicated committed growth investments of NOK 4.7 billion in the time period 2015-2017 for projects at the Porsgrunn, Köping, Uusikaupunki and Pilbara TAN plants. Of this amount, NOK 998 million is included in contractual commitments in the table above.

Commitments related to equity-accounted investees

NOK millions	Investments 2015	Investments Thereafter	Investments Total
Contract commitments for investments in property, plant and equipment	710	-	710
Total	710	-	710

Figures in the table above are presented on a 100% basis. Yara's share of committed investments related to equity accounted investees in 2015 is NOK 205 million. The commitments are mainly related to maintenance investments in Qafco.

TAKE-OR-PAY AND LONG-TERM CONTRACTS

Yara has entered into take-or-pay and long-term contracts providing for future payments to transportation capacity, raw materials and energy. Yara has marketing and off-take agreements with some of its equity-accounted investees, see note 13.

The non-cancelable future obligation at 31 December 2014

NOK millions	Total
2015	6,044
2016	2,883
2017	3,199
2018	2,664
2019	2,429
Thereafter	2,283
Total	19,501

The non-cancelable future obligations are mainly related to gas and raw material contracts. The amounts are calculated based on minimum contracted quantities and market prices at 31 December 2014.

Yara did not need to pay any significant amount to fulfil take-or-pay closes in 2014.

NOK millions	2015	2016	2017	2018	2019	Total
Sales commitments [1)]	2,041	227	177	156	156	2,757

1) Sales commitments are mainly related to industrial products.

For further information regarding future obligations, see note 23 for future obligations related to pensions, note 24 for provisions and contingencies, and note 33 for future commitments related to lease arrangements.

Note 33 Operating and financial lease commitments

OPERATIONAL LEASE

Operating leases related to buildings, offices, equipment and vessels. Total minimum future rentals due under non-cancelable operating leases are:

NOK millions	2014	2013 Restated [1]
Within year 1	1,388	1,047
Within year 2	850	775
Within year 3	505	460
Within year 4	350	283
Within year 5	261	205
After 5 years	1,049	572
Total	4,403	3,343

1) See note 36 for more information.

Due to the strategic importance of shipping capacity of ammonia for Yara's business, Yara has a number of operating leases on vessels. The commitments in relation to this are the main part of total minimum future rentals amounting to NOK 1,434 million. The commitments due to these arrangements vary depending on the contract length for each vessel.

No purchase options exist on the vessels. There are no restrictions imposed by lease arrangements, such as those concerning dividends and additional debt. For some of the vessels there are renewal options that Yara can exercise.

Operating lease expenses included in operating cost and expenses

NOK millions	2014	2013 Restated [1]
Operating lease expenses	(1,493)	(1,342)

1) See note 36 for more information.

Operating lease expenses of NOK 1,267 million (2013: NOK 1,160 million) is included in raw materials, energy costs and freight expenses and the remaining is presented as part of other operating expenses in the consolidated statement of income.

FINANCIAL LEASE

Financial leases related to buildings, offices, machinery and equipment. Total minimum future rentals due under non-cancelable financial leases and their present values are:

	2014		2013 Restated [1]	
NOK millions	Nominal value	Present value	Nominal value	Present value
Within year 1	55	51	37	33
Within year 2	43	39	30	26
Within year 3	55	48	28	22
Within year 4	52	44	27	20
Within year 5	50	39	27	18
After 5 years	164	69	76	40
Total	419	290	226	159

1) See note 36 for more information.

There are no restrictions imposed by lease arrangements, such as those concerning dividends and additional debt. Renewal or purchase options clauses are common among Yara's financial lease agreements.

See note 12 for information regarding the carrying amount of financial leased assets.

Note 34 Related parties

THE NORWEGIAN STATE

At 31 December 2014, the Norwegian State owned 100,026,133 shares, representing 36.21% of the total number of shares issued. On the same date, the National Insurance Fund, Norway owned 14,491,421 shares, representing 5.25% of the total number of shares issued.

EQUITY-ACCOUNTED INVESTEES

Transactions with equity-accounted investees are described in note 13.

YARA PENSION FUND

One of Yara International ASA's pension plans is arranged through Yara Pension Fund. This plan has been closed for new members since July 2006. During 2014, Yara has contributed to the pension fund through deductions from premium fund.

BOARD OF DIRECTORS

Members of the Board of Directors are elected for two year terms. Their rights and obligations as board members are solely and specifically provided for the company's articles of association and Norwegian law. The company has no significant contracts in which a Board Member has a material interest.

Board of Directors compensation 2014 and number of shares owned 31 December 2014

NOK thousands, except number of shares	Compensation	Number of shares
Leif Teksum, Chairperson (from 5 May 2014) 1)	341	1,000
Bernt Reitan, Chairperson (till 5 May 2014) 1)	180	-
Elisabeth Harstad (till 5 May 2014) 2)	225	-
Juha Rantanen (till 5 May 2014) 1)	140	-
Hilde Merete Aasheim 2)	424	-
Geir Isaksen 1)	304	84
Hilde Bakken (from 5 May 2014) 1)	202	-
John Gabriel Thuestad (from 5 May 2014) 2)	318	-
Rune Asle Bratteberg 2) 3)	369	124
Guro Mauset 3)	284	148
Geir O. Sundbø 3)	284	96

1) Member of the Compensation Committee in 2014.
2) Member of the Audit Committee in 2014.
3) Interest-free loan of NOK 11.993 given through a trust in accordance with a Yara share purchase offer.

Compensation of Board of Directors was NOK 2,640 thousand in 2013 compared to NOK 3,072 thousand in 2014.

The Chairperson and the members of the Board have no agreements for further compensation due to termination or changes in the position.

Compensation 2014 and number of shares owned by the deputy Board Members at 31 December 2014

	Compensation	Number of shares
Per Rosenberg 1)	-	243
Kari Marie Nøstberg 2)	-	260
Inge Stabæk 1)	-	281
Karl Edvard Juul	-	101
Vigleik Heimdal 1)	-	425

1) Interest-free loan of NOK 11.993 given through a trust in accordance with a Yara share purchase offer.
2) Interest-free loan of NOK 5.911 given through a trust in accordance with a Yara share purchase offer.

Yara Executive Management: Compensation and number of shares owned at 31 December 2014

NOK thousands, except number of shares	Salary 2)	Performance related bonus 3)	Long term incentive plan 1)	Other benefits	Pension benefits	Number of shares	Accrued compensation 5)
Torgeir Kvidal (CEO from 7 October 2014)	3,228	1,074	697	234	906	6,168	1,561
Jørgen Ole Haslestad (till 7 October 2014)	4,570	1,633	1,739	190	1,386	25,413	1,552
Gerd Löbbert	5,104	2,338	1,278	274	649	4,992	2,380
Egil Hogna	3,393	1,363	846	266	984	14,318	1,895
Yves Bonte	4,705	2,140	1,178	95	593	8,441	2,633
Thor Giæver (from 13 October 2014) 4)	467	-	-	51	53	2,478	528
Trygve Faksvaag	2,363	757	469	280	658	7,258	1,016
Elin Tvedt (till 31 May 2014) 4)	643	209	-	76	113	1,627	213
Kaija Korolainen (from 1 June 2014) 4)	1,458	-	500	375	336	946	902
Bente Slaatten	2,194	698	437	282	599	4,433	946
Alvin Rosvoll	2,620	1,020	653	324	1,179	4,946	1,413

1) Fixed cash amount as part of Long Term Incentive plan (see description on page 130).
2) The base salaries of Yara Executive Management employed in Norway increased with 3% on average with the exception of members employed in Belgium. For Yara Executive Management members employed in Belgium, only an inflation of 2 % was applied due to salary moderation applicable in Belgium. The salary amounts for Yara Executive Management members employed in Belgium are influenced by currency fluctuations of 7%. The development in base salary and actual paid salary may differ from one year to the next due to effects of the Norwegian holiday pay system, where a change in number of days holiday taken and/or annual holiday allowance impact salary paid.
3) Bonus earned in 2013, paid in 2014.
4) Elin Tvedt was acting CHRO from 1 January until 1 June 2014 when Kaija Korolainen commenced as permanent CHRO. Torgeir Kvidal took on the position as acting CEO from 7 October 2014 and Thor Giæver is acting CFO as from 13 October 2014.
5) Estimated bonus (including holiday allowance) earned in 2014 to be paid in 2015.

Yara Executive Management: Compensation and number of shares owned at 31 December 2013

NOK thousands, except number of shares	Salary 2)	Performance related bonus 3)	Long term incentive plan 1)	Other benefits	Pension benefits	Numner of shares
Torgeir Kvidal	2,682	1,250	647	220	759	4,933
Jørgen Ole Haslestad	5,778	2,689	1,689	264	2,085	22,773
Gerd Löbbert	4,403	178	1,171	690	637	2,535
Egil Hogna	3,298	1,743	821	247	912	12,937
Yves Bonte	4,320	2,160	1,080	611	585	6,796
Trygve Faksvaag	2,316	966	456	269	566	6,432
Håkan Hallén	2,624	1,106	-	260	808	3,706
Bente Slaatten	2,134	835	424	222	551	3,662
Alvin Rosvoll	2,619	958	634	268	904	3,890

1) Fixed cash amount as part of Long Term Incentive plan (see description on page 130)
2) The base salaries of Yara Executive Management employed in Norway increased with 3.5% on average, excluding an exceptional increase for one member of Yara Executive Management. For Yara Executive Management members employed in Belgium, no increase was provided due to salary moderation applicable in Belgium. The base salary for the CEO increased by 3.5%. The development in base salary and actual paid salary may differ from one year to the next due to effects of the Norwegian holiday pay system, where a change in number of days holiday taken and/or annual holiday allowance impact salary paid.
3) Bonus earned in 2012, paid in 2013. The performance bonus for Gert Löbbert reflects the fact that he joined on 1 December 2012. This will also reflect vacation pay reported under salary when comparing the numbers for 2013 and 2014.

Torgeir Kvidal was appointed as acting CEO on 7 October 2014 until a permanent CEO commences. He has temporarily withdrawn from the position as Yara CFO. During the acting CEO period, he is entitled to a monthly compensation of NOK 175,000 in addition to compensation and benefits according to his CFO Employment Agreement.

PENSIONS BENEFITS AND TERMINATION AGREEMENTS

Jørgen Ole Haslestad stepped down from the position as being Yara CEO from 7 October 2014 and was from this time not a member of Yara Management. Until 1 July 2015 he will be available for the Yara Board of Directors and CEO to do work tasks for the company. According to his agreement with Yara, Haslestad will resign from the company on 30 June 2015. He will then be entitled to 6 months notice period expiring 31 December 2015 and thereafter 3 months of severance pay from 1 January 2016. From the period after he stepped down from the position as CEO, he is not entitled to bonus or participating in the company's Long Term Incentive Plan. For the period from 7 October 2014 until Haslestad resign from the Company 1 July 2015, his total compensation will be NOK 5.2 million. Total compensation for the notice period and severance pay amounts to NOK 4.9 million. Jørgen Ole Haslestad participates in the ordinary pension scheme of employees in Norway (as described in note 23). He is also entitled to an early retirement benefit at the age of 62 to age 65 equal to 70% of the pensionable income calculated on a 10 years earning period. A deduction shall be made pro rata in case of less than 10 years earning period.

Yves Bonte and Gerd Löbbert are members of the Yara Belgium pension plan. This plan is a defined contribution plan and provides the members with a lump sum when they reach the age of 65. The employer contribution is calculated on the annual base salary and amounts to 4.79% up to the legal ceiling and 15% above that.

Other members of Yara Executive Management are included in Yara's ordinary pension plan for employees in Norway. This is a defined contribution plan with contribution equal to 5% of part of salary between 1 times Norwegian Social Security Base Amount (1G) and 6G plus 8% of salary between 6G and 12G. All Norwegian employees including Yara Executive Management are members of an unfunded defined contribution plan for salaries above 12G with contribution equal to 25% of pensionable salary in excess of 12G. With the exception of Jørgen Ole Haslestad all Norwegian employees at position level department manager or above are members of an unfunded early retirement plan. The plan covers the period from age 65 to 67 with a defined benefit equal to 65% of final salary. From 2006 accrual of pension in this plan has been limited to a salary of 12G.

STATEMENT ON REMUNERATION TO MEMBERS OF EXECUTIVE MANAGEMENT

In accordance with the Norwegian Public Limited Companies Act § 6-16 a, the Board of Directors prepares a separate statement related to the determination of salary and other benefits for the Executive Management. The statement will be presented for the Annual General Meeting for voting. For the year 2014, remuneration of Executive Management has been in accordance with Norwegian State Guidelines for remuneration of executives in state owned companies from 1 April 2011. The Ministry of Trade, Industry and Fisheries has amended the guidelines with effect from 13 February 2015. Yara will consequently evaluate the remuneration principles applying to new members of the Executive Management. The statement of remuneration for 2015 for consideration at the 2016 General Meeting will take into account the conclusions resulting from this evaluation.

Yara's policy concerning remuneration of the CEO and other members of Yara's Executive Management is to provide remuneration opportunities which:
- Are competitive to recruit and retain executives
- Reward the executives' performance, measured as their contribution to the overall success of Yara
- Support the creation of sustainable shareholder value

Yara's remuneration of the Executive Management Group consists of the following elements: Base pay, an annual incentive bonus, a Long Term Incentive plan, a retirement plan, death and disability coverage and other components such as car, phone expenses, etc. In addition, executives on expatriate contracts have various other costs covered by the company. The annual salary adjustment for employees in Yara International ASA and Norwegian subsidiaries forms the basis for the Yara Executive Management salary development. Members of Yara Executive Management do not receive separate remuneration for board membership in Yara subsidiaries.

Executive Management members employed in Norway can take part in the annual offer to all permanent Yara employees in Norway where they can buy Yara shares to a value of NOK 7,500 alternatively NOK 13,500 with a tax-exempt discount of NOK 1,500 in both cases.

The annual incentive bonus represents performance-driven variable compensation components based on financial and non-financial performance, such as profitability and HES (Health, Environment and Safety) results, at company and/or segment level. The specific performance components vary by unit and position and are set individually on an annual basis. The annual incentive bonus is not linked to the Yara share price, but is conditional on Yara's CROGI (cash return on gross investment) reaching 7%, with progressively higher payout levels up to a maximum level when CROGI exceeds 14% (16% for bonuses earned from 2015). The maximum pay-out shall not exceed 50% of annual base salary.

To increase the alignment between Executive and Shareholder interests and to ensure retention of key talent in the company, a Long Term Incentive plan has been approved by the Board. This program provides a fixed cash amount to eligible executives, who are required to invest the net amount after tax in Yara shares within a period of one month after grant. The acquired shares are locked in for a period of three years after the purchase. After this period executives are free to keep or sell the shares at their discretion. The annual amount granted under the Long Term Incentive plan is not linked to Yara's financial results, and shall not exceed 30% of annual base salary. The amount granted is linked to individual position and is determined annually by the CEO.

All new pension plans in Yara should be defined contribution (DC) plans. All executives on Norwegian employment contracts are part of the defined contribution retirement plans, including a DC pension plan covering salary in excess of 12G. For new members of the Executive Management from 2015 Yara will consider making changes with respect to the pension plan for salary in excess of 12G. This is due to the amended State Guidelines for remuneration of executives in state owned companies applicable from 13 February 2015.

For Executives on Norwegian employment contracts Yara has a company set upper limit for retirement at age 67 with a possibility for flexible retirement from age 62 in the company paid DC plans. In addition the executives are members of a defined benefit early retirement plan covering the period from age 65 to 67 with a defined benefit equal to 65% of final salary limited to 12G.

Salary and other benefits earned in 2014 are disclosed above. For additional information about existing pension plans see note 23.

Note 35 External audit remuneration

Deloitte AS (Deloitte) is Yara's auditor. A few subsidiaries of Yara International ASA have appointed other audit firms. The following table shows total audit and other services delivered to the group by the appointed auditor.

NOK thousands	Audit fee	Assurance services	Tax services	Other audit services	Total
2014					
Deloitte Norway	5,015	911	346	91	6,363
Deloitte abroad	25,550	868	2,507	174	29,098
Total Deloitte	30,565	1,779	2,853	265	35,461
Others	3,633	275	1,629	369	5,906
Total	34,198	2,054	4,482	634	41,367
2013					
Deloitte Norway	5,260	265	252	30	5,808
Deloitte abroad	23,823	1,002	1,991	319	27,135
Total Deloitte	29,084	1,267	2,244	349	32,944
Others	990	-	145	-	1,135
Total	30,074	1,267	2,389	349	34,079

Note 36 Restatement effects

EFFECTIVE 1 JANUARY 2014, YARA ADOPTED THE NEW STANDARDS IFRS 10, 11, 12 AND REVISED IAS 27 AND 28 WITH RETROSPECTIVE APPLICATION.

Impact of implementation of IFRS 10 Consolidated Financial Statements and revised IAS 27 Separate Financial Statements.

The Group adopted IFRS 10 in the current year. IFRS 10 changes the definition of control and Yara has assessed whether or not the Group has control over some of the associates or joint ventures (under the previously existing IAS 28 and the old IAS 31). At the date of initial application of IFRS 10, the Group assessed that it did not control any of the equity-accounted investees.

IMPACT OF IMPLEMENTATION OF IFRS 11 JOINT ARRANGEMENTS

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. The classification should be joint operation or joint venture. Investments in joint ventures are accounted for using the equity method and joint operations are accounted for by each joint operator accounting for its share of assets, liabilities, revenues and expenses. Yara's management assessed the classification of the Group's investments in joint arrangements in accordance with IFRS 11. Management concluded that two joint arrangements should be classified as joint operations and thus changing the accounting from equity method to the Group's share of assets, liabilities, revenues and expenses. The companies are Trinidad Nitrogen Company Ltd., where Yara owns 49%, and Yara Pilbara Nitrates, where Yara consolidates 55% (owned directly 35% by Yara and 20% through Yara Pilbara Holding, where Yara has a ownership of 51%). The main reason why Tringen is classified as a joint operation is, that Yara buys all products produced by the plant. Yara Pilbara Nitrates is classified as a joint operation as the entity's revenues will be provided solely by the parties of the joint operation.

IMPACT OF IMPLEMENTATION OF IFRS 12 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

More extensive disclosures is required by IFRS 12 for entities having interests in subsidiaries, joint arrangements and associates. These requirements are included in the consolidated financial statements, see note 13 Associated companies and joint ventures, note 14 Joint operations, note 2 Composition of the Group and note 22 Non-controlling interests.

IMPACT OF IMPLEMENTATION OF REVISED IAS 28 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Yara sold 16% in Yara Praxair Holding AS in 2011 and joint control ceased over this entity. This transaction gave a remeasurement gain of remaining 34% ownership in the associate of NOK 661 million. Under the revised IAS 28 remeasurement of remaining ownership is not required. The effect has been restated. The restatement reduces the carrying value of the investment and Yara's equity. Also, the restatement gave a NOK 8 million positive impact on earnings before interest expense and tax due to reversal of amortization of excess values.

	1 Jan 2013	IFRS 11		IAS 28	1 Jan 2013
	As reported	Derecognized	Recognized	Change	Restated
Assets					
Non-current assets					
Deferred tax assets	1,376	-	37	(4)	1,409
Intangible assets	7,512	-	-	-	7,512
Property, plant and equipment	27,893	-	701	-	28,594
Equity-accounted investees	10,501	(784)	-	(648)	9,069
Other non-current assets	1,437	-	-	-	1,437
Total non-current assets	48,719	(784)	738	(652)	48,022
Current assets					
Inventories	11,927	-	76	-	12,003
Trade receivables	8,045	-	41	-	8,086
Prepaid expenses and other current assets	2,607	-	28	-	2,635
Cash and cash equivalents	9,941	-	74	-	10,015
Non-current assets classified as held-for-sale	11	-	-	-	11
Total current assets	32,530	-	220	-	32,750
Total assets	81,249	(784)	957	(652)	80,772

	1 Jan 2013	IFRS 11		IAS 28	1 Jan 2013
	As reported	Derecognized	Recognized	Change	Restated
Equity and liabilities					
Equity					
Share capital reduced for treasury stock	477	-	-	-	477
Premium paid-in capital	117	-	-	-	117
Total paid-in capital	594	-	-	-	594
Other reserves	(2,886)	-	-	-	(2,886)
Retained earnings	50,538	(784)	784	(652)	49,886
Total equity attributable to shareholders of the parent	48,246	(784)	784	(652)	47,594
Non-controlling interests	1,745	-	-	-	1,745
Total equity	49,991	(784)	784	(652)	49,339
Non-current liabilities					
Employee benefits	2,350	-	78	-	2,427
Deferred tax liabilities	4,442	-	1	-	4,444
Other long-term liabilities	658	-	-	-	659
Long-term provisions	407	-	-	-	407
Long-term interest-bearing debt	9,287	-	-	-	9,287
Total non-current liabilities	17,144	-	80	-	17,224
Current liabilities					
Trade and other payables	9,665	-	172	-	9,838
Current tax liabilities	1,932	-	-	-	1,932
Short-term provisions	230	-	-	-	230
Other short-term liabilities	680	-	6	-	686
Bank loans and other interest-bearing short-term debt	604	-	(84)	-	520
Current portion of long-term debt	1,004	-	-	-	1,004
Total current liabilities	14,115	-	94	-	14,209
Total equity and liabilities	81,249	(784)	957	(652)	80,772

NOK millions, except percentages and per share information	2013 As reported	Restatement effects	Restated
YARA			
Condensed consolidated statement of income			
Revenue and other income	85,052	40	85,092
Operating income	7,791	283	8,074
Share of net income equity-accounted investees	1,250	(174)	1,076
Income taxes	(1,506)	(97)	(1,602)
Net Income	(6,097)	11	6,108
Earnings per share	20.63	0.04	20.67
Condensed consolidated statement of comprehensive income			
Foreign currency translation on translation of foreign operations	4,856	(5)	4,851
Remeasurements of the net defined benefit pension liability	409	(10)	399
Remeasurements of the net defined benefit pension liability for equity-accounted investees	(101)	10	(90)
Total other comprehensive income, net of tax	4,984	(5)	4,979
Total comprehensive income	11,081	6	11,087
Total comprehensive income attributable to shareholders of the parent	10,567	6	10,572
Condensed consolidated statement of financial position			
Total non-current assets	56,459	(536)	55,923
Total current assets	32,521	158	32,679
Total equity	56,419	(646)	55,773
Total non-current liabilities	13,444	119	13,562
Total current liabilities	19,118	149	19,266
Condensed consolidated statement of cash flows			
Net cash from operating activities	12,174	126	12,300
Net cash from/ (used in) investing activities	(9,259)	(254)	(9,514)
Net cash from/ (used in) financing activities	(5,989)	45	(5,944)
Foreign currency effects on cash flows	(48)	14	(33)
Net increase (decrease) in cash and cash equivalents	(3,122)	(69)	(3,191)
Cash and cash equivalents at beginning of period	9,941	75	10,015
Cash and cash equivalents at end of period	6,819	5	6,824
Other key figures			
EBITDA	13,266	133	13,399
CROGI	12.6%		12.6%
ROCE	12.4%		12.6%

2013 - SEGMENT RESTATEMENTS

The restatement following the new and revised standards presented above impacted the Upstream and Industrial segments. In addition, Yara made changes to the segment structure effective from 1 January 2014. Comparative figures for 2013 are restated. The change in reporting structure is related to:

- Transfer of business unit Feed Phosphates from Upstream to Industrial
- Transfer of unit Yara Pilbara Nitrates, which is currently constructing a TAN plant in Australia, from Industrial to Upstream.

The table below provides the restatement effects on segment level, both for the change in accounting standards and for the change in segment structure.

NOK millions, except percentages	2013			
	As reported	Effects of new and revised standards	Effects of changes in segment structure	Restated
Upstream segment				
Revenue and other income	40,267	40	(812)	39,495
Operating income	3,886	283	(34)	4,135
EBITDA	7,919	133	(48)	8,004
Total assets [1)]	48,246	262	971	49,479
CROGI	11.0%			10.8%
ROCE	9.8%			9.7%
Industrial segment				
Revenue and other income	12,397	-	1,466	13,864
Operating income	807	-	34	841
EBITDA	1,096	-	48	1,144
Total assets [1)]	6,692	(640)	(926)	5,125
CROGI	12.2%			15.4%
ROCE	13.7%			19.5%
Other and eliminations				
Revenue and other income	(31,472)	-	(655)	(32,127)
Total assets [1)]	7,159	-	(45)	7,113

1) Assets exclude cash accounts and accounts receivables related to group relief.

Note 37 Post balance sheet events

Yara Board will propose to the Annual General Meeting a dividend of NOK 13 per share for 2014. The total dividend payment will be NOK 3,581 million based on current outstanding shares.

On 19 February 2015, Yara announced it has agreed with BASF to build a world scale ammonia plant in Texas. The ammonia plant will be owned 68 percent by Yara and 32 percent by BASF. The plant will have a capacity of about 750,000 metric tons per year. Each party will off-take ammonia from the plant in accordance with its equity share. Total capital investment for the plant is estimated at USD 600 million. The feedstock contracts have take-or-pay clauses, partly supported by guarantees from Yara and BASF. The total take-or-pay commitment on Yara's share is USD 488 million (undiscounted). In addition, Yara will build an ammonia tank at the BASF terminal bringing Yara's total investments to USD 490 million. BASF will upgrade its current terminal and pipeline assets. KBR, Inc., Houston, Texas, has been awarded a fixed price turnkey contract for the engineering, procurement and construction. The plant is expected to be completed by the end of 2017. Yara will manage construction of the plant while BASF will operate the plant and the export terminal. The entity will be classified as a joint operation and Yara will account for the assets, liabilities revenues and expenses relating to its 68 percent interest in the investment.

Financial statements

Financial statements for Yara International ASA

» Due to rounding differences, figures or percentages may not add up to the total.

YARA INTERNATIONAL ASA

Income statement

NOK millions	Notes	2014	2013
Revenues	6,16	1,134	981
Raw materials, energy costs and freight expenses		(8)	(27)
Change in inventories of own production		(12)	(10)
Payroll and related costs	2,3	(574)	(505)
Depreciation and amortization	4,5	(23)	(27)
Other operating expenses	6	(1,004)	(1,018)
Operating costs and expenses		(1,623)	(1,588)
Operating income		(488)	(607)
Financial income (expense), net	7,16	5,989	(90)
Income before tax		5,501	(698)
Income tax expense	8	374	307
Net income		5,875	(391)
Appropriation of net income and equity transfers			
Dividend proposed		3,581	2,771
Retained earnings		2,294	(3,162)
Total appropriation	14	5,875	(391)

YARA INTERNATIONAL ASA

Balance sheet

NOK millions	Notes	31 Dec 2014	31 Dec 2013
Assets			
Non-current assets			
Deferred tax assets	8	929	508
Intangible assets	5	204	42
Property, plant and equipment	4	105	55
Shares in subsidiaries	9	19,424	13,430
Intercompany receivables	16	14,560	18,321
Shares in associated companies	10	18	18
Other non-current assets	11,13	542	529
Total non-current assets		35,782	32,903
Current assets			
Inventories	11	19	32
Trade receivables		18	5
Intercompany receivables	16	20,477	8,581
Prepaid expenses and other current assets	13	503	187
Cash and cash equivalents		1,141	5,056
Total current assets		22,158	13,862
Total assets		57,940	46,765

YARA INTERNATIONAL ASA

Balance sheet

NOK millions	Notes	31 Dec 2014	31 Dec 2013
Equity and liabilities			
Equity			
Share capital reduced for treasury stock		468	471
Premium paid-in capital		117	117
Total paid-in capital		586	588
Retained earnings		5,216	3,524
- Treasury shares		(229)	(375)
Shareholders' equity	14	5,573	3,737
Non-current liabilities			
Employee benefits	2	723	681
Long-term interest bearing debt	15	8,198	4,052
Other long-term liabilities		6	-
Total non-current liabilities		8,927	4,733
Current liabilities			
Bank loans and other interest-bearing short-term debt	11,16	2,207	86
Current portion of long-term debt	15	-	3,692
Dividends payable	14	3,581	2,771
Intercompany payables	16	37,088	31,011
Current income tax	8	20	39
Other current liabilities	13	543	696
Total current liabilities		43,440	38,295
Total liabilities and shareholders' equity		57,940	46,765

The Board of Directors of Yara International ASA
Oslo, 19 March 2015

Leif Teksum
Chairperson

Hilde Merete Aasheim
Vice chair

John Thuestad
Board member

Hilde Bakken
Board member

Geir O. Sundbø
Board member

Geir Isaksen
Board member

Rune Bratteberg
Board member

Guro Mauset
Board member

Torgeir Kvidal
President and CEO (acting)

YARA INTERNATIONAL ASA

Cash flow statement

NOK millions	Notes	31 Dec 2014	31 Dec 2013
Operating activities			
Operating Income		(488)	(607)
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation, amortization and impairment loss	4,5	23	27
Tax received/(paid)	8	(55)	(279)
Dividend received from subsidiary and associated companies		27	737
Group relief received		-	4,000
Interest and bank charges received/(paid)		354	980
Other		23	(10)
Change in working capital			
Trade receivables		(13)	12
Short term intercompany receivables/payables		(6,625)	(3,751)
Prepaid expenses and other current assets		(144)	150
Trade payables		105	26
Other current liabilities		(360)	23
Net cash provided by operating activities		(7,153)	1,311
Investing activities			
Acquisition of property, plant and equipment	4	(84)	(47)
Acquisition of other long-term investments		(141)	(4)
Group relief paid		-	(200)
Net cash from/(to) long term intercompany loans	16	5,604	2
Proceeds from sales of long-term investments		2	26
Net cash provided by investing activities		5,381	(223)
Financing activities			
Loan proceeds		3,500	-
Principal payments		(2,431)	(199)
Purchase of treasury stock	14	(230)	(377)
Redeemed shares Norwegian State	14	(211)	(533)
Dividend paid	14	(2,771)	(3,647)
Net cash used in financing activities		(2,142)	(4,757)
Net increase/(decrease) in cash and cash equivalents		(3,915)	(3,669)
Cash and cash equivalents at 1 January		5,056	8,724
Cash and cash equivalents at 31 December		1,141	5,056

Notes to the accounts

Note 1 Accounting policies

GENERAL
The financial statements for Yara International ASA have been prepared in accordance with the rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway (NGAAP). Financial statement preparation requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as disclosures of contingencies. Actual results may differ from estimates.

Yara International ASA was established on 10 November 2003, for the purpose of acting as the transferee company in the demerger of Hydro Agri from Norsk Hydro ASA. Until the completion of the demerger, there were no subsidiaries or operational activity in Yara International ASA.

For information about risk management see note 13 to the Yara International ASA financial statements and note 28 to the consolidated financial statements.

Yara International ASA provides financing to most of its subsidiaries in Norway as well as abroad. See note 15. The information given in note 25 to the consolidated financial statements on payments on long-term debt also applies to Yara International ASA.

The accompanying notes are an integral part of the financial statements.

FOREIGN CURRENCY TRANSACTIONS
Realized and unrealized gains and losses on transactions, assets and liabilities denominated in a currency other than the functional currency of Yara International ASA that do not qualify for hedge accounting treatment, are included in net income.

REVENUE
Sale of goods
Revenue from the sale of products, including products sold in international commodities markets, is recognized when the products are delivered to the customer, assuming the risk and rewards have been transferred to the customer.

Sale of services
Revenues from the sale of intercompany services are recognized when the services are delivered.

Dividends and group contribution
Dividends and group contribution from subsidiaries are recognized in the income statement when the subsidiary has proposed these.

Interest income
Interest income is recognized in the income statement as it is accrued, based on the effective interest method.

RECEIVABLES
Trade receivables and other receivables are recognized at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

COST OF SALES AND OTHER EXPENSES
In principle, cost of sales and other expenses are recognized in the same period as the revenue to which they relate. In instances where there is no clear connection between the expense and revenue, the apportionment is estimated. Other exceptions to the matching criteria are disclosed where appropriate.

INCOME TAXES
Deferred income tax expense is calculated using the liability method in accordance with Norsk Regnskaps Standard ("NRS") regarding Income Taxes ("Resultatskatt"). Under this standard, deferred tax assets and liabilities are measured based on the differences between the carrying values of assets and liabilities for financial reporting and their tax basis, which is considered temporary in nature. Deferred income tax expense represents the change in deferred tax asset and liability balances during the year except for deferred tax related to items charged to equity. Changes resulting from amendments and revisions in tax laws and tax rates are recognized when the new tax laws or rates are adopted.

INTANGIBLE ASSETS
Intangible assets acquired individually or as a group are recorded at fair value when acquired. Intangible assets with finite useful lives are amortized on a straight-line basis over their benefit period.

Research costs are expensed as incurred. Costs incurred in development of certain internally generated intangible assets, such as software, are expensed until all the recognition criteria are met. Qualifying costs incurred subsequently to meeting the recognition criteria are capitalized.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment are carried at historical cost less accumulated depreciation. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Depreciation is determined using the straight-line method.

SUBSIDIARIES AND ASSOCIATED COMPANIES
Shares in subsidiaries and associated companies are in Yara International ASA's financial statements presented according to the cost method. Group relief received is included in dividends from subsidiaries. Yara reviews subsidiaries and associated companies for impairment if indications of loss in value are identified. Indicators of impairment may include operating losses or adverse market conditions. Fair value of the investment is estimated based on valuation model techniques. If it is considered probable that the fair value is below Yara's carrying value, the investment is written down as

impaired. The impairment is reversed if indicators of impairment are no longer present.

INVENTORIES

Inventories are valued at the lower of cost, using the "first-in, first-out method" ("FIFO"), and net realizable value. Cost includes direct materials, direct labor, other direct cost, and the appropriate portion of production overhead or the price to purchase inventory.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank deposits and all other monetary instruments with a maturity of less than three months at the date of purchase.

The level of cash held by Yara International ASA reflects that most external bank deposits are channeled through the group treasury function and should thus be seen in context with the intercompany receivables and payables.

LEASED ASSETS

Leases that provide Yara with substantially all the rights and obligations of ownership are accounted for as finance leases. Such leases are valued at the present value of minimum lease payments or fair value if this is lower, and recorded as assets under property, plant and equipment. The liability is included in long-term debt. The assets are subsequently depreciated and the related liabilities are reduced by the amount of the lease payments less the effective interest expense. Other leases are accounted for as operating leases with lease payments recognized as an expense over the lease term.

FINANCIAL ASSETS AND LIABILITIES

Financial assets, other than derivatives, are initially recognized in the balance sheet at fair value (cost) and subsequently at the lower of cost or fair value. Financial liabilities are initially recognized in the balance sheet at fair value (cost) and subsequently at amortized cost.

FORWARD CURRENCY CONTRACTS

Forward currency contracts are initially recognized in the balance sheet at fair value. Changes in fair value are recognized in the income statement.

INTEREST RATE AND FOREIGN CURRENCY SWAPS

Interest income and expense relating to swaps that are not designated as hedge instruments are netted and recognized as income or expense over the life of the contract. Foreign currency swaps are translated into Norwegian kroner at the applicable exchange rate at the balance sheet date with the resulting unrealized exchange gain or loss recorded in "Financial income (expense), net" in the income statement.

SHARED-BASED COMPENSATION

The long term incentive program for Yara Management and top executives provides a fixed cash amount to the eligible top executive, who is required to invest the net amount after tax in Yara shares within a period of one month after the grant. The acquired shares are locked in for a period of three years after the purchase. After this period the executive is free to keep or sell the shares at his or her discretion. If an executive does not meet the vesting conditions the net proceed must be returned to Yara. The costs for the long term incentive program is expensed in the year when the shares are granted. However, the costs are re-invoiced within the same year to Yara units globally as part of the shared cost model.

The Company also gives employees the possibility to purchase shares in Yara at a reduced price. The cost of this is recognized when the employee exercises this option.

EMPLOYEE RETIREMENT PLANS

Employee retirement plans are measured in accordance with IAS 19, as allowed by NRS 6. Past service cost is recognized immediately in the Statement of income together with any gains and losses arising from curtailments and settlements. Remeasurement gains and losses are recognized directly in retained earnings.

Note 2 Employee retirement plans and other similar obligations

Yara International ASA has incurred obligations under a funded defined benefit plan. The pension plan was closed to new entrants in 2006 and employees below the age of 55 received a paid-up policy for previously earned benefit entitlements. The defined benefit plan was replaced by a defined contribution plan from the same date, which requires Yara International ASA to make agreed contributions when employees have rendered service entitling them to the contributions. Yara International ASA has no legal or constructive obligation to pay further contributions. This new plan applies to the future pension earnings of existing employees below the age of 55 in 2006 and all new employees.

Other long-term employee benefits include a provision for jubilee benefits.

Yara International ASA is obliged to and does fulfill the requirements of the act regarding mandatory occupational pension scheme ("Lov om obligatorisk tjenestepensjon").

Long-term employee benefit obligations recognized in the statement of financial position

NOK millions	2014	2013
Pension liabilities for defined benefit plans	(716)	(674)
Termination benefits and other long-term employee benefits	(8)	(7)
Surplus on funded defined benefit plans	342	334
Net long-term employee benefit obligations	(381)	(347)

Expenses for long-term employee benefit obligations recognized in the statement of income

NOK millions	2014	2013
Defined benefit plans	(49)	(49)
Defined contribution plans	(17)	(15)
Termination benefits and other long-term employee benefits	(5)	(4)
Net expenses recognized in income statement	(71)	(68)

DEFINED BENEFIT PLANS

Yara International ASA is the sponsor of Yara Pensjonskasse, a funded pension plan which also covers employees of its subsidiaries Yara Norge AS and Yaraship Services AS. Plan benefits are based on years of service and final salary levels. Determination of the required annual contribution to Yara Pensjonskasse from each of the participating legal entities is defined by the bylaws of the pension fund, and is based on actuarial calculations. The distribution of pension costs to the participating entities is based on the same calculations. At 31 December 2014, the number of active participants in the funded defined benefit plan who were employed by Yara International ASA, was 14 and the number of retirees was 142. In addition, 312 current and previous employees of Yara International ASA have earned paid-up policies in the pension fund.

Yara International ASA participates in a multi-employer plan (AFP - "Avtalefestet pensjon") which entitles most of its employees the right to pension payments from the age of 62. Participating entities are required to pay an annual fee for each of its active employees. As the information required to account for this part of the plan as a defined benefit plan is not available from the plan administrator, it is accounted for as if it were a defined contribution plan. The provision for defined benefit plans includes however the calculated obligation to pay a percentage of benefits paid to its employees who have chosen early retirement under this plan. A further defined benefit obligation is recognized to account for a gratuity offered by Yara International ASA to its employees who retire with the AFP scheme.

All Norwegian employees with salary above 12G (i.e. 12 times the Norwegian Social Security Base Amount, which from 1 May 2014 was NOK 88,370) are members of an unfunded plan which requires Yara International ASA to contribute with an amount equal to 25% of pensionable salary in excess of 12G for each year of service, with the addition of annual return on the accumulated balance. As investment risk is retained by Yara International ASA, the plan is included in the obligation for defined benefit plans.

Norwegian employees at position level of department manager or above are members of an unfunded early retirement plan. The plan covers the period from age 65 to 67 with a defined benefit equal to 65% of final salary. From 2006 accrual of pension in this plan has been limited to a salary of 12G.

VALUATION OF DEFINED BENEFIT OBLIGATIONS

The defined benefit plans are valued at 31 December using updated financial and demographical assumptions and taking into account relevant economic environment factors.

It is the opinion of the management of Yara International ASA that there is a sufficiently deep market for high quality corporate bonds in Norway, which is therefore used as reference for determination of the discount rate. Normal assumptions for demographical and retirement factors have been used by the actuary when calculating the obligation. Estimated future mortality is based on published statistics and mortality tables. The actuary has used the K2013 mortality table. According to K2013 a current female employee aged 45 today would be expected to live 25.8 years after reaching the retirement age of 65, whereas a female employee aged 65 today would on average be expected to live 23.9 years. Corresponding expectations for male employees are 22.6 years for current employees and 20.7 years for a male employee aged 65.

The following financial assumptions have been applied for the valuation of liabilities (in %):

Discount rate

In percentages	2014	2013
Discount rate	2.4	3.9
Expected rate of salary increases	2.8	3.6
Future rate of pension increases	0.3	1.5

Actuarial valuations provided the following results:

NOK millions	2014	2013
Present value of unfunded obligations	(627)	(590)
Present value of wholly or partly funded obligations	(648)	(623)
Total present value of obligations	(1,275)	(1,213)
Fair value of plan assets	948	915
Social security on defined benefit obligations	(46)	(42)
Total recognized liability for defined benefit plans	(374)	(340)

Duration of liabilities at the end of the year:

Duration of liabilities (in years)	2014
Funded plan	15
Unfunded plans	13
AFP plan	6

PENSION COST RECOGNIZED IN STATEMENT OF INCOME

The assumptions used to value the defined benefit obligations at 31 December are used in the following year to determine the net pension cost. The discount rate is used to calculate the interest income from plan assets.

The following items have been recognized in the Statement of income:

NOK millions	2014	2013
Current service cost	(31)	(32)
Administration cost	(1)	(1)
Social security cost	(6)	(6)
Payroll and related costs	(38)	(39)
Interest on obligation	(46)	(40)
Interest income from plan assets	35	30
Interest expense and other financial items	(11)	(10)
Total expense recognized in income statement	(49)	(49)

SENSITIVITY OF ASSUMPTIONS

Measurement of defined benefit obligations and pension costs requires the use of a number of assumptions and estimates. Below table indicates the sensitivity of the most material financial assumptions applied to the defined benefit obligation (DBO), by showing the result from an increase or decrease in any one of the assumptions applied (all other assumptions held constant).

NOK millions	2014	2013
Actual valuation	(1,275)	(1,213)
Discount rate +0.5%	(1,203)	(1,143)
Discount rate -0.5%	(1,356)	(1,290)
Expected rate of salary increase +0.5%	(1,281)	(1,234)
Expected rate of salary increase -0.5%	(1,270)	(1,192)
Expected rate of pension increase +0.5%	(1,353)	(1,269)
Expected rate of pension increase -0.5%	(1,204)	(1,161)
Expected longevity +1 year	(1,322)	(1,259)
Expected longevity -1 year	(1,229)	(1,167)

Development of defined benefit obligations

NOK millions	2014	2013
Defined benefit obligation at 1 January	(1,213)	(1,099)
Current service cost	(31)	(32)
Interest cost	(46)	(40)
Experience adjustments	20	5
Effect of changes in financial assumptions	(46)	(1)
Effect of changes in demographic assumptions	-	(84)
Benefits paid	41	38
Defined benefit obligation at 31 December	(1,275)	(1,213)

Development of plan assets

NOK millions	2014	2013
Fair value of plan assets at 1 January	915	821
Interest income from plan assets	35	30
Administration cost	(1)	(1)
Return on plan assets (excluding the calculated interest income)	15	62
Employer contributions	-	16
Benefits paid	(17)	(14)
Fair value of plan assets at 31 December	948	915

The actual return on plan assets in 2014 was a positive NOK 50 millions (2013: positive NOK 92 millions).

Yara Pensjonskasse (the pension fund) is a separate legal entity, independently governed by its Board of Directors. It is the responsibility of the pension fund Board of Directors to determine the investment strategy, and to review the administration of plan assets and the funding level of the pension fund. If needed, Yara International ASA will be required to increase the capital buffer of the pension fund.

Yara International ASA's defined benefit plan obligations are inherently exposed to inflation risk, interest rate risk and longevity risk. The investment strategies of the pension fund ensures diversement of investments in order to keep market volatility risk at a desired level. The pension fund Board of Directors is targeting a satisfactory level of risk and return corresponding to the maturity profile of future pension benefit payments.

At the end of the year, the plan assets were invested as follows:

NOK millions, except percentages	2014	2014	2013	2013
Cash and cash equivalents	3	-	21	2 %
Shares	390	41 %	370	40 %
Other equity instruments	28	3 %	27	3 %
High yield debt instruments	98	10 %	79	9 %
Investment grade debt instruments	405	43 %	396	43 %
Properties	21	2 %	22	2 %
Interest rate swap derivatives	2	-	2	-
Total plan assets	948		915	

Yara Pensjonskasse (the pension fund) does not hold any investments that do not have a quoted market price in an active market. Nor does it hold any financial instruments issued by Yara Group companies.

Contributions expected to be paid by Yara International ASA to the defined benefit plans for 2015 are NOK 23 millions. The amount includes any premium to be paid to Yara Pensjonskasse and all benefits to be paid for unfunded plans.

Remeasurement gains / (losses) recognized in retained earnings

NOK millions	2014	2013
Cumulative amount recognized directly in retained earnings pre tax at 1 January	(14)	6
Remeasurement gains / (losses) on obligation for defined benefit plans	(26)	(79)
Remeasurement gains / (losses) on plan assets for defined benefit plans	15	62
Social security on remeasurement gains / (losses) recognized directly in equity this year	(2)	(2)
Cumulative amount recognized directly in retained earnings pre tax at 31 December	(27)	(14)
Deferred tax related to remeasurement gains / (losses) recognized directly in retained earnings	7	4
Cumulative amount recognized directly in retained earnings after tax at 31 December	(19)	(10)

Note 3 Remunerations and other

Remuneration and direct ownership of shares of the Chairperson and of the Board of Directors are disclosed in note 34 to the consolidated financial statement.

Remuneration to the President and Yara Management, as well as number of shares owned and Long Term Incentive Plan, are disclosed in notes 34 to the consolidated financial statements.

Partners and employees of Yara's independent auditors, Deloitte AS, own no shares in Yara International ASA, or in any of its subsidiaries. Yara International ASA's fee to Deloitte AS (Norway) for ordinary audit was NOK 3.965 thousand (2013: NOK 4.311 thousand), fee for assurance services NOK 565 thousand (2013: NOK 45 thousand), fee for tax services NOK 335 thousand (2013: NOK 252 thousand) and fee for non-audit services NOK 90 thousand (2013: NOK 30 thousand). Audit remuneration for the group is disclosed in note 35 to the consolidated financial statement.

At 31 December 2014 the number of employees in Yara International ASA was 361 (2013: 331).

NOK millions	2014	2013
Payroll and related costs		
Salaries	(495)	(430)
Social security costs	(62)	(56)
Net periodic pension costs	(60)	(58)
Internal invoicing of payroll related costs	43	39
Total	(574)	(505)

External commercial banks provide the Norwegian employees with a range of banking services, including unsecured personal loans at favorable rates of interest. Yara does not compensate the banks for these services. In connection with the replacement of transferred employee loans related to the demerger from Hydro, Yara provides a guarantee for all such loans as well as of new unsecured loans by the banks to the Norwegian employees. For most employees the amount guaranteed will not exceed NOK 100,000. At 31 December 2014, the aggregate balance of all the outstanding loans for which Yara are providing a guarantee is approximately NOK 1.4 millions, and the number of loans are 21.

Yara continued to give employees in Norway an opportunity to take part in a share purchase program in 2014. All permanent employees in Norway were offered shares with a discount and an interest-free loan with a 12-month repayment profile. In order to handle this arrangement in an efficient way, Yara has established a foundation for employees' shares in Yara. The foundation has purchased 27,515 shares during 2014. In total 28,243 shares have been sold during 2014 to 786 persons, This year employees could choose to purchase either 23 or 42 shares with 251 persons selecting the former and 535 persons selecting the latter. At 31 December 2014 the foundation owns 168 shares in Yara.

Note 4

Property, plant and equipment

2014

NOK millions, except percentages and years	Property, plant and equipment
Cost	
Balance at 1 January	104
Addition at cost	94
Disposal	(5)
Transfer	(37)
Balance at 31 December	155
Depreciation	
Balance at 1 January	(49)
Depreciation	(6)
Disposal	5
Balance at 31 December	(50)
Carrying value	
Balance at 1 January	55
Balance at 31 December	105
Useful life in years	4 - 50
Depreciation rate	2 - 25%

2013

NOK millions, except percentages and years	Property, plant and equipment
Cost	
Balance at 1 January	57
Addition at cost	47
Balance at 31 December	104
Depreciation	
Balance at 1 January	(43)
Depreciation	(6)
Balance at 31 December	(49)
Carrying value	
Balance at 1 January	14
Balance at 31 December	55
Useful life in years	4 - 50
Depreciation rate	2 - 25%

Property, plant and equipment mainly comprises machinery and equipment. The main additions in 2014 were pilot plants at the Yara Research Center and office equipment at the new headquarter in Drammensveien 131, Oslo, Norway.

There were no assets pledged as security at 31 December 2014 and 2013.

Note 5 Intangible assets

2014

NOK millions, except percentages and years	Intangible assets
Cost	
Balance at 1 January	218
Addition at cost	141
Transfer	37
Balance at 31 December	397
Amortization	
Balance at 1 January	(176)
Amortization	(17)
Balance at 31 December	(193)
Carrying value	
Balance at 1 January	42
Balance at 31 December	204
Useful life in years	3 - 5
Amortization rate	20 - 35 %

2013

NOK millions, except percentages and years	Intangible assets
Cost	
Balance at 1 January	214
Addition at cost	4
Balance at 31 December	218
Amortization	
Balance at 1 January	(154)
Amortization	(22)
Balance at 31 December	(176)
Carrying value	
Balance at 1 January	60
Balance at 31 December	42
Useful life in years	3 - 5
Amortization rate	20 - 35 %

Intangible assets mainly consist of computer software systems and capitalized technology assets.

The main additions in 2014 were pilot plants at the Yara Research Centre and purchase of plant technology.

Note 6 Specification of items in the income statement

REVENUE

Information about sales to geographical areas

	2014			2013		
	External	Internal	Total	External	Internal	Total
Norway	7	49	56	8	27	35
European Union	17	1,025	1,042	47	872	919
Europe, outside European Union	-	-	-	-	1	1
Asia	1	-	1	1	1	2
North America	-	-	-	24	-	24
South America	18	-	18	-	-	-
Australia and New Zealand	-	16	16	-	-	-
Total	43	1,091	1,134	80	901	981

OTHER OPERATING EXPENSE

NOK millions	2014	2013
Selling and administrative expense 1)	(792)	(841)
Rental and leasing 2)	(60)	(44)
Travel expense	(52)	(50)
Other	(100)	(83)
Total	(1,004)	(1,018)
Of which research costs 3)	(140)	(115)

1) Yara accepted a corporate penalty of NOK 295 million which is included in the 2013 income statement.
2) Expenses mainly relate to property and lease contracts for company cars.
3) Over the last few years, Yara has focused on orienting research and development resources towards commercial activities, both with respect to process and product improvements and agronomical activities. It is impracticable to give a fair estimate of possible future financial returns of these activities.

Note 7 Financial income and expense

NOK millions	2014	2013
Dividends and group relief from subsidiaries	7,016	731
Dividends from associated companies and non-marketable shares	21	6
Interest income group companies	982	1,544
Other interest income	59	129
Interest expense group companies	(150)	(202)
Other interest expense	(529)	(479)
Interest expense defined pension liabilities	(47)	(40)
Return on pension plan assets	35	30
Net foreign exchange gain/(loss)	(1,350)	(1,826)
Other financial income/(expense)	(50)	15
Financial income/(expense), net	5,989	(90)

Note 8

Income taxes

Specification of income tax expense

NOK millions	2014	2013
Current tax expense	(36)	9
Deferred tax income/(expense) recognized in the current year	410	298
Income tax expense	374	307

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

NOK millions	2014	2013
Income before taxes	5,501	(698)
Expected income taxes at statutory tax rate, 27 %	(1,485)	195
Non-deductible expenses	(3)	(84)
Dividend exclusion	4	204
Effect of valuation allowances	3	1
Loss and write-down shares, not tax deductible	(5)	-
Group releif received from daughter company with no tax effect	1,890	-
Tax law changes	-	(18)
Other, net	(29)	9
Income tax expense	374	307

Reconciliation of current tax liability

NOK millions	2014	2013
Balance at 1 January	(39)	(327)
Payments	53	288
Current year	(34)	(1)
Balance at 31 December	(20)	(39)

Specification of deferred tax assets/(liabilities)

NOK millions	2014	2013
Non-current items		
Pension liabilities	148	139
Property, plant and equipment	(3)	-
Other non-current assets	(559)	(61)
Other non-current liabilities and accruals	173	(11)
Total	(240)	66
Current items		
Inventory valuation	2	2
Accrued expenses	14	72
Total	16	74
Tax loss carry forwards	1,155	372
Valuation allowance	(2)	(4)
Net deferred tax assets	929	508
Change in deferred tax		
Balance at 1 January	508	215
Charge (credit) to equity for the year	11	(5)
Charge (credit) to profit or loss for the year	410	298
Balance at 31 December	929	508

Note 9 Shares in subsidiaries

Company name	Ownership [1]	Ownership by other group companies	Registered office	Local currency	Total equity in the company 2014 local currency millions	Net income in 2014 local currency millions	Carrying value 2014 NOK millions
Subsidiaries owned by Yara International ASA							
Yara Guatemala S.A.	100 %	-	Guatemala	GTQ	62	7	24
Yara Colombia Ltda.	100 %	-	Colombia	COP	29,109	4,315	17
Hydro Agri Russland AS	100 %	-	Norway	NOK	22	-	21
Yaraship Services AS	100 %	-	Norway	NOK	19	-	1
Yara Hellas S.A.	100 %	-	Greece	EUR	28	6	21
Yara Norge AS	100 %	-	Norway	NOK	3,124	500	1,303
Fertilizer Holdings AS	100 %	-	Norway	NOK	22,689	8,317	16,453
Yara Rus Ltd.	100 %	-	Russia	RUB	(69)	(25)	-
Yara North America Inc.	100 %	-	USA	USD	222	33	468
Yara Asia Pte. Ltd.	100 %	-	Singapore	USD	720	124	1,114
Yara International Employment Co. AG	100 %	-	Switzerland	EUR	1	-	1
Yara México Profesionales / Operativos S. de R.L. de C.V.	10 %	90 %	Mexico	MXN	(8)	-	-
Total							19,424

1) Percentage of shares owned equals percentage of voting shares owned. A number of the above mentioned companies also own shares in other companies as specified in their annual reports. See also note 2 to the consolidated financial statements.

Note 10 Shares in associated companies

NOK millions, except ownership	Ownership [1]	Country	Total equity in the company [2]	Net income [2]	Carrying value in 2014	Carrying value in 2013
Name						
Abonos del Pacifico S.A. [3]	34 %	Costa Rica/Panama	296	50	18	18
Total					18	18

1) Equals voting rights.
2) According to the last Annual Report
3) Includes three companies: Abonos del Pacifico Costa Rica and Panama and Kabek Investment Corp. (Panama).

Sale from Yara group companies to Abonos del Pacifico S.A. amounted to NOK 198 million in 2014 (2013: 148 million).

Note 11 Specification of balance sheet items

NOK millions	2014	2013
Other non-current assets		
Surplus on funded defined benefit plans	342	334
Long term loans, mortgage bonds and non-marketable shares 0-20%	23	23
Interest rate swap designated as hedging instrument	144	135
Other	33	38
Total	542	529
Inventories		
Raw materials	1	2
Work in progress	4	6
Finished goods	15	25
Total	19	32
Bank loans and other interest-bearing short-term debt		
External loans	2,121	79
Bank overdraft	86	6
Total	2,207	86

Note 12 Guarantees

NOK millions	2014	2013
Guarantees (off-balance sheet)		
Guarantees of debt in the name of equity accounted investees	11	-
Guarantees of debt in subsidiaries	1,762	1,162
Non-financial guarantees	10,552	7,508
Total	12,326	8,671

Yara International ASA provides guarantees arising in the ordinary course of business, including performance bonds and various payment or financial guarantees. See note 31 to the consolidated financial statements for further information about guarantees.

Note 13 Risk management and hedge accounting

Risk management in Yara and the use of derivative instruments are described in note 28 to the consolidated financial statement. Yara International ASA has the following derivative instruments outstanding at 31 December:

NOK millions	2014	2013
Fair value of derivatives		
Forward foreign exchange contracts (external)	(21)	3
Forward foreign exchange contracts (Yara Group internal)	39	(198)
Interest rate swaps designated for hedging (external)	144	135
Balance at 31 December	161	(60)
Derivatives presented in the balance sheet		
Non-current assets	144	135
Current assets	42	10
Current liabilities	(25)	(205)
Balance at 31 December	161	(60)

FORWARD FOREIGN EXCHANGE CONTRACTS

Yara is committed to outstanding forward foreign exchange contracts as follows:

NOK millions	2014	2013
Forward foreign exchange contracts (external), notional amount	1,838	1,902
Forward foreign exchange contracts (Yara Group internal), notional amount	6,987	13,198

All outstanding contracts at 31 December 2014 have maturity in 2015. External buy positions are mainly in US dollars towards Norwegian kroner. External sell positions are mainly in euro and other operating currencies towards Norwegian kroner.

HEDGE ACCOUNTING

Fair value hedge

NOK bond debt

Two long term NOK interest swaps have been designated as hedging instruments since 2011. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,000 million bond debt from 2009. The swaps have different interest payment dates (semi-annually vs. annually), but identical interest basis and maturity to the hedged debt and are assessed to be highly effective. Two other long term NOK interest rate swaps designated as hedge instruments matured in March 2014 together with the hedged bond debt. While active, the hedges were assessed to be highly effective.

In December 2014, Yara designated a new portfolio of long term NOK interest swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,300 million fixed rate bond debt from 2014. The swaps have different interest payment dates (quarterly vs. annually), but identical interest basis and maturity to the hedged debt and are assessed to be highly effective.

USD bond debt

The long term USD interest rate swap designated as a hedge instrument matured in December 2014 together with the hedged bond debt. While active, the hedge was assessed to be highly effective. There are no fair value hedges of USD debt outstanding at 31 December 2014.

NOK millions	2014	2013
USD bond debt fair value hedge		
Change in fair value of the derivatives	(1)	5
Change in fair value of the bond	1	(5)
Ineffectiveness	-	-
Loss on fair value hedge included in the carrying amount of the fixed rate debt	-	(27)
NOK bond debt fair value hedge		
Change in fair value of the derivatives	13	13
Change in fair value of the bonds	(10)	(18)
Ineffectiveness	3	(4)
Loss on fair value hedge included in the carrying amount of the fixed rate debt	(34)	(41)

Cash flow hedge

In 2004 and 2007, Yara used interest rate swaps to hedge the future cash flows of a USD 300 million portion of the December 2004 bond issue and treasury locks to hedge the future cash flows of a USD 300 million portion of the June 2009 bond issue. The loss on these contracts was recognized directly in equity and will be reclassified into interest expense and income tax over the duration of the bonds (due in 2014 and 2019).

During 2014, Yara has used treasury locks to hedge the future cash flows of a USD 350 million portion of a planned bond issue. The loss on these contracts is recognized directly in equity and will be reclassified into interest expense and income tax over the duration of the bonds.

NOK millions	2014	2013
2004-bond cash flow hedge		
Amount reclassified into interest expense	(13)	(13)
Related deferred tax benefit	4	4
2009-bond cash flow hedge		
Amount reclassified into interest expense	(5)	(7)
Related deferred tax benefit	1	1

Note 14 Number of shares outstanding, shareholders, equity reconciliation etc.

Yara International ASA was established 10 November 2003. The company was established with a share capital of 108,610,470 consisting of 63,888,512 shares at NOK 1.70 per share. At 31 December 2014, the company has a share capital of 469.587.218 consisting of 276,227,775 ordinary shares at NOK 1.70 per share.

Yara owns 730,000 own shares at 31 December 2014. For further information on these issues see note 21 to the consolidated financial statement.

Shareholders holding 1% or more of the total 276,227,775 shares issued at 31 December 2014 are according to information in the Norwegian securities' registry system (Verdipapirsentralen):

Name	Number of shares	Holding (%)
Ministry of Trade, Industry and Fisheries	100,026,133	36.2%
Norwegian National Insurance Scheme Fund	14,491,421	5.2%
Clearstream Banking (nominee)	8,665,001	3.1%
State Street Bank (nominee)	7,181,069	2.6%
FLPS - PRINC ALL SEC	4,383,600	1.6%
State Street Bank (nominee)	3,992,051	1.4%
Bank of New York (nominee)	3,468,569	1.3%
State Street Bank (nominee)	3,346,936	1.2%
J.P.Morgan Chase Bank (nominee)	3,035,645	1.1%
State Street Bank (nominee)	2,865,321	1.0%
State Street Bank (nominee)	2,667,559	1.0%

Shareholders equity

NOK millions	Paid in capital	Retained earnings	Total shareholders equity
Balance 31 December 2012	594	7,214	7,808
Net income of the year	-	(391)	(391)
Dividend proposed	-	(2,771)	(2,771)
Cash flow hedges	-	15	15
Actuarial gain/(loss) 1)	-	(14)	(14)
Redeemed shares, Norwegian State 2)	(4)	(529)	(533)
Treasury shares 4)	(2)	(375)	(377)
Balance 31 December 2013	588	3,149	3,737
Net income of the year	-	5,875	5,875
Dividend proposed	-	(3,581)	(3,581)
Cash flow hedges	-	(7)	(7)
Actuarial gain/(loss) 1)	-	(9)	(9)
Redeemed shares, Norwegian State 3)	(1)	(210)	(211)
Treasury shares 4)	(1)	(229)	(230)
Balance 31 December 2014	586	4,987	5,573

1) Yara International ASA has decided to use the option in NRS 6A to adopt IAS19. For further information, see the accounting principles note 1.
2) As approved by General Meeting 13 May 2013.
3) As approved by General Meeting 5 May 2014.
4) See note 21 to the consolidated financial statement for more information.

Note 15 Long-term debt

NOK millions, except percentages and denominated amounts	Weighted average interest rates	Denominated amounts 2014	2014	2013
Unsecured debenture bonds in NOK (Coupon 8.80%) [1]	8.9 %	1,000	1,033	1,039
Unsecured debenture bonds in NOK (Coupon NIBOR + 0.70%) [2]	2.2 %	2,200	2,196	-
Unsecured debenture bonds in NOK (Coupon 2.55%) [3]	2.6 %	700	696	-
Unsecured debenture bonds in NOK (Coupon 3.00%) [4]	3.0 %	600	596	-
Unsecured debenture bonds in USD (Coupon 7.88%) [5]	8.3 %	500	3,676	3,013
Unsecured debenture bonds in NOK (Coupon NIBOR + 3.75%)		-	-	300
Unsecured debenture bonds in NOK (Coupon 7.40%)		-	-	326
Unsecured debenture bonds in USD (Coupon 5.25%)		-	-	3,066
Outstanding long-term debt			8,198	7,744
Less: Current portion			-	(3,692)
Total			8,198	4,052

1) Fixed interest rate until 2016. Subject to fair value hedge accounting, see note 29 to the consolidated financial statements.
2) Repricing within a year.
3) Fixed interest rate until 2021. Subject to fair value hedge accounting, see note 29 to the consolidated financial statements.
4) Fixed interest rate until 2024. Subject to fair value hedge accounting, see note 29 to the consolidated financial statements.
5) Fixed interest rate until 2019.

At 31 December 2014, the fair value of the long-term debt, including the current portion, was NOK 9,019 million and the carrying value was NOK 8,198 million. See note 25 to the consolidated financial statements for further information about long-term debt.

Payments on long-term debt fall due as follows:

NOK millions	Debentures	Bank loans	Other long-term debt	Total [1]
2015	-	-	-	-
2016	1,033	-	-	1,033
2017	-	-	-	-
2018	-	-	-	-
2019	3,676	-	-	3,676
Thereafter	3,489	-	-	3,489
Total	8,198	-	-	8,198

1) Including current portion.

Note 16

Transactions with related parties

Transactions with related parties are mainly associated with the group treasury function and rendering of group services by the employees of Yara International ASA.

NOK millions	Notes	2014	2013
Income statement			
Yara Belgium S.A.		896	790
Yara Norge AS		48	27
Yara Sluiskil B.V.		32	20
Yara GmbH & Co. KG		19	10
Yara Suomi Oy		17	10
Yara Pilbara Fertilisers Pty Ltd		16	-
Yara France SAS		16	8
Other		47	35
Internal revenues	6	1,091	901
Yara Nederland B.V.		393	373
Yara Holding Netherlands B.V.		194	179
Fertilizer Holdings AS		150	644
Yara AS		98	103
Yara UK Ltd		49	41
Yara Norge AS		23	133
Other		75	71
Interest income group companies	7	982	1,544
Yara AS		(58)	(55)
Fertilizer Holdings AS		(54)	(16)
Yara Nederland B.V.		(5)	(48)
Yara Belgium S.A.		(5)	(28)
Yara S.A.		(5)	(10)
Other		(22)	(44)
Interest expense group companies	7	(150)	(202)
Non-current assets			
Yara Nederland B.V.		7,978	7,043
Yara Holding Netherlands B.V.		3,698	3,041
Yara UK Limited		1,647	1,440
Yara AB		483	453
Fertilizer Holdings AS		-	6,082
Other		754	262
Intercompany receivables		14,560	18,321
Current assets			
Fertilizer Holdings AS		7.000	-
Yara Suomi Oy		3,512	2,469
Yara Norge AS		3,338	2,881
Yara Switzerland Ltd		914	607
Yara Australia Pty Ltd		1,223	472
Yara Tertre S.A.		768	349
Yara Italia S.p.A.		625	464
OFD Holding S. de RL		408	-
Yara Tanzania Ltd		394	343
Other		2,294	995
Intercompany receivables		20,477	8,581
Trinidad Nitrogen Company Ltd.		312	-
Other		7	-
ST Interest-bearing lending to Group associates and joint arrangements		319	-

TABLE CONTINUES >>

>> TABLE CONTINUED

NOK millions	Notes	2014	2013
Current liabilities			
Fertilizer Holdings AS		(7,909)	(1,076)
Yara Suomi Oy		(3,359)	(2,133)
Yara Nederland B.V.		(3,307)	(4,432)
Yara S.A.		(3,208)	(3,833)
Yara Norge AS		(2,994)	(2,373)
Yara Asia Pte Ltd		(2,750)	(1,506)
Yara Caribbean Ltd		(1,727)	(1,242)
Yara GmbH & Co. KG		(1,197)	(1,828)
Yara Italia S.p.A.		(1,121)	(932)
Yara Switzerland Ltd		(1,011)	(1,329)
Balderton Fertilisers S.A.		(979)	(815)
Yara Belgium S.A.		(643)	(4,774)
Yara AS		(462)	(808)
Other		(6,421)	(3,930)
Intercompany payable		(37,088)	(31,011)
Trinidad Nitrogen Company Ltd.		-	(75)
Qatar Fertiliser Company S.A.Q.		-	(4)
ST Interest-bearing loans from Group associates and joint arrangements		-	(79)

Remuneration to the Board of Directors and Yara Management are disclosed in note 34 to the consolidated financial statements. Yara International ASA has transactions with Yara Pensjonskasse (pension fund). See note 2 for more information.

Directors' responsibility statement

2014

WE CONFIRM TO THE BEST OF OUR KNOWLEDGE THAT:

- The consolidated financial statements for 2014 have been prepared in accordance with IFRS as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that
- The financial statements for the parent company for 2014 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that
- The information presented in the financial statements gives a true and fair view of the Company's and Group's assets, liabilities, financial position and result for the period viewed in their entirety, and that
- The Board of Directors' report gives a true and fair view of the development, performance and financial position of the Company and Group, and includes a description of the principle risks and uncertainties.

The Board of Directors of Yara International ASA
Oslo, 19 March 2015

Leif Teksum Chairperson	Hilde Merete Aasheim Vice chair	John Thuestad Board member	Hilde Bakken Board member
Geir O. Sundbø Board member	Geir Isaksen Board member	Rune Bratteberg Board member	Guro Mauset Board member

Torgeir Kvidal
President and CEO (acting)

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To the Annual Shareholders' Meeting of Yara International ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Yara International ASA, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2014, and the income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the statement of financial position as at 31 December 2014, and the statement of income, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the President and CEO's Responsibility for the Financial Statements

The Board of Directors and the President and CEO are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway for the company accounts and in accordance with International Financial Reporting Standards as adopted by EU for the group accounts, and for such internal control as the Board of Directors and the President and CEO determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

page 2
Independent Auditor's Report to the Annual Shareholders' Meeting of Yara International ASA

Opinion on the financial statements for the parent company
In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Yara International ASA as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements for the group
In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group Yara International ASA as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements
Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and in the statements on Corporate Governance and Corporate Social Responsibility and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation
Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 19 March 2015
Deloitte AS

Aase Aa. Lundgaard
State Authorised Public Accountant (Norway)

Reconciliation of non-GAAP measures

2014

Reconciliation of operating income to gross cash flow

NOK millions	2014	2013 Restated [1)]
Operating income	10,305	8,074
Share of net income in equity-accounted investees	786	1,076
Interest income	484	407
Net gain/(loss) on securities	56	7
Dividend from 0-20% companies	11	-
Earnings before interest expense and tax (EBIT)	11,642	9,563
Depreciation, amortization and impairment loss	4,678	3,743
Amortization of excess value in equity-accounted investees	88	92
Earnings before interest, tax and depreciation/amortization (EBITDA)	16,407	13,399
Income tax less tax on net foreign exchange gain/(loss)	(2,308)	(1,845)
Gross Cash Flow	14,099	11,554

1) See note 36 to the consolidated financial statement for more information.

Reconciliation of net income after non-controlling interests to gross cash flow

NOK millions	2014	2013 Restated [1)]
Net income attributable to shareholders of the parent	7,625	5,759
Non-controlling interests	319	350
Interest expense and foreign exchange gain/(loss)	1,606	1,852
Depreciation, amortization and impairment loss	4,678	3,743
Amortization of excess value in equity-accounted investees	88	92
Tax effect on foreign exchange gain/(loss)	(217)	(242)
Gross Cash Flow	14,099	11,554

1) See note 36 to the consolidated financial statement for more information.

Reconciliation of total assets to gross investments
12-months average

NOK millions	2014	2013 Restated [1)]
Total assets	93,708	85,388
Cash and cash equivalents	(5,668)	(9,135)
Other liquid assets	(3)	(1)
Deferred tax assets	(2,155)	(1,322)
Fair value adjustment recognized in equity	-	-
Other current liabilities	(15,654)	(13,752)
Accumulated depreciation and amortization	35,409	30,730
Gross investment 12-months average	105,638	91,907
Cash Return on Gross Investment, CROGI	13.3%	12.6%

1) See note 36 to the consolidated financial statement for more information.

Reconciliation of EBIT to EBIT after tax

NOK millions	2014	2013 Restated [1)]
Earnings before interest expense and tax (EBIT)	11,642	9,563
Income tax less tax on net foreign exchange gain/(loss)	(2,308)	(1,845)
EBIT after tax (EBITAT)	9,333	7,718

1) See note 36 to the consolidated financial statement for more information.

Reconciliation of total assets to capital employed

12-months average

NOK millions	2014	2013 Restated [1]
Total assets	93,708	85,388
Cash and cash equivalents	(5,668)	(9,135)
Other liquid assets	(3)	(1)
Deferred tax assets	(2,155)	(1,322)
Other current liabilities	(15,654)	(13,752)
Capital employed 12-months average	70,229	61,177
Return on capital employed, ROCE	13.3%	12.6%

1) See note 36 to the consolidated financial statement for more information.

Reconciliation of EBITDA to income before tax and non-controlling interests

NOK millions	2014	2013 Restated [1]
EBITDA Downstream	5,991	4,013
EBITDA Industrial	1,385	1,144
EBITDA Upstream	9,871	8,004
EBITDA Other and eliminations	(840)	238
EBITDA Yara	16,407	13,399
Depreciation, amortization and impairment loss	(4,678)	(3,743)
Amortization of excess value in equity-accounted investees	(88)	(92)
Interest expense	(1,244)	(1,161)
Capitalized interest	1	4
Foreign exchange gain/(loss)	(698)	(949)
Other financial income/(expense), net	334	254
Income before tax and non-controlling interests	10,035	7,711

1) See note 36 to the consolidated financial statement for more information.

Reconciliation of operating income to EBITDA

NOK millions	2014	2013 Restated [1]
Operating income	10,305	8,074
Share of net income in equity-accounted investees	786	1,076
Interest income	484	407
Dividends and net gain/(loss) on securities	66	7
EBIT	11,642	9,563
Depreciation, amortization and impairment loss [2]	4,766	3,836
EBITDA	16,407	13,399

1) See note 36 to the consolidated financial statement for more information.
2) Including amortization of excess value in equity-accounted investees.

Yara has signed the United Nations Global Compact, embracing its principles. The UN GC is a strategic policy initiative for businesses committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

Yara has been admitted to the UN Global Compact LEAD. The group of companies comprise a vanguard playing an essential role in shaping expectations of corporate sustainability as well as advancing broader UN goals and issues. LEAD was launched in 2011 to provide knowledge and inspiration on advanced aspects of corporate sustainability, and to provide leadership for global issue platforms.

FTSE Group confirms that Yara has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent social and environmental criteria, and are positioned to capitalise on the benefits of responsible business practice.

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