Knowledge grows

Financial Report 2015

Frontpage, main image: On the farm Finca la Cascada, in Los Farallones in Colombia, Diego Moncada is the farm coordinator on a coffee plantation. He works closely with technical engineer in Yara, Juan Fernando Buitrago on improving and increasing his crop. Here they are discussing the soil quality and the next fertilizer, as the crop is in development stage.

Frontpage, small image: Yara delivers environmental solutions to improve air quality in Hong Kong.

Financial report 2015
Content

Who we are

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

Our fertilizers, crop nutrition programs and technologies increase yields, improve product quality and reduce the environmental impact of agricultural practices. Our industrial and environmental solutions improve air quality by reducing emissions from industry and transportation, and serve as key ingredients in the production of a wide range of goods. Throughout our organization, we foster a culture that promotes the safety of our employees, contractors and society.

Founded in 1905 to solve emerging famine in Europe, today, Yara has a worldwide presence, with close to 13,000 employees and sales to about 150 countries.

What we do

Yara grows knowledge to improve 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

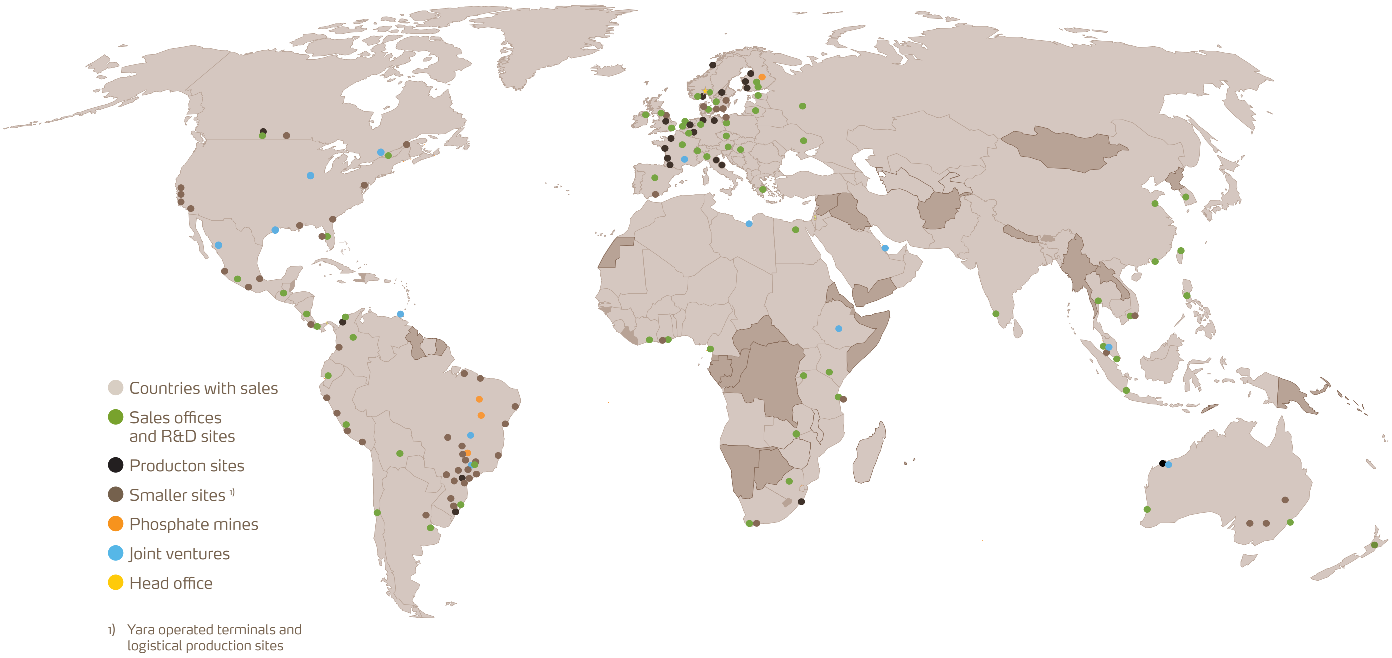
Scandinavian pioneer
Yara International ASA was established in 2004 when the former agricultural division of Norsk Hydro was demerged. Our history started when Norsk Hydro, the world's first industrial scale producer of nitrogen fertilizer, was established in 1905. Regular production started at Notodden, 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. We have added leading technologies for water management and emission abatement, to serve a global market and in support of a sustainable intensification of agriculture to address the combined challenge of food security and global warming.

Where we are

We have production facilities on six continents, operations in more than 60 countries – and sales to about 150 countries.



2015 numbers

Number of employees

12,883

Globally

Total deliveries

35.7

Million tonnes

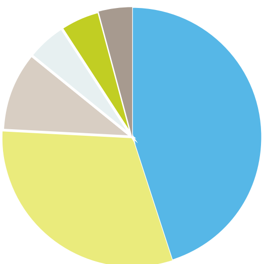
Revenues

108

NOK billion

Employees by region

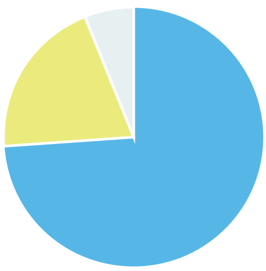
Share of employees



Europe	5,806	45 %
Brazil	4,072	31 %
Latin-America ex Brazil	1.323	10 %
Asia & Oceania	607	5 %
North-America	595	5 %
Africa	480	4 %

Sales by product

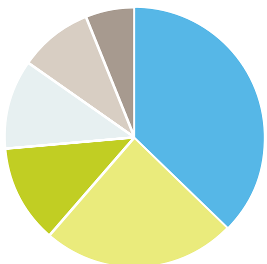
Share of sales volume (thousand tonnes)



Fertilizer	26,544	74 %
Industrial products	7,030	20 %
Ammonia trade	2,103	6 %

Revenues by region

Share of revenues (NOK million)



Europe	39,808	37 %
Brazil	26,401	24 %
North-America	13,267	12 %
Asia & Oceania	12,379	11 %
Latin-America ex Brazil	9,609	9 %
Africa	6,548	6 %

“Knowledge is our most powerful engine of production.”

– Alfred Marshall

Alfred Marshall (26 July 1842–13 July 1924) was one of the most influential economists of his time. His book, Principles of Economics (1890), was the dominant economic textbook in England for many years. It brings the ideas of supply and demand, marginal utility, and costs of production into a coherent whole.

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.

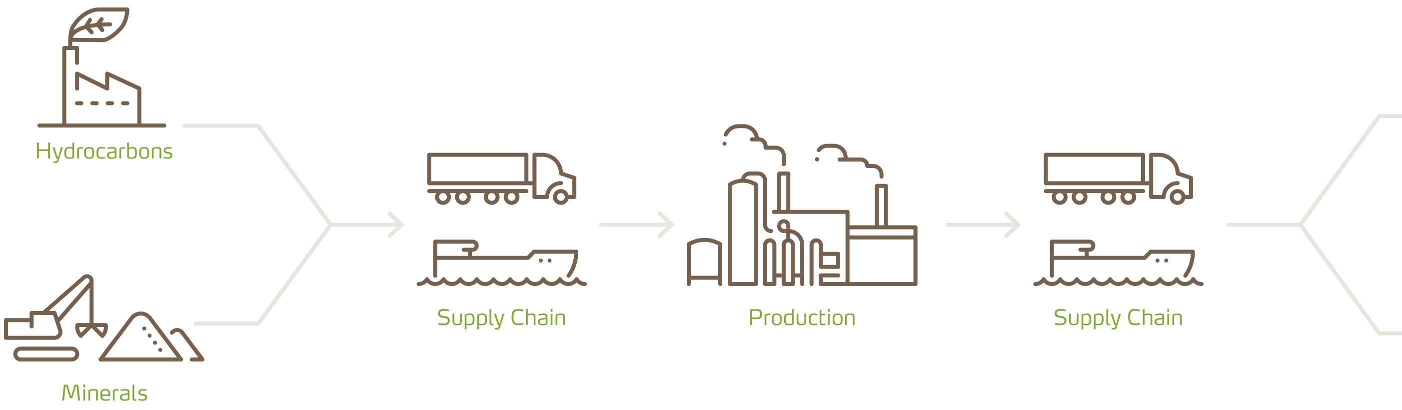
Knowledge drives business.
We improve our competitive edge with agility and innovation. We gain, employ and distribute knowledge throughout the company, and share it with partners and customers – driving business through collaboration and interaction.

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.**

Leveraging scale and knowledge

Our strategy rests on a unique integrated business model and global presence, giving us a strong position for profitable growth. The business model provides scale advantages, extensive flexibility and global optimization.

Our Business model



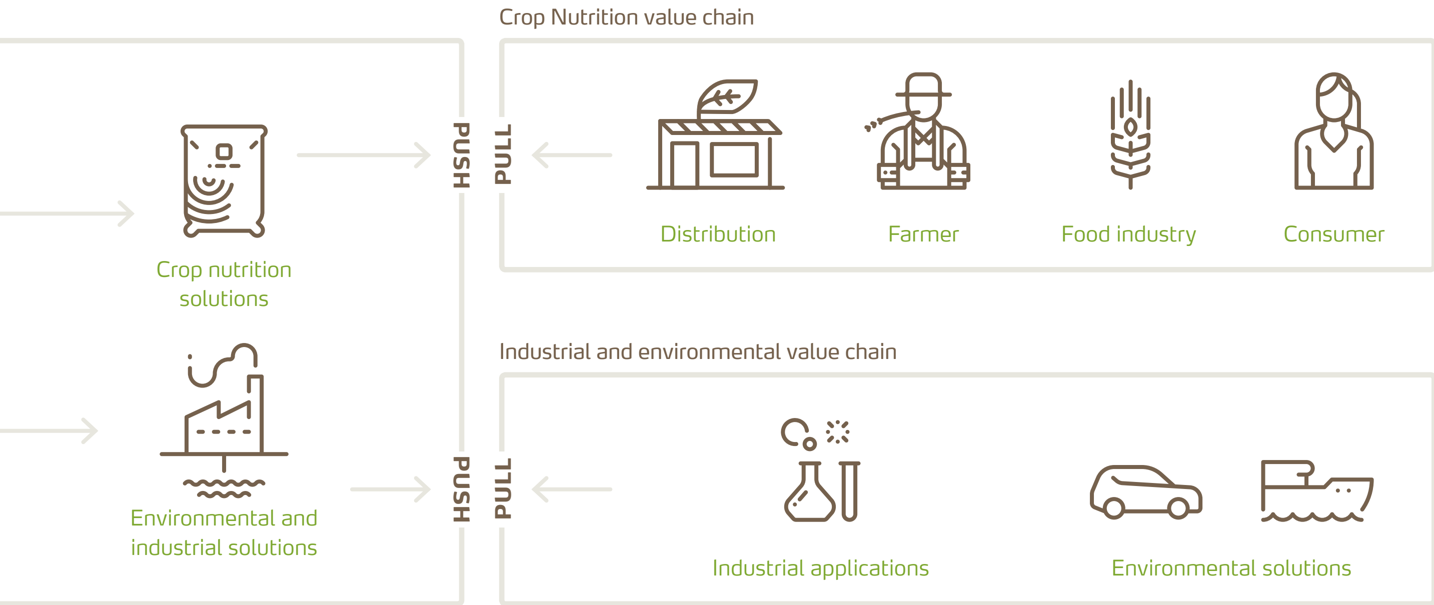
Knowledge drives business

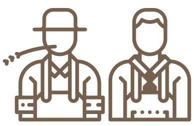
Industrial experience
We pioneered the production of nitrogen fertilizer more than a century ago. Since then, we have continuously advanced our industrial processes, setting standards for greenhouse gas emissions and energy efficiency.

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

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

Yara consistently executes a strategy of sustainable, profitable growth. Knowledge is a major strategic asset. 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.





Agronomic expertise

We have developed crop-specific nutrition concepts tailored to local conditions and farmers' needs. Employing our expertise in precision farming, we deliver knowledge and solutions to improve agricultural productivity and farming profitability.

Yara invests in R&D activities to deliver improvements in process technology, crop nutrition strategies and environmental solutions. In collaboration with partners and customers we provide farmer centric solutions that optimize yields and agricultural quality while minimizing the use of resources like water and nutrients.

Global engagement

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 to create shared value for shareholders and society.

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 2015

		2015	2014
Financial performance			
Revenue and other Income	NOK million	111,897	95,343
Operating income	NOK million	14,104	10,305
EBITDA [1]	NOK million	21,361	16,407
Net income after non-controlling interests	NOK million	8,083	7,625
Investments [2]	NOK million	11,316	13,411
Debt/Equity ratio [3]		0.16	0.17
Cash flow from operations	NOK million	14,631	8,607
CROGI [4]	%	14.0	13.3
ROCE [5]	%	12.9	13.3
Earnings per share [6]	NOK	29.38	27.59
Total Equity	NOK million	75,727	67,962
Share price on OSE	NOK at year-end	383	336
Social performance			
Employees	Number at year-end	12,883	12,073
TRI rates [7]	Per million hours worked	3.4	3.9
Environmental performance			
GHG emissions [8]	Million tons CO_2 eq.	12.3	11.6
Energy use [8]	Petajoules	261	258

[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.

Key events

Production capacity boosted
Yara secured full ownership of the Pilbara ammonia plant in Australia, the largest and most modern ammonia plant in Yara's portfolio, by acquiring 100% of the shares in Apache Fertilisers Pty Ltd for USD 391 million. We initiated a USD 263 million investment in Sluiskil, the Netherlands, enabling increased production of granular urea with sulphur and nitrates, for completion in 2017. Yara and BASF began construction of a world scale ammonia plant at the BASF site in Freeport, Texas. The plant will have an annual capacity of 750,000 tonnes, and is also expected to be completed in 2017.

Growth in Africa
We agreed to acquire Greenbelt Fertilizers, a leading distributor of fertilizers in Zambia, Malawi and Mozambique, for USD 51 million. The acquisition re-confirms Yara's long-term commitment to Africa and will further improve our downstream position within a fast-growing agricultural region.

Securing access to raw materials
Yara made a USD 132 million capital injection into the Salitre phosphate project (Brazil), upon confirmation of phosphate reserves. Also, an independent study confirmed significant potential to extract potash in the Danakil depression in North-eastern Ethiopia. The project is subject to Yara's final approval during 2016.

Divestments
Yara announced the sale of European CO_2 business and its 34% stake in Yara Praxair to Praxair, subject to binding agreements and necessary approvals expected in second quarter 2016. The two transactions are expected to generate a total post-tax gain of EUR 150 million. Yara also sold its 50% stake in GrowHow UK Ltd. for an enterprise value (50% basis) of USD 648 million.

Challenges
Yara's 2015 results were impacted by asset write-downs of NOK 2,400 million, most of which was related to associate Lifeco (Libya) and three wholly-owned Yara plants in France and Trinidad. The Lifeco impairment was linked to a worsening security and operating outlook, while the remaining write-down primarly reflected lower selling prices combined with limited operational scale and raw material integration.

We also halted development of the Sokli mining project in Finland due to a reduction in anticipated profitability, but we will finalize some of the prerequisites for project execution and may re-evaluate the project in the future.

Company overview 2015

CEO message

2015 was another eventful year for Yara. We continued to invest in our production facilities and develop our markets, serving growing global demand and helping farmers improve both yield and crop quality. We delivered strong results with a return on investment of 14% driven by growing sales volumes, lower energy cost and a stronger US dollar.

Expanding our footprint

Our fertilizer deliveries in Latin America and Brazil were boosted by the acquisitions of OFD and Galvani, and also growing appetite for our premium products. In Europe, sales were somewhat lower reflecting a tougher market environment with declining prices.

Sales in our Industrial segment grew steadily, in line with increasing demand for air pollution and urban odor abatement solutions. Yara's environmental solutions help reduce harmful emissions both on land and at sea. Our NO_X abatement reagent deliveries rose 20% in 2015, demonstrating the growing need to protect the environment and improve air quality.

Yara delivered several important growth actions during the year, including acquiring Greenbelt Fertilizers in Zambia and the remaining 49% of Yara Pilbara in Australia. We continued to expand production capacity, investing USD 263 million in our Sluiskil plant (Netherlands) and injecting USD 132 million into the Salitre phosphate project (Brazil). We also signed a non-binding Heads of Terms for the sale of the European CO_2 business to Praxair, with closing planned for second quarter 2016.

A key concern in 2015 is related to the excessive unplanned downtime we experienced in some of our plants. It is of vital importance going forward that we improve our processes and systems to ensure stable operations at our plants.

“Transforming global challenges into value-creating business opportunities is a key element in Yara’s strategy. We intend to seize business opportunities and deliver shared value and true engagement”

Svein Tore Holsether
President and CEO

Our people

Since I joined Yara in September, I have visited numerous production and distribution sites, and met many of Yara’s highly dedicated and motivated employees. My main takeaway from these meetings is that our people and their knowledge is our key strength.

Being responsible for almost 13,000 employees, my main concern is the safety of our workforce and I am therefore pleased to see our Total Recordable Injury (TRI) rate come down 10% in 2015, ending at 3.4. Achieving sustainable improvements in safety performance requires focused efforts by the whole organization, from plant operator to senior management, and our Safe by Choice way of working is an integral part of the operations at all our sites.

In 2016 we will bring the OFD and Galvani acquisitions into our statistics, and these have higher – but rapidly improving – incident rates. In Brazil we have seen significant progress in the safety work and performance in recent years, and some of our facilities there are now delivering best in class safety performance. I believe that all accidents can be avoided, and we will continue to strengthen our safety performance, with the ultimate goal of zero accidents.

To shift the emphasis of the company even closer to the market and operations, there was a need to make some organizational adjustments. To better reflect Yara’s operational footprint I have included Brazil in corporate management, as one third of our employees and tonnes sold are in Brazil. Furthermore, the organizational changes reflect the importance of improving operational performance within production and supply chain, and to secure Yara’s interests in its largest joint ventures.

Anchored in the integrated business model

I truly believe that the integrated business model is our key competitive advantage, as demonstrated through years of growth and strong returns for our owners. But although we have delivered well, we must not become complacent. Maintaining momentum will require further improvements to our operations, to further strengthen our competitive edge.

We will continually adapt our strategic positioning, while staying anchored within the integrated Yara business model. The flexibility of Yara’s

Earnings per share

29.38

NOK

Fertilizer production

+2%

EBITDA

+30%

production system combined with our global footprint and optimization capability enables us to swiftly adapt to changing market conditions.

While Yara has a strong global position in the industry, there are several areas where we can improve, and we will prioritize these in the coming years. I firmly believe that safety and operational performance go hand-in-hand, and that even the best companies can and should keep pushing for further improvements. We will therefore continue to focus on safety, process improvement and standardization through a structured corporate improvement program.

Improving lives with our solutions and knowledge

Today, 800 million people do not have enough food, and by 2050 the world's population will have increased to 9.7 billion people. At the same time we know that agriculture is the source of one quarter of all greenhouse gas emissions. How can we feed the current and future population, and at the same time reduce global warming?

Transforming global challenges into value-creating business opportunities is a key element in Yara's strategy. We intend to seize business opportunities and deliver shared value that will contribute to reaching the UN Sustainable Development Goals. We will contribute through our core business in the areas of food security, resource optimization and environment, by delivering innovative products and solutions, partnerships and knowledge sharing.

Responsible growth makes us stronger, and positions us as an attractive partner. Our safety focus and commitment to internationally recognized standards such as the UN Global Compact are examples of how we work and grow responsibly. We also work in cross-sector partnerships to bring about change. The Patient Procurement Platform is an example of a partnership we have entered which supports smallholder farmers with improved market access and the means to improve their yields. The ambition is to aggregate USD 750 million of purchasing power demand, by engaging with approximately 1.5 million farmers in Africa, Asia and Latin America. The agreement is also signed by among others The United Nations World Food Programme, Alliance for a Green Revolution in Africa (AGRA), Rabobank and Syngenta.

Agriculture is an important engine for economic growth, and has the potential to reduce poverty three times faster than any other sector. Our aspiration is to be the farmer's crop nutrition partner, supporting agricultural profitability while reducing the carbon footprint of farming.

One of my favorite parts of working at Yara is meeting the people and communities whose lives have been improved by our products and knowledge. In Thailand I recently met a lime and banana farmer who achieved significantly higher yields and income by working with the Yara team, using our products and crop nutrition programs. The impact on the individual farmer demonstrates the potential improved farming methods can have in a global perspective.

The global challenges we face cannot be solved by one player alone, and not even by one sector alone. We have to both work across industries and across private and public sectors. Yara can play an important part within agricultural inputs and knowledge of sustainable farming, and will embrace partnerships with other companies and international organizations, for better business and a better environment.

Svein Tore Holsether
President and CEO

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 crop solutions, and industrial products. Three operating segments supported by a global supply chain function cover the value chain, from raw materials to a complete offering of products, solutions, technologies and knowledge:

Crop Nutrition provides worldwide sales, marketing and distribution of a complete range of crop nutrition products and programs.

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

Production runs large-scale production of nitrogen-based products, the starting point for our crop nutrition and industrial solutions.

Supply Chain is a global function responsible for optimization of energy, raw materials and third party sourcing.

Crop Nutrition

Crop Nutrition offers the industry's most comprehensive product portfolio and has a strong position in value-adding crop solutions. Our aim is to be the farmer's crop nutrition partner, and deliver knowledge and sustainable solutions, in addition to products.

"We want to be the leading provider of crop nutrition solutions, supporting farmer profitability through knowledge, quality and productivity"

Terje Knutsen

Head of Crop Nutrition: Terje Knutsen

Q: What were the main investments in 2015?

A: We continued to invest in our distribution system to increase efficiency, expand capacity and improve safety. In Brazil, we increased capacity at our Rondonopolis blending unit by 350,000 tonnes.

Q: Which areas of innovation are prioritized?

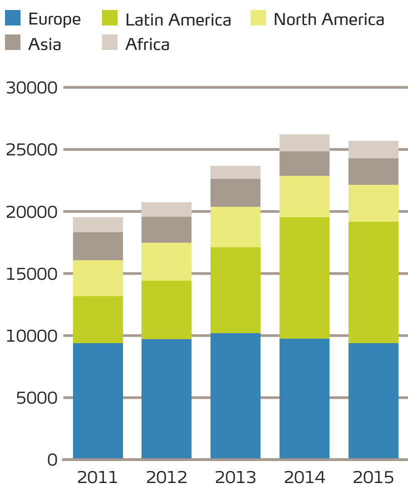
A: To offer the farmer the most sustainable products and application solutions, we need to be at the forefront of innovation and R&D. We therefore aim to provide innovative solutions that optimize agricultural productivity and quality, while minimizing the use of resources, like water and nutrients. We develop solutions that integrate knowledge, digital tools and services to meet farmers' needs and address the environmental challenges the agricultural sector faces.

Q: What were the main achievements in 2015?

A: We grew our premium product sales with good margins in a challenging market. This underlines the strength of our business model and we continue to pursue growth opportunities. We signed two important agreements to increase our reach in Africa and North America. The acquisition of Greenbelt Fertilizer, a leading distributor in Zambia, Malawi and Mozambique will open a new market for Yara. The acquisition of the Sacramento terminal in California underlines our commitment to serve Californian farmers from an improved distribution base.

Fertilizer volume by region

Thousand tons, 2011–2015



2015 highlights

We reinforced our position as the leading supplier of crop nutrition and fertigation solutions:

- Increased market presence in Africa and North America by signing agreements to acquire the Greenbelt Fertilizer and the Sacramento Terminal.
- We built and expanded a number of terminals and blending units, the largest in Rondonopolis, Brazil.
- We continued investments in solutions for precision farming and water scarcity.

- Total fertilizer deliveries amounted to 25.7 million tonnes in 2015, a 2.2% decrease from 2014.
- Deliveries of NPK compounds increased by 2.1%.
- Deliveries of CN increased by 3.5%.
- EBITDA: NOK 6,188 million.
- Investments: NOK 1,455 million.
- Sales offices in 54 countries.
- Sales to more than 150 countries.
- Employees: 4,287*.

*As per 31 December 2015

Industrial

Industrial adds value and stability to Yara's integrated model by holding a market-leading position in nitrogen applications for industrial use and environmental solutions. Yara develops and offers innovative products and solutions based on our experience in nitrogen chemicals to make life safer, healthier and easier.

"The emission abatement market is fast-growing, driven by local and regional legislation for automotive and stationary NO_x emissions"

Yves Bonte

Head of Industrial: Yves Bonte

Q: What were the main investments in 2015?

A: The environmental solutions business is growing rapidly. In 2015, Yara upgraded its European manufacturing facilities of Adblue reagent to meet rising global demand. We also expanded our terminal and logistics network in North America, Brazil and Europe to better serve the DEF/Arla32/Adblue markets. Yara acquired Evodor AB, a Swedish Technology company specializing in vapor phase filtration processes for waste water treatment.

Q: Which areas of innovation are prioritized?

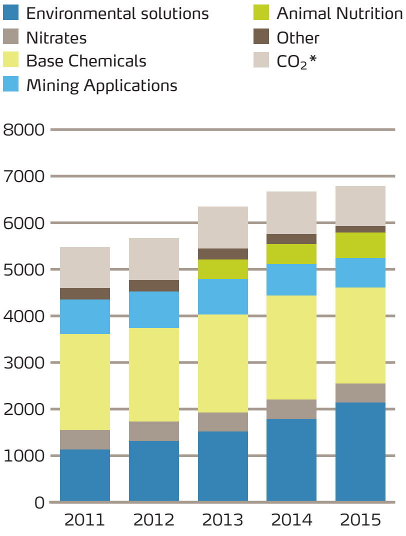
A: : We have expanded our range of NO_x and SO_x abatement technology to different industry segments. Calcium nitrate solutions are being developed for concrete mixtures and biogas applications.

Q: What were the main achievements in 2015?

A: The Industrial segment continued to grow through a combination of improved products, innovation, application development and geographical expansion. The segment was restructured into four business lines: Base Chemicals, Environmental Solutions, Gas & Industrial Applications and Mining Applications, to better enable our customer-focused growth strategy. The market responded positively to the Industrial Nitrates' broader product offering and total solutions concept. While demand for Adblue has pushed our delivery system to the limit, our commercial and logistic teams have done their utmost to ensure that products arrive on time. We also signed a non-binding agreement with US-based Praxair Inc. to sell our European CO_2 business.

Industrial sales

Thousand tons, 2011–2015



* CO_2 and feed phosphates

2015 highlights

- We reinforced our position as a leader in industrial nitrogen applications and air pollution abatement solutions.
- We expanded our NO_x and SO_x emission control business both for land-based and marine applications by integrating acquired technology companies.
- We significantly expanded our terminal and logistics network in North America and Brazil to better and more efficiently serve the automotive NO_x abatement markets with respectively DEF (Diesel Exhaust Fluid) and Arla 32 reagent.
- Increased deliveries of air pollution abatement products by 20%.
- Achieved strong growth parameters for Nutriox business (waste water treatment) and increasing demand for related services and monitoring technologies.
- EBITDA: NOK 1,489 million.
- Sales to more than 120 countries.
- Employees: 504*

*As per 31 December 2015

Production

The Production segment in Yara is the world leading producer of ammonia, nitrates, calcium nitrate, NPK's and a growing portfolio of phosphates, providing the foundation for Yara's crop nutrition and industrial solutions. We combine safety, reliability and productivity by focusing on solid operations in all our sites.

"Operational excellence and safety performance go hand in hand, and is important to ensure competitiveness of our assets – both in the short and long term"

Petter Østbø

Head of Production: Petter Østbø

Q: What were the main investments in 2015?

A: Entering into a joint venture with BASF to build a world-scale ammonia plant in Texas, US, and securing full ownership of the Pilbara ammonia plant in Australia. Yara also decided to invest in Sluiskil, the Netherlands, to enable increased production of granular urea with sulphur and nitrates. We also continued several investments such as expanding the production capacity in our Nordic plants to support increased market demand for value-added fertilizers; the construction of the TAN plant in Pilbara; and numerous investments to improve reliability.

Q: Which areas of innovation are prioritized?

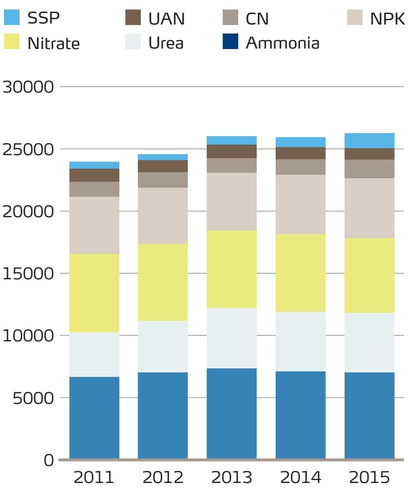
A: We focus on raw material flexibility, process development and environmental technologies. We continuously develop our catalyst technology to reduce emissions from production, and have successfully reduced GHG emissions by more than 50%, compared to a 2004 baseline.

Q: What were the main achievements in 2015?

A: We work continuously to ensure that all employees and contractors have a safe workplace. This work has led to major improvements in our safety records, especially for our contracted workforce. This trend continued in 2015, particularly in relation to newly integrated assets. We work hard to deliver products with the smallest possible environmental footprint. In 2015 we succeeded in further improving the energy efficiency of our production plants, and achieved record production of finished products.

Production volumes 1)

Thousand tons, 2011–2015



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

2015 highlights

- Yara and BASF started construction of a world-scale ammonia plant in Freeport, USA.
- In Australia, Yara secured full ownership of the Pilbara ammonia plant and increased ownership in the Pilbara TAN plant.
- Construction started on the project to increase the capacity of value-added production in Sluiskil, the Netherlands.
- Yara sold its 50% stake in GrowHow UK.
- High investment activity in several of our Nordic sites to expand NPK, CN and TAN capacity.
- Total production ended at 26.3 million tonnes
- Ammonia production decreased by 1%
- Finished fertilizer and industrial products increased by 2%
- EBITDA: NOK 14,414 million
- Investments: NOK 9,519 million
- Production in 16 countries
- Employees: 6,648*

*As per 31 December 2015

Supply Chain

Supply Chain is generating value by realizing the benefits of Yara's knowledge and scale in procurement and through an optimal use of assets by global optimization and efficient supply chain operations.

"Our focus going forward is to continue the journey to supply chain excellence, by ensuring smooth transfer of best practices and good ideas – from one region to the next"

Tove Andersen

Head of Supply Chain: Tove Andersen

Q: What were the main achievements in 2015?

A: In 2015 we saw the benefits of a more integrated, global approach to raw material procurement, planning, optimization and maritime logistics. We established a supply chain organization in Europe to create savings in logistical procurement.

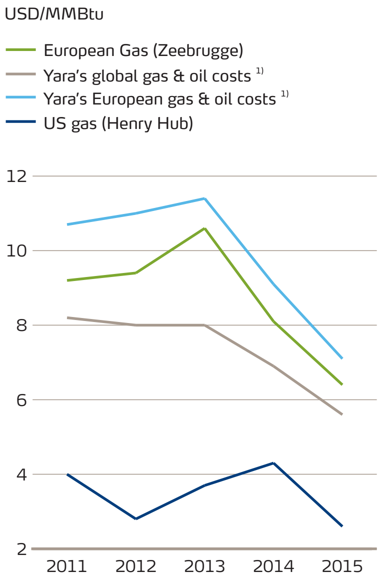
Q: What are the main deliveries planned for 2016?

A: In 2015, Yara began a project to maximize efficiency and reduce costs in our supply chain, and to integrate Yara's IT function, which enables efficient supply chain operations. In Europe, the IT systems and operating procedures will be standardized and made more efficient and customer friendly. The key procurement functions will be brought into the Supply Chain function and in 2016 we will develop an efficient, global organization governing all spend categories. Due to the significant savings potential, we will continue to target cost savings in procurement and logistic operations.

Q: What are the main contributions?

A: Supply Chain is responsible for sourcing energy and raw materials. As the top industrial buyer of natural gas in Europe and potash globally, Yara can source these raw materials competitively and thereby contribute further to improve the company's competitive edge. Supply Chain optimizes Yara's integrated business model, planning material flows between segments and locations and arranging maritime transport, constantly reviewing what products should be produced and to where they should be distributed.

Purchase of energy



1) Weighted average, Yara and JV plants

2015 highlights

- Purchases of energy: 289 million MMBtu
- Purchases of potassium : 3,303 kilotons (in MOP equivalents)
- Purchases of phosphate rock: 997 kilotons (in 70 BPL equivalents)
- Sourcing and trade of ammonia: 3,909 kilotons
- Employees: 728*

*As per 31 December 2015

Report of the Board of Directors

Continued strong earnings

In 2015 Yara delivered continued strong earnings, with higher deliveries and an improved competitive position due to lower gas cost and a stronger US dollar. Yara's safety performance improved in 2015, but continued focus and further improvements are needed to reach our ambition of zero accidents.

Yara's after-tax measure for return on capital, CROGI, was 14.0% for 2015, up from 13.3% in 2014 and higher than the target of minimum 10% average over the business cycle. Yara's margins decreased compared with 2014, as fertilizer prices fell more than input costs. Yara's fertilizer deliveries were 26.5 million tonnes, up 1% compared with 2014 due to the acquisitions of OFD Holding Inc. (OFD) in Latin America, effective 1 October 2014, and Galvani in Brazil, effective 1 December 2014. Industrial sales volumes increased 7% compared with 2014.

Significant progress was made during 2015 in delivering on Yara's strategic objectives, including taking profitable and sustainable growth actions, as well as divesting businesses where a sale represented the greatest value creation for Yara's owners.

Performance overview

Operational performance

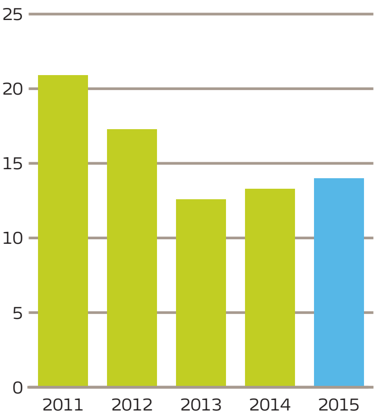
Yara's Safe by Choice initiative started in 2013 has resulted in improved safety performance, with a Total Recordable Injury (TRI) rate per million hours worked of 3.4 in 2015, down from 3.9 in 2014 and 4.3 in 2013.

Yara's ammonia production decreased 1% compared with 2014. Adjusting for the GrowHow UK divestment and the OFD acquisition, production increased 1%, with higher production in the Sluiskil and Porsgrunn plants offset by lower production mainly in the Ferrara and Brunsbüttel plants. Finished fertilizer production increased 2% compared with a year earlier. Adjusting for the inclusion of the OFD and Galvani plants and the exclusion of the GrowHow UK plants, production was in line with a year earlier, with higher CN production offsetting smaller production decreases for urea, nitrates and compound NPK.

Yara's fertilizer deliveries were up 1% compared with 2014, mainly reflecting the acquisitions of OFD in Latin America and Galvani in Brazil. In Europe, fertilizer deliveries were 4% below last year,

CROGI

Percent, 12 month rolling average

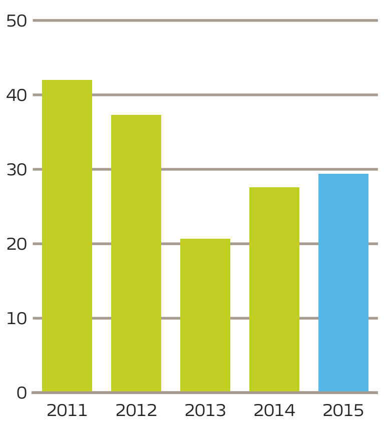


driven by lower NPK and urea deliveries, while nitrate deliveries were in line with 2014. Deliveries in Brazil were 4% higher than in 2014. Excluding Galvani, Yara's Brazilian deliveries were 6% lower than a year ago, with lower commodity product deliveries partly offset by higher sales of nitrate and compound NPKs. Yara deliveries in the rest of Latin America almost doubled compared with 2014 due to the OFD acquisition. Industrial product deliveries were 7% higher compared to 2014, with the strongest growth generated by Air1 NO_X abatement products for automotive use, with a 20% increase.

Yara's average realized urea fertilizer prices decreased 12%, realized nitrate prices was 14% lower and compound NPK prices decreased 5% compared with 2014. The NPK premium over blend cost was in line with 2014, while bulk blend margins in Brazil decreased slightly in 2015. Total 2015 Industrial margins were slightly down compared with 2014. Technical ammonium nitrate margins were significantly lower due to a slow-down in the mining sector, while Technology (deNO_x and deSO_x) margins improved due to portfolio mix as a result of acquisitions last year. Yara's global average oil and gas price was 20% lower than in 2014, driven by a 1.7 and 1.8 USD/MMBtu reduction in European and US spot gas prices respectively.

Earnings per share

NOK



Operating segments

The Crop Nutrition segment saw a 2% reduction in fertilizer sales volumes. The Industrial segment delivered a 7% increase in sales volumes, with somewhat lower margins The Production segment saw a 1% reduction in ammonia production, and a 2% 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 2015, but urea prices fell through most of the year, reflecting supply-driven market conditions with production growth particularly from Arab Gulf and North Africa. In China, export costs declined mainly due to lower coal prices and a weaker currency, and Chinese urea exports reached 14 million tons for the year, in line with 2014. The highest-cost producers in China set a price floor around USD 220 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 in line with historical average.

Consolidated results

Yara delivered strong financial results in 2015, with net income after non-controlling interests at NOK 8,083 million, a 6% increase from 2014, mainly reflecting lower energy costs in Europe and a stronger US dollar. Earnings per share were NOK 29.38 in 2015, compared with NOK 27.59 in 2014. Operating income was NOK 14,104 million, up from NOK 10,305 million in 2014, while EBITDA was NOK 21,361 million, compared with NOK 16,407 million in 2014. Revenue and other income was NOK 111.9 billion in 2015, up from 95.3 billion in 2014.

Yara's 2015 results were impacted by asset write-downs of NOK 2,400 million (NOK 415 million in 2014), of which NOK 893 million was related to the associate Lifeco (Libya) and NOK 1,070 was related to three wholly-owned Yara plants in France and Trinidad. The Lifeco impairment was linked to a worsening security and operating outlook, while the remaining write-downs primarily reflected lower selling prices combined with limited operational scale and raw material integration.

Cash flow and financial position

Net cash from operating activities was NOK 14,631 million, reflecting strong earnings based on a positive market situation for Yara's products in addition to a gain on the sale of GrowHow UK of NOK 3,199 million. Net cash from operating activities in 2014 was NOK 8,607 million. Net cash used for investing activities in 2015 was NOK 6,888 million, reflecting planned maintenance and productivity investments as well as growth projects and divestments.

Yara's financial position remained strong in 2015, with the debt/equity ratio remaining stable at 0.16, in line with 0.17 in 2014, reflecting growth investments offset by strong cash earnings and gain on sale of GrowHow UK. Net interest-bearing debt at year-end was NOK 11,868 million, while total assets were NOK 118,863 million. Total equity attributable to shareholders of the parent company as of 31 December 2015 amounted to NOK 73,890 million. At the end of 2015 Yara had NOK 3,220 million in cash and cash equivalents, and NOK 13,728 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 2015 and financial position on 31 December 2015. 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 [1)]

The Crop Nutrition segment delivered an EBITDA of NOK 6,188 million and a CROGI of 17.5% in 2015. EBITDA was in line with 2014 while CROGI was down primarily due to low profitability in Northern Latin America.

The Industrial segment delivered an EBITDA of NOK 1,489 million and a CROGI of 22.0% in 2015. Deliveries increased while margins were slightly down, giving and EBITDA increase but somewhat lower CROGI compared with 2014.

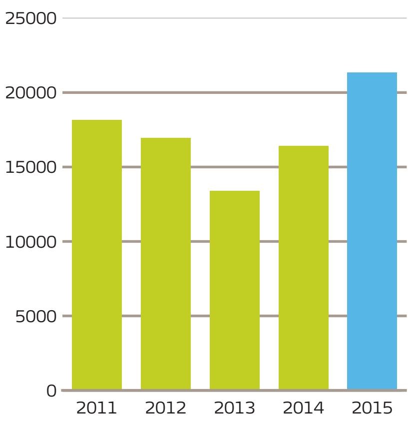
The Production segment delivered an EBITDA of NOK 14,414 million and a CROGI of 12.1% in 2015. Both EBITDA and CROGI increased significantly, reflecting both a strong year-over-year reduction in European energy costs and the gain on divestment of GrowHow UK.

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 9,580 million in 2015, up from NOK 5,875 million in 2014, after dividends and group relief from subsidiaries of NOK 11,534 million (NOK 7,016 million in 2014). The net foreign exchange loss was NOK 1,442 million compared with NOK 1,350 million in 2014.

EBITDA

NOK million



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

Yara continued to execute its strategy of profitable growth in 2015 with distribution asset acquisitions in the US and Africa, and several additions to its portfolio of on-going capacity expansions, increasing capacity substantially for both ammonia and finished products over the next two years.

Competitive edge

We believe that by offering a positive value proposition to our customers, we can deliver sustainable and 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. These challenges represent business opportunities for Yara, and we aim to grow our business based on these. In 2015, Yara deepened its approach to these themes and defined a Sustainable Value Matrix, supporting its long-term strategy processes and value creation.

The aspects which are both material to Yara and significant to society are: The Sustainable Development Goal of Zero Hunger; knowledge margin and knowledge sharing; climate change; energy; safety; and ethics and compliance. Furthermore, Yara also derives its competitive edge from aspects which are not seen as societally significant: global optimization and scale; competitive raw material pricing; and operational excellence. The combined set of aspects provides a holistic approach to how Yara maximizes profitability and growth while also offering shared value at a societal level.

Within these 9 aspects, Yara defines four key areas where it seeks to strengthen and sustain its integrated business model and competitive edge:

- **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 stock-building ahead of peak demand periods, optimization of product flows, managing uneven delivery patterns and taking advantage of geographical arbitrage opportunities.
- **Knowledge margin**
  Through its people, agronomic knowledge, premium fertilizers, innovation and insight into local markets, Yara offers farms a solution to increase yield and ensure sustainable application to the soil. Our industrial portfolio includes technology and service offerings within environmental solutions that are continuously being developed in response to global challenges, for example within NO_X and SO_X abatement applications. Knowledge sharing is a key part of Yara's business through partnerships, extension services to farmers, policy influencing and customer and vendor training.
- **Competitive raw material cost**
  Yara is the largest industrial buyer of

1) Segment EBTIDA and CROGI according to new structure effective 1 January 2015. See note 5, page 80 for old structure and comparable 2014 figures.

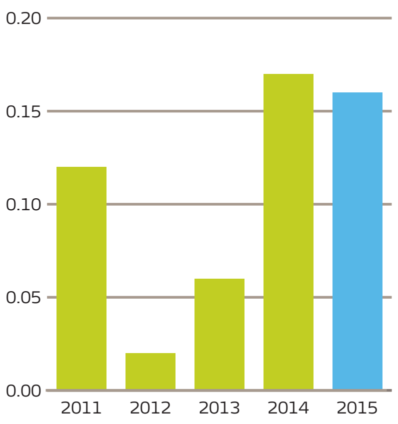
natural gas in Europe, the world's second largest buyer of potash and third largest buyer of phosphates, creating a strong base to secure competitive raw material supply. Asset-based raw material opportunities may sometimes be attractive to Yara, within specialty grades such as sulphate of potash (SOP) and where there are in-market synergies such as for the Galvani phosphate expansion in Brazil.

- **Operational excellence**
  Yara's asset base comprises more than 20 production sites and more than 200 distribution operations, forming the basis for Yara's leading position as a reliable supplier to agricultural and industrial customers. Through benchmarking and sharing of best practice, Yara works continually to improve raw material, supply chain and operational efficiency, while at the same time maintaining strong cost and capital discipline.

By leveraging our industrial expertise we have developed 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

Debt/equity ratio

Percent



– 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 has supported the UN process of establishing the Sustainable Development Goals (SDG) and was represented at the CEO level at the climate negotiations in Paris, COP21. The company is well positioned to respond to global trends, and the company's sustainability goals will be further developed to drive competitiveness, based on the Sustainable Value Matrix and long term strategy analysis.

Profitable growth

We believe growth is key to sustain and grow competitive edge and create further shareholder value, and growth within both production and in distribution has been a key pillar in Yara's strategy. Since 2004, Yara has consistently executed this growth strategy, reinforcing its position as the world's leading producer and provider of crop nutrition and industrial nitrogen solutions.

Yara has defined strategic priorities and follows a structured approach to managing a balanced growth portfolio consisting of bolt-on acquisitions, expansions and reconfigurations at existing sites, as well as greenfield projects when advantageous conditions are in place. Timing is essential in creating value from acquisitions, and Yara combines a continuous search for projects with patience and discipline in execution. Given the current substantial pipeline of greenfield and brownfield expansion projects in progress, successful execution of both construction and marketing preparations are key focus areas 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 2015, Yara continued to grow both its sales and production capacity, through the recent OFD and Galvani acquisitions, and through on-going capacity expansions and new growth initiatives.

In February 2015, Yara announced that it has agreed with BASF to build a world scale ammonia plant in Texas, owned 68% by Yara and 32% by BASF, with a total Yara capital investment of USD 490 million including a new wholly-owned ammonia tank. The plant will have a capacity of about 750,000 metric tons per year, and is expected to be completed by the end of 2017.

In July 2015, Yara announced that it will invest USD 263 million in Sluiskil, Netherlands, to increase granulation capacity enabling increased production of granular urea with sulphur, and nitrates, with completion expected in second half 2017.

In October 2015, Yara acquired an additional 49% interest in Yara Pilbara Holding (Pilbara) for NOK 3,068 million, increasing its ownership from 51% to 100%.

In November 2015, Yara paid NOK 1,091 million (USD 132 million) deferred consideration and capital injection on behalf of the minority shareholders for the Salitre phosphate project, based on project progress and in accordance with agreements entered into with the acquisition of 60% of Galvani (Brazil) on 1 December 2014.

In December 2015, Yara acquired the assets of West Sacramento Nitrogen Operations (USA) from Agrium for a purchase price of NOK 239 million. The transaction is expected to close by second quarter 2016.

Also in December 2015, Yara announced that it had signed an agreement to acquire Greenbelt Fertilizers for USD 51 million. Greenbelt Fertilizers is a leading distributor of fertilizers in Zambia, Malawi and Mozambique, with sales of 80 kilotons and an EBITDA of USD 5 million in the fiscal year ending 31 March 2015.

In July 2015, Yara sold its 50% stake in GrowHow UK Group Limited to CF Industries, generating a tax-free gain of NOK 3,199 million.

In September 2015, Yara announced that it had signed a non-binding Heads of Terms with U.S.-based Praxair, Inc. to sell its European CO_2 business for EUR 218 million, and at the same time sell its remaining 34% stake in the Yara Praxair Holding AS joint venture with Praxair for an estimated EUR 94 million. The transaction is expected to close in second quarter 2016.

In November 2015, Yara reduced its ownership in Yara Dallol (Dallol) from 69% to 51.8% for a total consideration of NOK 308 million in cash.

Innovation initiatives

Building on its comprehensive knowledge base, Yara's innovation efforts aim to grow the size of business opportunities linked to global challenges in the areas of food production, resource shortages and environmental impact. Innovative solutions are needed to close the widening gap between food demand and supply, by sustainably improving agricultural yields and environmental performance.

Yara has established focused innovation platforms linked to its operational segments' strategic roadmaps, to drive business development and launch new solutions and services. In 2015 the innovation portfolio has delivered several solutions that are now integrated in the business lines, while also increasing the number of projects in the initial stages of development:

- Research programs using our new NPK pilot factory in Porsgrunn, Norway, have delivered new processing methods supporting enhanced product quality and robust operational performance
- On-going research on catalysts and additives is expanding Yara's technology offering within the Environmental Solutions business
- Fertilizer lab and field trials are conducted within our platform for sustainable improvement of coffee and cacao production
- Yara has launched YaraRega in selected fertigation markets. Yara's first water crop sensor development, to accurately manage combined water and fertilizer needs under water-scarce conditions, has moved into a large scale test phase for olive trees at 50 customer sites in Spain.

Yara's R&D organization comprises 124 researchers with 20 nationalities, forming a diverse and international team. The use of cross-segment development teams working together on common projects has proven to deliver results and synergies, creating and promoting new products, applications and technologies.

Yara's R&D competence centers have expanded their expertise and reach in 2015 with the opening a new center of competence on biochemistry and industrial nitrates, and the inclusion of three local market support sites (in Finland, UK and the Netherlands) in its global R&D framework.

In 2015 Yara's R&D function expenditure reached NOK 161 million (NOK 268 million including capitalized expenditure) compared with NOK 154 million in 2014. Yara's competitive edge is based on continuous knowledge development, from raw material sourcing through production, logistics and distributor and farmer interaction. Our innovation and knowledge development work therefore extends far beyond the R&D function, for example in continuous improvement projects in the production plants and in numerous on-going crop trials in local markets.

Yara believes that protecting intellectual property is essential to develop and sustain its business. In 2015, Yara continued its efforts to strengthen and modernize its patent portfolio. At the end of 2015, Yara had over 1,100 granted patents and pending patent applications, representing an increase of 65 new patents and patent applications during the year. Yara does not foresee material effects on its operations or financial results arising from the expiration of any patents in its current portfolio.

People development

Yara's People Strategy was redefined in 2015 to focus on attracting, developing and retaining people in accordance with Yara's needs, making leadership a competitive advantage, driving a high-performance culture, being a catalyst for change and delivering operational excellence.

In Latin America, a considerable effort was made in 2015 to fully integrate new employees who were part of the OFD acquisition in 2014. In Brazil, a program was set up to prepare leaders for new roles, and a separate initiative was launched to support the business strategy, focusing on behaviors that promote innovation, knowledge sharing and excellence.

Yara aims to attract and retain the right talents and provide those talents with a career path to ensure the right competence in key roles, especially given the increasing importance of access to pools of expert knowledge. So far, three career frameworks for expert roles have been developed: for R&D professionals, agronomists and engineers.

Yara intends to strengthen gender diversity and inclusion. As of fourth quarter 2015, females represented

20% of Yara's almost 13,000 employees but held only 10% of its 198 key positions. We will actively address this imbalance, as we firmly believe that increased gender diversity will help drive high performance throughout the organization. All business segments started work on their gender diversity strategies in 2015, leading into the corporate gender diversity targets, action plans and timelines which will be concluded by mid-2016.

At the end of 2015, Yara had 12,883 permanent employees worldwide, an increase of 810 (7%) compared to the previous year. The largest increase was in Brazil (549 employees).

Yara had a global sickness rate of 3.3% 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 30 October 2014. The Code contains stricter requirements than mandated by Norwegian law.

» See corporate governance / page 30

Board and Management

Yara's Board of Directors held ten meetings in 2015. 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 (HR Committee from 2016) was established in April 2004 and an Audit Committee was established in December 2006.

Yara's Executive Management structure was unchanged during 2015. Torgeir Kvidal held the position of Acting CEO until September 2015 when Svein Tore Holsether joined as Yara's new CEO, and Thor Giæver held the position of acting CFO until Kvidal resumed as CFO after Holsether joined the company. A re-structuring of Yara's Executive Management was subsequently carried out in February 2016.

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 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 (IDD) process for business partners, identifying potential issues including environmental, human rights or corruption issues.

Several global trends such as 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 develop and offer products and solutions that meet new market demands. The development of low carbon footprint fertilizer products and applications and solutions for water-scarce agriculture are key examples of Yara's response to such global challenges.

Yara's most significant market risk is linked 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 regularly at both segment and corporate level. Risk evaluations are integrated in all business activities, both at corporate and business unit level, improving Yara's ability to monitor and mitigate risk, and identify new 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 page 38 in this Financial Report for a more comprehensive description of Yara's risk management.

Corporate responsibility

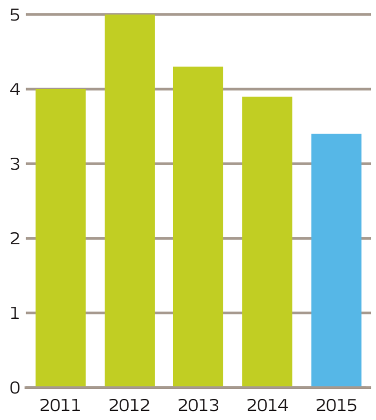
Health and safety

Safety been identified as an aspect of material importance to Yara and is a top priority as a safe business forms the cornerstone of our license to operate, as communicated through our Safety Policy and Safety Principles. In all areas where Yara operates, these principles and practices are extended to Yara employees, to contactors on our sites, to transport partners and to customers through our Product Stewardship program. Our ambition is to achieve an injury-free environment, through management commitment and engagement of employees and contractors. While this is a tough ambition in a dynamic global business, we believe that our systems, colleagues and partners can make it happen, through consistent use of safety tools with a high level of applied quality.

Since mid-2013 Yara has been working to further improve safety performance, under its program "Safe by Choice". The program aims to develop the safety culture of Yara's growing global organization through both emotional, rational and sustainable organizational developments, there has been a steady decline in Yara's total recordable incident rate (TRI - including lost days from work, medical treatment and restricted work)

TRI rate

Total Recordable Injuries per million working hours for employees and contractors



both for employees and contractors. In 2013 Yara had a combined TRI of 4.3, improving to 3.9 in 2014 and reducing further in 2015 to 3.4. These numbers exclude the recently acquired OFD and Galvani operations, which are included in Yara safety statistics from 2016. We recognize the occupational and process risks inherent in our business and strategic direction, but are also confident that our dedicated and committed approach to safety will continue delivering sustainable improvements.

Yara did not suffer any major accidents with significant personal, environmental or process safety impact in 2015.

At an operational level Yara continues to maintain ISO 9001 (Quality Management), ISO 14001 (Environmental Management) and OHSAS 18001 (Health & Safety Management) management system certification for all its major productions sites and also for many of its supply chain and commercial units. At year-end 2015, 15 of 22 sites were fully certified to these three standards. Furthermore, we continue to work with our business partners and customers to pursue higher levels of performance and commitment to downstream safety through our Product Stewardship program, using independent bodies to assure our processes according to either the Fertilizers Europe Product Stewardship program or the IFA (International Fertilizer Industry Association) Protect & Sustain Initiative.

Environment, energy and climate

Energy, environmental stewardship and climate change are seen as aspects of material importance to Yara. In 2015, Yara defined its sustainable value drivers by developing a Sustainable Value Matrix, describing what topics the company sees as material to the company's value creation, and what topics are significant to society. The material environmental aspects to Yara were assessed to be climate change, energy, process safety and environmental stewardship including product stewardship, and sharing knowledge with farmers, customers, policy makers, business partners and society at large.

Climate Change and Energy

Yara has a leading position in its industry on greenhouse gas emission (GHG) abatement technologies and climate smart agriculture, providing competitive edge in a society dedicated to reducing emissions. Today agriculture generates approximately one quarter of global GHG emissions.

Production of mineral fertilizers contributes to GHG emissions. Yara has made outstanding improvements in this area, reducing emissions of nitrous oxide (N_2O) from its nitric acid plants by 90% by developing and utilizing its own catalyst technology. Yara's total GHG emissions from production plants have been halved since the reference point in 2004, reaching 12.3 million tons of CO_2 equivalents in 2015. This technology is instrumental to Yara's offering of low-carbon fertilizers. Using Yara's proven low-carbon fertilizers and best farming practices, the carbon footprint from crop production can be significantly reduced, while maintaining yields. In 2015, Yara updated the carbon footprint calculations for its main fertilizers produced in the Nordic and Central European plants, using a calculation tool specifically designed for the fertilizer sector. This allows easy visualization of fertilizers' impact on the carbon footprint of agricultural products.

Natural gas is Yara's main raw material and also represents its largest variable cost. Affordable access to natural gas is a competitive advantage, and improving energy efficiency contributes significantly to reducing costs. In 2015, Yara's total energy consumption in production was 261 million GJ. About 90% of the energy is consumed in ammonia production. In recent years, most of Yara's ammonia plants have been technically upgraded to improve energy efficiency.

However, regional differences in climate change and energy policy implementation may pose risks if regulatory actions do not ensure fair competition. Yara engages at an international level to share knowledge and discuss how the global society can address these complex global challenges.

Approximately half of the GHG emissions from agriculture are generated by land use change, such as deforestation, caused by farmland expansion. Yara believes that increasing demand for food can be met on existing acreage, a solution which would dramatically reduce GHG emissions associated with growing food. Achieving higher yields is crucial to achieving this, especially in developing economies.

Farming can also become smarter in multiple; lowering carbon footprints and producing more per acre of land, per litre of water and per kilo of fertilizer. This has to be done in a sustainable way, with increased precision to reduce losses to the environment and avoid soil depletion. To this end, Yara has engaged on a number of platforms throughout 2015 to share its knowledge and solutions, including the Global Alliance for Climate Smart Agriculture and at the COP21 climate negotiations in Paris.

Environmental Stewardship and Knowledge Sharing

Yara works systematically to reduce the environmental impact of its operations, and aims to be a global leader in sustainable agriculture. Yara provides knowledge-based solutions to improve agricultural productivity, which also address food security and climate change challenges. Yara also offers a range of environmental solutions to reduce pollution, including abatement of nitrogen oxide (NO_X), odor control for hydrogen sulfide (H_2S), water treatment and corrosion prevention. Total NO_X abatement by Yara customers is today above 1 million tonnes per annum, compared to 9 thousand tonnes of NO_X emission per annum from Yara's own production plants. Yara's environmental product business continues to grow, also through expansion into new market segments and geographies.

Yara's production sites are operated under strict environmental standards and have established environmental and energy management systems based on international standards and Fertilizer Product Stewardship programs. Performance is monitored and reported regularly, both internally, to national authorities and to external stakeholders in the annual GRI reporting.

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 2016 and beyond, accumulated provisions of NOK 193 million have been made for environmental clean-up related to legacy activities in several locations.

Water is crucial for agriculture, and improved water use management is urgently needed in large parts of the world. Agriculture currently consumes about 70% of all fresh water withdrawals globally. Through agronomic research, Yara has identified a fundamental and close relationship between crop nutrition and crop water consumption, and sees a potential in exploring new knowledge and innovative technologies to advance water use efficiency through optimized crop nutrition. One forum chosen as a knowledge sharing platform for water management is the United Nations' CEO Water Mandate initiative, which Yara joined in 2014.

Yara is dedicated to collaboration, working with other stakeholders to promote safe, sustainable, efficient and profitable solutions, thus creating shared value while also improving Yara's competitive position.

Commitments

By pursuing its strategy, Yara drives shared value creation while growing its customers' business responsibly. In addition to creating jobs, tax revenues and valuable inputs for farmers, Yara leverages its competitive edges to trigger development and inclusive, sustainable growth.

Sharing of knowledge and advice to promote best farming practice is connected with innovative new business models. This includes the recent World Food Program (WFP) announcement of the Patient Procurement Platform, where Yara has joined forces with six other organizations to boost smallholder productivity, with WFP guaranteeing to purchase the additional crop tonnage resulting from improved yields.

Other examples of Yara's partnership engagements include the Southern Agricultural Growth Corridor of Tanzania, the Grow Africa Partnership and the EU Baltic Deal engagement.

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, and Yara holds a position in its Steering Committee. LEAD was launched in 2011 to provide knowledge and inspiration on advanced aspects of corporate sustainability, and to provide leadership for global issue platforms.

Yara supported the processes of establishing UNGC's 'Food and Agriculture Business Principles' and the FAO Committee of Food Security 'Responsible Agricultural Investment Principles', both of which were launched in 2014. At the COP21 climate negotiations in Paris 2015, Yara formed a partnership with the research institute CICERO and the Norwegian NGO Bellona, joining forces to highlight the importance of biomass production.

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 have not been identified as a high risk area within the current operational setup of the company.

Yara has identified Ethics and compliance as a material aspect to its operations and strategy, and we are dedicated to developing and sustaining compliance as a competitive advantage. Compliance risk is integrated and operationalized in Yara's Code of Conduct, which was updated in November 2015 and now incorporates a zero tolerance policy on facilitation payments. Compliance is embedded in Yara's steering systems including the Integrity Due Diligence process for business partners and Yara's Business Partner Code of Conduct. Compliance is also an integrated part of Yara's 'Capital Value Process' which governs all significant investments and transactions.

In 2015, 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 outcomes 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 extractive industries (including mining) with basis in EU regulation 2013/34 and set out in Norwegian Account Act. The full country by country reporting and Yara's GRI report 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 more scarce. 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 commodity 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

Despite a third consecutive strong grain harvest globally, the US Department of Agriculture projects only a two day increase in stocks-to-use, as consumption continues to grow. The global farm margin outlook and incentives for fertilizer application remain supportive overall, especially for key crop exporting regions such as Europe and Latin America where local currencies have depreciated relative to the US dollar.

Achieving 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

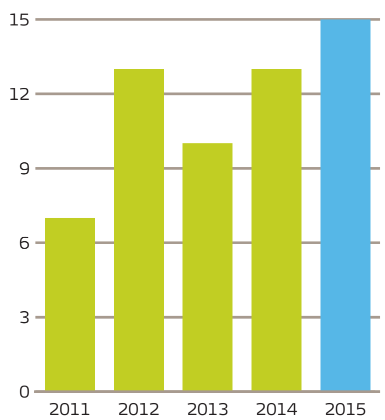
Global nitrogen markets were supply-driven during 2015, with production growth particularly from Arab Gulf and North Africa covering demand growth, removing the need for further growth in Chinese exports. For 2016 and 2017, additional capacity outside China looks set to exceed demand growth, leading to a reduced need for Chinese exports. Given the significant Chinese curtailments in place today, current export prices for prilled urea fob China (USD 200-220 per tonne) are believed to be close to break-even for swing producers. In Europe, a weaker Euro and lower gas prices have improved the relative competitiveness of domestic fertilizer manufacturers.

Developing the company

With its global distribution 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 and industrial applications. Yara aims to achieve this through production and distribution growth, technology and competence development.

Dividends

NOK per share [1)]



1) 2015 proposal subject to AGM approval

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 18 billion during 2016 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 6 billion per year. Most of the remaining NOK 12 billion is linked to volume and/or margin growth projects:

- The construction of a world scale ammonia plant in Freeport, Texas together with BASF will be completed in 2017. Yara's share of the 2016 investment is NOK 1.7 billion
- NOK 3.5 billion is planned to be invested in brownfield expansions in Yara's NPK plants in Norway and Finland, in the Sluiskil urea plant (Netherlands) and in the TAN plant in Köping, Sweden.
- The Yara Pilbara technical ammonium nitrate plant is scheduled for completion in 2016 with a total investment of USD 800 million, of which Yara's 55% share in 2016 is approximately NOK 500 million.
- Yara is investing NOK 1.5 billion in 2016 for the delivery of new ammonia ships in 2016 and 2017
- A frame of NOK 2.7 billion is set aside for productivity and efficiency improvement projects in Yara's production plants, in addition to smaller Crop Nutrition and Industrial acquisitions and investments.

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 15 per share for 2015, which represents 51% of net income after non-controlling interests. Including share buy-backs and redemptions paid during 2015, the total cash return to shareholders would represent 57% of net income. An above-target dividend is proposed due to Yara's strong financial position. However, the Board believes Yara's long-term policy of distributing 40-45% of net income remains appropriate, given Yara's expected pipeline of future growth opportunities and the current market outlook.

Combined with the 2015 result for Yara International ASA and other effects, the proposed dividend results in a net increase in equity of NOK 4,969 million.

Yara executes share buy-back programs as an integral part of its shareholder return policy. 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, 17 March 2016

Leif Teksum Chairperson	Maria Moræus Hanssen 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

Svein Tore Holsether
President and CEO

Governance and risk management

Board of Directors

	Leif Teksum (1952)	Maria Moræus Hanssen (1965)
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, 2015
Position	Professional board member and independent advisor	CEO, ENGIE E&P International SA
Education	Master's degree (siviløkonom) in Business and Economics from NHH, Bergen, Norway	Master's degree in Petroleum Engineering from the Norwegian University of Science and Technology (NTNU), Master's degree in Petroleum Economics from IFP School (Paris).
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. Moræus Hanssen joined ENGIE E&P in 2014, first as the Managing Director for its Norwegian E&P affiliate, since October 2015 as CEO. Prior to that Mrs. Moræus Hanssen spent five years as an Investment Director with Aker ASA. Before joining Aker ASA, she held various management roles in Norsk Hydro Oil and Energy as subsequently Statoil ASA, among these Head of Field Development NCS, Offshore Installation Manager Troll B and EVP Gas Supply and Transportation.
Other assignments	Nordic Trustee AS- Chairman of the Board of Directors Austevoll Seafood ASA – Member of the Board of Directors Member of the Board of Directors in several family owned companies Vest Corporate Advisor AS – Partner	Member of the Board of Hafslund ASA
Board meetings attendance	9	6 (Elected in May)
Compensation Committee attendance	6	-
Audit Committee attendance	-	3 (Chairperson since May)
Shares owned at year-end 2015	1,500	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	Skilled Chemical Process operator
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	9	10
Compensation Committee attendance	6	-
Audit Committee attendance	-	-
Shares owned at year-end 2015	84	129


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.
10	8
5	-
-	5
0	1,200


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.	Experience: 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.
10	10
-	-
5	-
157	181

Executive Management

		
	Svein Tore Holsether (1972)	**Torgeir Kvidal (1965)**
Position:	President and Chief Executive Officer	Senior VP and Chief Financial Officer
Year of appointment:	2015	2012
Employed:	2015	1991
Education:	BSc degree, specializing in Finance & Management from the University of Utah, USA.	Master's degree from the Norwegian School of Economics (NHH) in Bergen, Norway
Experience:	Previously Mr. Holsether held the position as President and CEO of Sapa AS. Prior to this he was EVP M&A Orkla 2010-2011, Business Area President Sapa Asia & Middle East 2010, CFO Sapa AB 2007-2010, CFO Orkla Specialty Materials 2006-2007, CFO Elkem ASA 2005-2006, CFO Elkem ASA North American Division 2003-2005, and various positions within the Elkem group including Vice President Group Control, Group Controller, Group Financial Analyst 1997-2003.	Mr. Kvidal has held several positions in the company, including President and Chief Executive Officer 2014-2015 (interim), 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.
Shares owned at year-end 2015:	10,393	7,137

		
	Tove Andersen (1970)	**Lair Hanzen (1967)**
Position:	Senior VP and Head of Supply Chain	Senior VP and Head of Yara Brazil
Year of appointment:	2016	2016
Employed:	1997	1996
Education:	Master's degree in Business Administration from the Norwegian School of Management Sandvika, Norway and a Master's degree in physics and mathematics from the Norwegian University of Science and Technology (NTNU).	MBA in International Business from the Argentinial Belgrano University and a MBA in Strategic Business Administration from the Brazilian Lutheran University (ULBRA).
Experience:	Ms. Andersen has previously held several positions in the company. She was VP Supply Chain Europe 2014-2016, Vice President Marketing and New Business 2011-2013, Country Manager Yara UK/ Ireland 2006-2011, Director Specialities and Retail Marketing 2005-2006, Director Business Development and Alliances 2003-2005, Manager, Business Development, Finance and Analysis Hydro Agri 2000-2003, Business Facilitator 1999-2000. She was employed by Hydro in 1997 as a trainee.	Mr. Hanzen has held several positions in the company. He was Manager Downstream/President Yara Brazil 2013-2016, Chief Financial Officer Upstream 2009-2013, VP and President Yara Brazil 2006-2009, Chief Financial Officer Yara Brazil 2000-2006, Chief Financial Officer Yara Argentina 1996-2000. Prior to joining Yara through the acquisition of Adubos Trevo, Lair held several management positions in fertilizer companies and other sectors.
Shares owned at year-end 2015:	1,640	4,669



Yves Bonte (1961)	Alvin Rosvoll (1957)	Terje Knutsen (1962)
Senior VP and Head of Industrial	Senior VP and Head of Partner Operations	Senior VP and Head of Crop Nutrition
2010	2016	2015
2010	1981	1987
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).	Master's degree (Siviløkonom) from the Norwegian School of Economics (NHH) in Bergen, Norway.
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 Senior VP and Head of Supply & Trade, 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.	Mr. Knutsen has served as Senior VP Head of Crop Nutrition since May 2015. His previous positions in the company include Business Unit Manager North and East Europe 2012–15, Business Unit Manager Asia 2006-12, VP Head of Downstream Marketing 2005-06, VP Head of Yara Specialties 2001-05, Country Manager Spain and Portugal 1998-2001. In addition, he has held a number of financial controller, commercial and management positions since joining the company in 1987 as a trainee.
9,959	5,775	3,054


Petter Østbø (1979)	Trygve Faksvaag (1966)
Senior VP and Head of Production	Senior VP and Chief Legal Officer
2016	2008
2010	1996
Master´s degree in Finance from the Norwegian School of Economics and Business Administration (NHH, Siviløkonom). One-year qualification in history at the University of Bergen (Grunnfag).	Law degree from the University of Oslo.
Mr. Østbø has previously held several positions in the company. He was Head of Business Line Gas and Industrial Applications 2015-2016, Head of Industrial Nitrates & CO_2 business units 2014-2015, Head of Industrial Nitrates Business Unit 2013-2014, and Head of Product Management & Optimization 2010-2013. Before joining Yara, Mr. Østbø worked at McKinsey & Company, 2003-2010.	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.
2,087	7,907

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 competitive advantage, Yara delivers premium products, tools and solutions for optimized fertilizer appli-cation and environmental solutions – creating value for shareholders, employees, customers, farmers and society at large.

With scale as one of Yara's key competitive edges, growth in both production and in distribution has been the main ingredient in Yara's strategy. Since 2004, Yara has consistently executed a growth strategy, reinforcing its 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 to managing a balanced growth portfolio consisting of bolt-on acquisitions, expansions and reconfigurations at existing sites and potential greenfield projects where favorable conditions are in place. However, timing is essential in creating value from acquisitions, and Yara combines a continuous search for projects with patience and financial discipline. Given Yara's current pipeline of both greenfield and brownfield expansion projects, successful execution of projects and marketing of new tonnage to the right markets will be key focus areas 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 15

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 15
» The Yara Share / page 53

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 2015 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 35 to the consolidated financial statements "Related parties" / page 129

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. Yara's Long-Term Incentive scheme mandates the use of a portion of the funds received by management for the purchase of Yara shares, restricting the sale of such shares for three years following such purchase.

» Note 35 to the consolidated financial statements "Related parties" / page 129

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 General Meeting 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 minutes of the Annual General Meeting are 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.

The Annual General Meeting notice and other 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. The meeting notice is sent to all shareholders individually, or to their depository banks, at least three weeks in advance of the meeting. The meeting notice includes information regarding shareholders' rights and guidelines for registering and voting at the meeting.

» yara.com / Corporate governance / General meetings
» The Yara share / page 53
» Governance and risk management Yara Financial Report 2015

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 which members it should elect as Chairperson and Vice Chair.

Members of the Nomination Committee are elected for two-year terms.

The Yara International ASA Nomination Committee 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 the Nomination Committee procedure, there shall be a rotation among the committee members. The contact details of the Chairperson of the Nomination Committee are available on Yara's website, and shareholders with proposals for new Board members are asked to send those to the Chairperson.

The Nomination Committee held 15 meetings in 2015. The members of the Nomination Committee received remuneration in 2014 of NOK 5,500 per meeting prior to the Annual General Meeting and thereafter NOK 5,600 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. Three of the Directors are women. The Board elects both its Chairperson and the Vice Chair 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. Members of the Executive Management are prohibited from being members of the Board.

All Board members are encouraged to own shares in the company. The shareholder-elected Board members Leif Teksum, Geir Isaksen and John Thuestad owned 1,500, 84, and 1,200 shares respectively at year end. The three employee-elected board members Rune Bratteberg, Guro Mauset and Geir Sundbø owned 157, 181 and 129 shares respectively at year end.

» yara.com / Corporate governance
» Board of Directors / page 15
» Note 35 to the consolidated financial statements "Related parties" / page 129

9. The work of the Board of Directors

The Board's work follows an annual plan which is evaluated and approved at or before the start of the calendar year. The Board conducts an annual self-evaluation of its qualifications, experience and performance, which is presented to the Nomination Committee.

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

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

The Board of Directors held ten meetings in 2015. One board member was absent from two meetings, three board members were each absent from one meeting, while the remaining members attended all Board meetings in 2015.

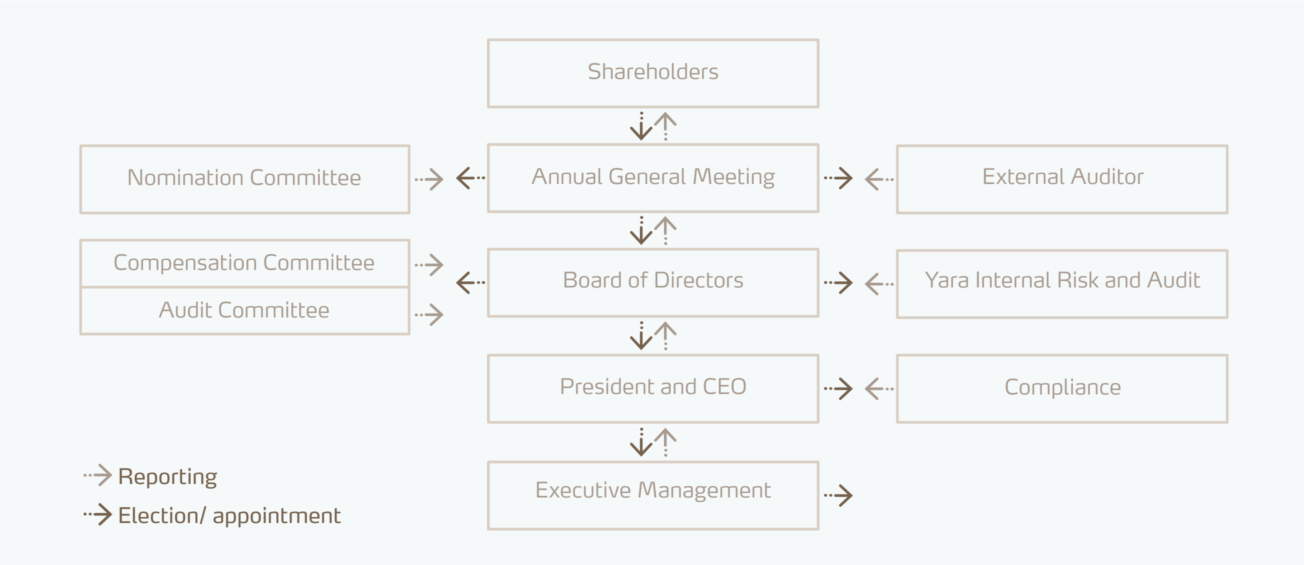
HR Committee

Yara's HR 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, and also advises the CEO on other HR matters. The HR Committee consists of three members elected by the Board, from its own members. The committee held six meetings in 2015. One member was absent from two meetings, while the remaining members attended all meetings in 2015.

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

Yara corporate governance structure



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 2015. Two members were each absent from one meeting, while the remaining members attended all meetings in 2015.

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 observations 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 38**
» **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 2015 the Chairperson of the Board of Directors received a fixed compensation of NOK 500,000 per annum prior to the Annual General Meeting, increasing to NOK 515,000 per annum thereafter. The Vice Chair received NOK 330,000 per annum prior to the Annual General Meeting, increasing to NOK 340,000 per annum after the Annual General Meeting. The other Board members received NOK 288,000 per annum prior to the Annual General Meeting and NOK 297,000 per annum thereafter. Board members resident outside Scandinavia received a meeting allowance of NOK 10,400 per meeting prior to the Annual General Meeting, increasing to NOK 10,700 per meeting after the Annual General Meeting.

The Chairperson of the Audit Committee received a fixed compensation in 2015 of NOK 148,000 per annum prior to the Annual General Meeting, increasing to NOK 152,000 per annum thereafter. The other Audit Committee members received NOK 86,000 per annum prior to the Annual General Meeting and NOK 88,000 per annum thereafter.

Members of the Compensation Committee received NOK 6,600 per meeting prior to the Annual General Meeting and NOK 6,800 per meeting thereafter.

The total compensation to Board members in 2015 is disclosed in note 35 in the consolidated financial statements.

» Note 35 to the consolidated financial statements "Related parties" / page 129

12. Remuneration of executive personnel

The Board of Directors determines the remuneration of the President and CEO based on a proposal from the HR 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 10 May 2016 will be available as a separate document in the appendices to the notice in addition to be being disclosed in note 35 in the consolidated financial statements.

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 to the Annual General Meeting for voting. The Ministry of Trade, Industry and Fisheries disclosed amended Guidelines for Remuneration of Executives in State Owned Companies with effect from 13 February 2015. During 2015 Yara has evaluated the remuneration principles applying to the Executive Management to comply with the new guidelines. Consequently the rules applying for membership in the company pension plan for salaries above 12G has been amended accordingly and the plan was closed for new members from 3 December 2015.

General Principle

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.

Short Term Incentive bonus

The annual incentive bonus represents performance-driven variable compensation components based on financial and non-financial performance 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) excluding special items reaching 7%, with progressively higher payout levels up to a maximum level when CROGI exceeds 14,5%. The annual incentive bonus pay-out is calculated according to the formula shown below. For Executives on Norwegian employment contracts, the maximum pay-out shall not exceed 50% of annual base salary.

CROGI multiplier x Individual relative performance multiplier x Target bonus = Bonus payout

Individual Relative Performance

The Individual Relative Performance is determined based on an overall performance evaluation and achievements of operational and organizational key performance indicators (KPIs). The KPIs are established based on targets set up in the business plan for the actual year and reflect the role and responsibility of each position covering the following areas:

- Safety & Compliance
- Achievement of production and sales volumes
- Cost efficiency and Profitability
- Achievement on specific projects

Target Bonus

The Target Bonus is a percentage of base salary. The percentage is set according to position level and content and comparison with the market. The target bonuses for Executives on Norwegian employment contract are between 28% and 40%.

Long Term Incentive plan

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. The grant to Yara CEO is determined annually by Yara Board of Directors.

Benefit Plans

All new pension plans in Yara should be defined contribution (DC) plans. For all new hires and internal recruits to Yara Executive Management on Norwegian employment contracts, future contributions to the pension plan is limited to a salary of 12 times Norwegian Social Security Base Amount (12G).

At 3 December 2015, the membership rules of the DC pension plan covering salary in excess of 12G were changed. The plan was closed for new members. For internal recruits to Yara Executive Management who are members of the plan at commencement, future contribution to the plan stops and they become deferred members of the plan. Current members of Yara Executive Management at 3 December 2015 remain active members of the plan with future contributions.

For Executives on Norwegian employment contracts, Yara has a company set upper limit for retirement at age 67 (age 70 from 1 July 2016) with the possibility for flexible retirement from age 62 in the company paid DC plans. Yara has a defined benefit early retirement plan for Executives on Norwegian employment contracts covering the period from age 65 to 67 with a defined benefit equal to 65% of final salary limited to 12G. From 1 January 2015, this plan ceased for employees below age 50. A DC pension plan was established to compensate the shortfall .

The Executives are members of the personal insurance schemes applicable to Yara employees. These are Group Life Insurance, Disability Pension, lump-sum payment in the event of disability, occupational diseases, occupational and non-occupational accident, Health Insurance and Travel Insurance for the Executive and family.

Others

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. This comes in addition to the Long Term Incentive plan.

New members of Yara Executives on Norwegian Contracts entered into after March 2015, are entitled to a severance pay equal to six months basic salary on certain conditions. The severance pay is calculated from the end of the notice period. Other income the Executive receives during the Severance Pay period will be deducted from the Severance Pay.

For information on salary and other benefits earned in 2015 see note 35 in the consolidated financial statements. For additional information about existing pension plans see note 24 in the consolidated financial statements.

» Note 35 to the consolidated financial statements "Related parties" / page 129

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, all material new information is first published to the stock exchange and Yara's web pages. 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, meaning that Yara will not provide own specific numeric estimates for future prices, volumes or results. However, Yara provides 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 or market developments during that period, to minimize the risk of 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 and from 1 October until

third quarter results publication.
» 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 that approve 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 36 to the consolidated financial statements.

The Board of Directors of Yara International ASA
Oslo, 17 March 2016

Leif Teksum
Chairperson

Maria Moræus Hanssen
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

Svein Tore Holsether
President and CEO

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

ara 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 global commodity fertilizer 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.

Dry 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 unplanned 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 a credit rating 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.

Strategic risks	Factor	Mitigation
Market dynamics – Nitrogen commodity fertilizer prices	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.	Yara's business model, with a mix of own produced (OPP) and Third Party Products marketed by our global Crop Nutrition 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 focuses also on developing farmer centric solutions that integrate knowledge, digital tools and services with our product portfolio to further differentiate our offering to the farmer. 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. Third Party Products exposure limits have been established and are closely monitored for the most Third Party Products intensive countries.
Market dynamics – natural gas prices	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.	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. All our European gas contracts are 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. Recent events have made European nitrogen producers more competitive since gas prices have dropped significantly.

Strategic risks	Factor	Mitigation
Raw materials availability	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.	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 evaluates several options for increasing the company's degree of self-sufficiency in specialty P and K through vertical integration.
Regulatory framework on production/ application of nitrogen fertilizer	There is an increasing trend of stricter governmental regulations impacting both production economics (Emission trading system in Europe) and application of fertilizer related both to the environmental aspects and safety related aspects of handling and applying fertilizer. These regulations could have a substantial impact on Yara's earnings.	Yara is having continuous discussions and participate on various arenas for providing a thorough review of existing and ongoing new regulations aimed at nitrate based fertilizers. The risk is primarily mitigated by contact with governmental bodies to ensure that balanced information is available and to ensure influence to get solutions. Yara is also having continuous discussions with the EU on the future CO_2 emissions structure for the fertilizer industry arguing that the European ammonia industry is the most efficient globally which needs to be reflected when policies are made.
Investments and integration	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	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 a 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.

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.

Operational risks	Factor	Mitigation
Production reliability	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	Factor	Mitigation
Human capital	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.	Yara's People Agenda focuses on mitigating actions in following areas: (1) attracting, developing and retaining a diverse workforce, (2) making leadership as a competitive advantage, (3) driving high performance culture, (4) accelerating change through ensuring resource availability for the major projects and initiatives Yara is pursuing.
Supply chain	We face internal and external risks, both in the Production and Crop Nutrition part of 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 2015 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.

Financial risks	Factor	Mitigation
Financing risk	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	Credit risk represents exposure to potential losses deriving from nonperformance 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.
Currency risk	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 and standardized exposure measurement tools. Yara's geographically diversified portfolio reduces the company's overall currency risk.

Financial risks	Factor	Mitigation
Interest rate risk	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 contractors, and uphold reliability 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.

HESQ risks	Factor	Mitigation
Health and safety	Yara's production sites are large industrial plants, and many of Yara's raw materials, intermediates and products are classified as substances dangerous to the health. Such a working environment contains various potential occupational health and safety risks to employees and contractors working on site. While Yara's raw materials are often dangerous chemicals, the final fertilizers typically are not classified as hazardous, and the occupational health and safety risk at the use phase is minor.	Yara has a strict requirement on reporting of incidents, accidents and injuries, and works continuously to improve safety practices and safety culture by systematically enforcing strict operating procedures and developing employee and contractor competence. Yara's ambition is zero injuries and the company continues to set challenging KPI targets for occupational safety. Focus is based on actions that will further develop the safety culture in Yara with the aim to reduce exposure through greater responsibility for self and others. Our Safe by Choice is the umbrella for all safety activities with the aim to develop strong safety leadership, to drive operational discipline, and 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 promote risk awareness at work and in private life. Yara's production sites are covered by environmental permits and they operate in accordance with strict procedures and management controls to prevent major process safety related accidents.
Personnel security risk	Yara's global activity may be exposed to threats from; criminals, terrorists, activists, local population, competitors and States which could harm our operations and activity, and pose security risks to our personnel, the environment we work in, our assets and our reputation.	We continuously assess and manage regional and local threats to our personnel. Yara's Head of Security is in charge of developing and maintaining corporate guidelines on security, and a method for assessing security risks, in addition to initiating appropriate mitigation actions in response to potential threats.
Natural disasters	Yara's 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.

Compliance risks	Factor	Mitigation
Anti-corruption risk	We have zero tolerance for corruption and unethical behavior of all employees, vendors, service providers, agents and other intermediaries.	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, whistleblowing channels 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) G4 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.

Financial Review

Financial performance

Yara delivered strong results in 2015. Net income after non-controlling interests was NOK 8,083 million, a 6% increase from 2014. Corresponding earnings per share were NOK 29.38 compared with NOK 27.59 in 2014. EBITDA excluding special items ended at NOK 18,920 million, up 14% from NOK 16,544 million in 2014 mainly due to a stronger US dollar and lower gas costs in Europe.

Financial highlights

NOK millions, except where indicated otherwise	2015	2014	2013	2012	2011
Revenue and other income	111,897	95,343	85,092	84,509	80,352
Operating income	14,104	10,305	8,074	11,159	13,240
Share of net income in equity-accounted investees	(310)	786	1,076	1,964	1,889
EBITDA	21,361	16,407	13,399	16,970	18,163
EBITDA excl. special items	18,920	16,544	13,834	16,850	16,010
Net income after non-controlling interests	8,083	7,625	5,759	10,552	12,066
Earnings per share [1]	29.38	27.59	20.67	37.31	41.99
Earnings per share excl.currency [1]	36.07	29.33	23.20	35.85	42.51
Earnings per share excl.currency and special items [1]	31.48	30.66	24.95	35.34	34.94
Average number of shares outstanding (millions)	275.11	276.39	278.65	282.82	287.32
CROGI (12-month rolling average)	14.0%	13.3%	12.6%	17.3%	20.9%
ROCE (12-month rolling average)	12.9 %	13.3 %	12.6 %	19.3 %	25.8 %

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

Key statistics

		2015	2014	2013	2012	2011
Average prices						
Urea prilled (fob Black Sea)	USD per tonne	272	318	341	407	423
CAN (cif Germany)	USD per tonne	270	329	315	337	379
Ammonia (fob Black Sea)	USD per tonne	387	496	477	545	518
DAP (fob US Gulf)	USD per tonne	459	473	443	536	620
Phosphate rock (fob Morocco)	USD per tonne	124	118	143	182	185
European gas (Zeebrugge)	USD per MMBtu	6.4	8.1	10.6	9.4	9.2
US gas (Henry Hub)	USD per MMBtu	2.6	4.4	3.7	2.8	4.0
Yara's gas & oil cost (weighted average) [1]	USD per MMBtu	5.5	6.9	8.0	8.0	8.2
Yara's European gas & oil cost (weighted average) [1]	USD per MMBtu	7.1	9.1	11.4	11.0	10.7
USD/NOK currency rate		8.06	6.30	5.87	5.81	5.60
Production (Thousand tonnes) [1]						
Ammonia		7,035	7,096	7,360	7,035	6,655
Finished fertilizer and industrial products, excl. bulk blends		19,224	18,828	18,649	17,521	17,307
Total		26,259	25,924	26,009	24,555	23,962
Sales (Thousand tonnes)						
Ammonia Trade		2,103	2,041	2,203	2,566	2,856
Fertilizer		26,544	26,317	23,668	20,748	19,522
Industrial products [2]		7,030	6,593	6,255	6,008	5,784
Total		35,676	34,951	32,127	29,322	28,163

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		2015
EBITDA 2015		21,361
EBITDA 2014		16,407
Variance EBITDA		4,954
Volume		786
Price/Margin		(1,567)
of which gas & oil costs in Europe	2,641	
Special items		2,577
Other		(2,032)
FX conversion		5,189
Total variance explained		4,954

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

The volume, margin and other variances presented in the Yara variance table include effects generated by performance in equity-accounted investees.

Volume development

Global Yara fertilizer deliveries were 26.5 million tonnes, up 1% compared with 2014 due to the acquisitions of OFD in Latin America included from 1 October 2014 and Galvani in Brazil included from 1 December 2014.

In Europe, fertilizer deliveries were 4% below last year driven by lower NPK and urea deliveries. Nitrate deliveries were in line with 2014. Deliveries in Brazil were 4% higher than in 2014. Excluding Galvani, deliveries were 6% lower than a year ago with lower commodity product deliveries partly offset by higher sales of nitrate and compound NPKs. Yara deliveries in the rest of Latin America almost doubled compared with 2014 due to the OFD acquisition.

Industrial sales volumes increased 7% compared to 2014. Automotive and stationary NO_x abatement reagent deliveries were up 20%, driven by strong growth in all markets. Technical ammonia, urea and nitric acid deliveries were up 5% compared to 2014, including volumes from the Galvani acquisition in Brazil. Technical ammonium nitrate sales were 10% lower due to lower demand from the mining industry.

Yara's ammonia production decreased 1% compared with 2014. Adjusting for the GrowHow UK divestment and the OFD acquisition, production increased 1% with higher production in the Sluiskil and Porsgrunn plants offset mainly by lower production in the Ferrara and Brunsbüttel plants. Finished fertilizer production increased 2% compared with a year earlier. Adjusting for the inclusion of the Cartagena plant (OFD) in Colombia and the Galvani plants in Brazil and the exclusion of the GrowHow UK plants, production was in line with last year with higher CN production offsetting smaller production decreases for urea, nitrates and compound NPK.

Margin development

Yara's average European gas and oil-linked cost decreased by 22% compared with last year, reflecting lower spot prices for gas and in particular oil-linked products in Europe. Yara's global average gas and oil cost decreased 20% reflecting decreases in both European and North American spot gas prices in addition to lower ammonia-linked gas costs outside Europe.

While Yara's average realized urea fertilizer prices decreased 12%, realized nitrate prices were 14% lower and compound NPK prices decreased 5% compared to 2014.

Total 2015 Industrial margins were slightly down compared with 2014. Technical ammonium nitrate margins were significantly lower due to a slowdown in the mining sector. Technical ammonia and urea margins in Europe were slightly lower while technical nitrates and reagent margins were stable. Technology (deNO_x and deSO_x) margins improved due to portfolio mix as a result of acquisitions last year.

Other items

Net special items were a positive NOK 2,441 million during 2015, mainly reflecting the gain from divesting GrowHow UK in the third quarter and the writedown of Lifeco in the first quarter. 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.

The major part of the "Other" variance is related to increased fixed costs, primarily due to the inclusion of OFD in Latin America and Galvani in Brazil and other growth related activities.

The US dollar appreciated almost 21% versus Norwegian krone during 2015, resulting in a NOK 5,189 million positive currency translation effect in Yara's results. (Further details on special items / Page 49)

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 1,096 million compared with 2014, mainly reflecting the writedown of value of the Lifeco investment in first quarter 2015. In addition, the drop in Qafco results reflects lower urea and ammonia prices and higher gas costs while the drop in earnings from GrowHow UK is explained by Yara selling its 50% stake to CF Industries on 1 July 2015.

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 US dollars, Yara keeps a major part of its debt in US dollars in order to reduce overall currency exposure. At year-end 2015, 86% 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 2015 was NOK 3,150 million, compared with NOK 1,056 million in 2014. The variance is primarily explained by a net foreign exchange loss in 2015 of NOK 2,463 million, compared with NOK 698 million in 2014. The currency effect in 2015 comprises a loss of NOK 2,622 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 157 million related to internal currency positions. In 2014, the loss on Yara's US dollar debt positions was NOK 1,221 million while the gain related to internal positions was NOK 523 million.

Yara's US dollar debt generating currency effects fluctuated between USD 1,500 - 1,800 million in 2015 with the exposure distributed across Yara's other main currencies.

Interest expense was NOK 142 million higher than in 2014, reflecting an average gross debt level around NOK 2,700 million higher and a somewhat higher portion of the debt in high interest currencies like the BRL.

Interest income from customers increased by NOK 130 million compared with 2014, mainly reflecting increased sales in Brazil. Other interest income was NOK 35 million below previous year amid reduced cash deposits.

The 'other' line includes a NOK 100 million loss in 2015 upon termination of an interest rate derivative portfolio established to hedge the interest rate on a planned bond issue.

Share of net income in equity-accounted investees

NOK millions	2015	2014	2013	2012	2011
Qafco	549	678	960	1,368	1,018
GrowHow UK Ltd	131	232	143	437	334
Lifeco	(1,091)	(189)	(58)	(196)	(131)
Tringen [1]		-	-	250	243
Rossosh		-	-	-	112
Burrup		-	-	-	169
Other [1]	101	64	31	104	144
Total	(310)	786	1,076	1,964	1,889

1) Tringen and Pilbara Nitrates are 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	2015	2014	2013	2012	2011
Interest income from customers	444	314	182	124	118
Interest income, other	135	170	225	266	201
Dividends and net gain/(loss) on securities	26	66	7	14	(9)
Interest income and other financial income	605	550	414	404	309
Interest expense	(898)	(756)	(724)	(762)	(650)
Net interest expense on net pension liability	(82)	(69)	(87)	(64)	(6)
Net foreign exchange gain/(loss)	(2,463)	(698)	(949)	596	(215)
Other	(312)	(84)	(92)	(115)	(162)
Interest expense and foreign exchange gain/(loss)	(3,754)	(1,606)	(1,852)	(344)	(1,033)
Net financial income/(expense)	(3,150)	(1,056)	(1,439)	60	(724)

Net interest-bearing debt

NOK millions	2015
Net interest-bearing debt at beginning of period	(11,808)
Cash earnings [1]	14,359
Dividends received from equity-accounted investees	807
Net operating capital change	(1,199)
GrowHow sale of ownership share	4,794
Minority buy-out Pilbara	(3,229)
Galvani payment [2]	(793)
Sale of Dallol shares	309
Investments (net)	(10,269)
Share buy backs/redemption of shares	(492)
Yara dividend	(3,581)
Foreign exchange gain/(loss)	(2,463)
Other	1,697
of which foreign exchange adjustment [3]	1,416
Net interest-bearing debt at end of period	(11,868)

1) Operating income plus depreciation and amortization, minus tax paid, net gain/(loss) on disposals, net interest expense and bank charges.
2) Galvani payment is presented excluding capital injection on behalf of minority owner, as this has no impact on Yara's net interest-bearing debt.
3) 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.

Tax

2015 current and deferred taxes were NOK 2,209 million, representing approximately 21% of income before tax, in line with 2014, with the tax free gain from selling GrowHow UK in third quarter 2015 offset by writedowns of tax assets in Brazil in fourth quarter of 2015.

Net interest-bearing debt

As a supplement to the consolidated statement of cash flows, the table above highlights the key factors behind the development in net interest-bearing debt. At the end of 2015, net interest-bearing debt was NOK 11,868 million.

Net interest-bearing debt increased by NOK 60 million from the end of 2014. Strong cash earnings and the sales of GrowHow and Dallol stakes were offset by payment of dividends, investments and the minority buyout in Pilbara. 53% of 2014 net income after non-controlling interests was returned to Yara's shareholders as dividends and share buybacks.

Investment activity level was high in 2015, mainly reflecting planned maintenance and productivity investments as well as growth projects. In addition, the minority buyout in Pilbara and the payment of deferred consideration to Galvani increased net interest-bearing debt by NOK 3,229 million and 793 million respectively.

Net operating capital at the end of 2014 was NOK 19,838 million, an increase of NOK 573 million (excluding currency effects) from 31 December 2014. The increase was mainly due to higher inventory values.

Dividends and cash received from equity-accounted investees were NOK 807 million, down from NOK 1,322 million in 2014. Foreign exchange effects include currency impact from appreciation of the US dollar towards the Norwegian krone.

Yara's Annual General Meeting approved a dividend for 2014 of NOK 13.00 per share, giving a total dividend of NOK 3,581 million payable in 2015. Share buybacks and redemption of shares amounted to NOK 492 million in 2015.

The debt/equity ratio at the end of 2015, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.16 compared to 0.17 at the end of 2014.

Definitions and variance analysis

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

"Tonnes" 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 Production to Crop Nutrition 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 Production-sourced stock (volumes) held by Crop Nutrition and Industrial, but can also be affected by changes in Production margins on products sold to Crop Nutrition 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 Production 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 writedowns, 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 two categories, “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 30 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	2015	2014	2015	2014
Bunge integration costs		(26)		(26)
Asset impairments			(80)	(160)
Partner settlement provision		(46)		(46)
Sale of Minority shares Baltic		56		
OFD integration costs	(101)	(133)	(101)	(133)
Termination of distribution agreements	(154)		(154)	
Total Crop Nutrition	(255)	(149)	(336)	(365)
Impairment Pardies plant				(62)
Industrial contract settlement		(62)		(62)
Total Industrial	-	(62)	-	(123)
Sales of GrowHow UK	3,199		3,199	
Asset impairments			(1,368)	(38)
Impairment Lifeco plant	(929)			
Lifeco results during shut-down		(90)	(36)	
Flooding Ravenna plant	(39)		(39)	
Tertre insurance settlement	55		55	
Sales of energy efficiency certificates	189		189	
Pension plan amendment		58		58
Scapping of production equipment		(111)		(111)
Liquidated damages gas contract in Pilbara		151		151
Impairment ammonia customer relationships				(50)
Contract derivatives	221	68	221	68
Total Production	2,696	74	2,220	77
Total Yara	2,441	(137)	1,884	(412)

Production volumes [1)]

Thousand tonnes	2015	2014	2013	2012	2011
Ammonia	7,035	7,096	7,360	7,035	6,655
of which equity-accounted investees	1280	1410	1488	1278	1305
Urea	4,762	4,790	4,841	4,121	3,577
of which equity-accounted investees	1,593	1,440	1,616	1,142	862
Nitrate	5,997	6,252	6,224	6,217	6,320
of which equity-accounted investees	199	389	361	375	487
NPK	4,850	4,755	4,646	4,490	4,612
of which equity-accounted investees	83	216	181	257	447
CN	1,477	1,287	1,199	1,253	1,193
UAN	925	934	1,081	953	1,049
SSP-based fertilizer	1,212	810	659	486	556
Total production [1)]	26,259	25,924	26,009	24,555	23,962

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.

Deliveries

Thousand tonnes	2015	2014	2013	2012	2011
Ammonia	2,859	2,859	3,050	3398	3731
of which industrial products [1)]	699	715	669	683	749
Urea	6,692	6,908	6,741	5994	5424
of which fertilizer	4,852	5,298	5,494	4699	4236
of which Yara-produced fertilizer	1,755	1,997	1,923	2070	1686
of which Yara-produced industrial products [2)]	1,433	1,241	1,123	1046	864
of which equity-accounted investees	2,153	2,471	3,100	1975	1527
Nitrate	6,247	6,249	6,489	6383	5921
of which fertilizer	5,594	5,542	5,699	5543	5122
of which Yara-produced fertilizer	5,112	5,100	5,243	5144	4701
of which Yara-produced industrial products	489	570	649	710	684
NPK	9,486	9,925	8,183	6605	6565
of which Yara-produced compounds	4,479	4,386	4,391	4233	3849
of which Yara-produced blends	4,600	5,139	3,546	2004	1937
CN	1,396	1,380	1,323	1271	1286
of which fertilizer	1,038	1,002	987	898	919
of which Yara-produced fertilizer	1,021	975	971	862	884
of which Yara-produced industrial products	326	349	309	344	340
UAN	1,295	1,332	1,290	1222	1158
of which Yara-produced fertilizer	1,043	1,200	1,196	1165	1052
DAP/MAP	888	777	377	483	249
MOP/SOP	1,222	989	596	309	269
Other products	5,590	4,533	4,079	3656	3561
of which industrial products[3)]	3,479	3,184	3,214	2817	2682
Total deliveries [3)]	35,676	34,951	32,127	29322	28163

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 tonnes	2015	2014	2013	2012	2011
Europe	9,381	9,755	10,199	9,706	9,367
Latin America	10,610	9,864	6,900	4,720	3,798
North America	3,008	3,320	3,265	3,038	2,887
Asia	2,125	2,011	2,279	2,124	2,284
Africa	1,420	1,368	1,026	1,160	1,188
Total	26,544	26,317	23,668	20,748	19,522

Purchase of raw materials

Thousand tonnes	2015	2014	2013	2012	2011
Phosphate rock (in 70 BPL equivalents)	997	1,040	1,059	972	916
Potassium (in MOP equivalents)	3,303	3,218	2,039	1,801	1,649

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.

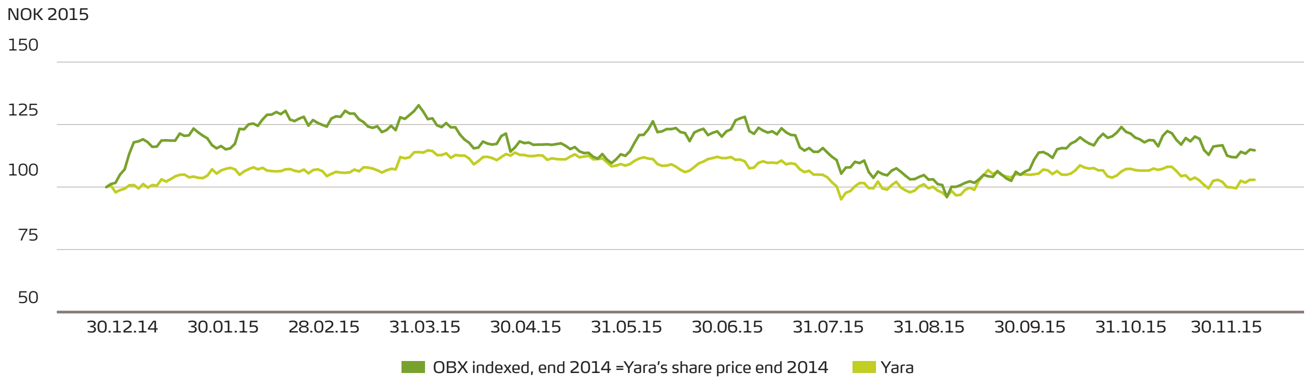
Share performance and distribution

In 2015 a total of 602 million Yara shares were traded, of which 179 million were traded on the OSE at a value of NOK 70 billion, making Yara the fifth most traded company on the OSE. The average daily trading volume for Yara shares on the OSE during 2015 was 711,781.

The highest closing price during the year was NOK 443 and the lowest was NOK 320.40. The year-end closing price was NOK 382.90, representing a 15% increase from the 2014 year-end closing price. Yara's market value as of 31 December 2015 was NOK 105.3 billion, making Yara the fourth-largest company quoted on the Oslo Stock Exchange.

At year-end 2015 Yara had 32,894 shareholders. Non-Norwegian investors owned 43.7% of the total stock, of which 17.8% was from the United States and 6.9% 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 20.1% at the end of 2015.

Yara share & OBX performance



Common share data

	Q1	Q2	Q3	Q4	2015	2014
Basic earnings per share	2.65	10.59	14.56	1.58	29.38	27.59
Average number of shares outstanding [1]	275,497,775	275,270,079	275,083,369	274,616,304	275,114,375	276,385,013
Period end number of shares outstanding [1]	275,497,775	275,083,369	275,083,369	274,173,369	274,173,369	275,497,775
Average daily trading volume [2]	910,822	741,346	601,062	605,696	712,835	936,372
Average closing share price	407	398	380	382	391	288
Closing share price (end of period)	410	408	340	383	383	334
Closing share price high	436	443	428	414	443	340
Market capitalization (end of period NOK billion)	113.0	112.3	93.4	105.3	105.3	92.2
Dividend per share					15.00 [3]	13.00

1) Excluding own shares
2) Only traded 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 2015, the ADR was quoted at USD 42.88, a 3% decrease 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 buybacks. Within this objective, a minimum 30% of net income is to be paid in the form of dividends, while share buybacks 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 2015 Yara paid out NOK 4,022 million in dividends and share buybacks, representing approximately 53% of net income in 2014. Dividends accounted for NOK 3,581 million, representing 47% of 2014 net income, while share buybacks amounted to NOK 441 million, representing 6 % of 2014 net income.

Yara's Board will propose to the Annual General Meeting a dividend payment of NOK 15 per share for 2015, which represents 51% of net income after non-controlling interests, totaling a payment of NOK 4,113 million based on outstanding shares at the date this financial statement was authorized for issue.

The Yara Annual General Meeting on 11 May 2015 authorized Yara's Board to buy back up to 5% of total shares (13,754,168 shares) before the 2016 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 2015 Yara had bought 910,000 shares under the existing authorization.

Shareholding distribution

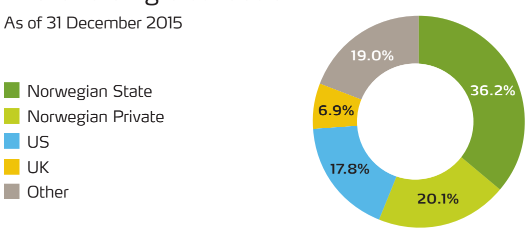
As of 31 December 2015

Ownership structure

No. of shares	No of sharehholders	% of share capital
1-100	20115	0.25
101-1000	10286	1.21
1001-10000	1779	1.99
10001-100000	483	5.96
100001-1000000	195	21.86
above 1000000	36	68.74
	32894	100.0

Shareholding distribution

As of 31 December 2015



Shareholding distribution [1)]

As of 31 December 2015

Ownership structure

Name	Holding (%)
Ministry of Trade, Industry and Fisheries	36.21
Norwegian National Insurance Scheme Fund	6.49
Fidelity Management & Research	2.36
BlackRock	1.79
SAFE Investment Company	1.66
SSGA	1.60
KLP	1.28
LSV Asset Management	1.26
Sprucegrove Investment Management	1.19
Nordea Asset Management	1.17
DNB Asset Management	1.14
Storebrand Asset Management	1.08
Vanguard Group	1.02
Danske Capital	1.01
Epoch Investment Partners	0.94
Odin Fund Management	0.85
JPMorgan Asset Management	0.82
SEB Asset Management	0.81
Investec Asset Management	0.73
GMO	0.72

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 10 largest registered shareholders as of 31 December 2015, see note 13 on page 152 in this annual report.

2016 Annual General Meeting

The Yara Annual General Meeting will take place at 17:00 (CEST) Tuesday 10 May 2016, 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 Monday 09 May 2016.

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

30 financial analysts provide market updates and estimates for Yara's financial results, of whom 20 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

2015 Dividend schedule
Ex-dividend date 11 May 2016
Payment date 24 May 2016

2016 Release dates

First quarter	21 April 2016
Second quarter	21 July 2016
Third quarter	21 October 2016
Fourth quarter	09 February 2017

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 2015 Global Risk report from the World Economic Forum (WEF), a number 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 2015 'Agricultural Projections to 2024', 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 3.5% 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 2015 was on average 19% down on 2014, with a 15% drop for cereals. In their joint 'Agricultural Outlook 2015–2024' report, the FAO and the Organization for Economic Co-operation and Development (OECD) project that overall growth in the demand for agricultural produce will remain strong, with improved pricing. 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 2015 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 2015 assessment 'Fertilizer Outlook 2014/15–2019/20', sees a moderate growth in global fertilizer demand towards 2019/20. 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 199 million tonnes of nutrients in 2019 (compared with an estimated 187 million tonnes in 2015), of which nitrogen constitutes 119 million tonnes.

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, but also natural gas prices, 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 led to a significant reduction in P consumption through 2014. As India is the by far the world's largest importer, this development has had a substantial negative effect on global pricing. But during 2015, Indian phosphate import demand rebounded strongly, a main contributor to a rather stable pricing for phosphates. As is the case in the nitrogen market, China is a main swing supplier also for phosphates, and export cost from China is an 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 2015.

Industrial solutions

Economic growth is also the main driver of demand for Yara's industrial products. Urbanization and a growing middle class drives demand for several chemicals where nitrogen is an important intermediate, as well as technical ammonium nitrate used for explosives industry. Increasing focus on clean air drives demand for abatement technology of NO_X and SO_X in the maritime and land-based industry, as well as for reagent for NO_X abatement in the transport and maritime sector.

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 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, the nitrogen based chemical market is expected to grow in the medium term.

The industrial nitrates business with applications in waste water treatment and concrete admixtures expect further market growth as civilization and urbanization lead to an increasing share of the population living in cities looking for better and healthier living circumstances.

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 most recent five-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. 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, Saudi Arabia 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, on timing and production volume. 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 tonnes, 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 operations, 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 focused 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, particularly in parts of Asia; as well as in Africa in the long term. 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	2015	2014
Revenue		108,011	95,047
Other income	3	3,683	293
Commodity based derivatives gain/(loss)		203	2
Revenue and other income	5	111,897	95,343
Raw materials, energy costs and freight expenses		(79,941)	(71,581)
Change in inventories of own production		874	1,023
Payroll and related costs	6	(8,047)	(6,616)
Depreciation, amortization and impairment loss	7,17	(6,933)	(4,678)
Other operating expenses	6	(3,745)	(3,186)
Operating costs and expenses	5	(97,793)	(85,037)
Operating income	5	14,104	10,305
Share of net income in equity-accounted investees	14,17	(310)	786
Interest income and other financial income	8	605	550
Earnings before interest expense and tax (EBIT)	5	14,398	11,642
Foreign currency translation gain/(loss)	8	(2,463)	(698)
Interest expense and other financial items	8	(1,291)	(909)
Income before tax		10,644	10,035
Income tax expense	9	(2,209)	(2,092)
Net income		8,435	7,944
Net income attributable to			
Shareholders of the parent	10	8,083	7,625
Non-controlling interests	23	351	319
Net income		8,435	7,944
Earnings per share [1)]		29.38	27.59
Weighted average number of shares outstanding [2)]	10	275,114,375	276,385,013

1) Yara currently has no share-based compensation that results in a dilutive effect on earnings per share.
2) Weighted average number of shares outstanding was reduced in second, third and fourth quarter 2014 and 2015 due to the share buy-back program.

Consolidated statement of comprehensive income

NOK millions, except share information	Notes	2015	2014
Net income		8,435	7,944
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translation on translation of foreign operations	29	6,259	8,057
Available-for-sale financial assets - change in fair value	31	31	(12)
Cash flow hedges	30	18	(20)
Hedge of net investments	30	(796)	(682)
Share of other comprehensive income of equity-accounted investees, excluding remeasurements		64	52
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		5,577	7,395
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Remeasurements of the net defined benefit pension liability	24	577	(1,026)
Remeasurements of the net defined benefit pension liability for equity-accounted investees	14,24	11	(160)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		588	(1,186)
Reclassification adjustments of the period:			
Cash flow hedges	30	6	13
Fair value adjustments on available-for-sale financial assets disposed of in the year	31	-	(16)
Foreign currency translation on foreign operations disposed of in the year	3	(341)	8
Net reclassification adjustment of the period		(335)	4
Total other comprehensive income, net of tax		5,830	6,214
Total comprehensive income		14,265	14,157
Total comprehensive income attributable to			
Shareholders of the parent		13,783	13,325
Non-controlling interests	23	481	832
Total		14,265	14,157

Consolidated statement of changes in equity

NOK millions	Share Capital [1]	Premium paid-in capital	Translation of foreign operations	Available for sale financial assets	Cash flow hedges	Hedge of net investments	Total other reserves	Retained earnings	Attributable to shareholders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2013	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 [2]	(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
Net income	-	-	-	-	-	-	-	8,083	8,083	351	8,435
Other comprehensive income, net of tax	-	-	5,787	31	24	(796)	5,047	577	5,624	130	5,755
Share of other comprehensive income of equity-accounted investees	-	-	20	-	44	-	64	11	75	-	75
Total other comprehensive income, net of tax	-	-	5,807	31	69	(796)	5,111	588	5,700	130	5,830
Long term incentive plan	-	-	-	-	-	-	-	(4)	(4)	-	(4)
Transactions with non-controlling interests [3]	-	-	743	-	-	-	743	(325)	418	(2,893)	(2,475)
Treasury shares	(2)	-	-	-	-	-	-	(362)	(364)	-	(364)
Redeemed shares, Norwegian State [4]	(1)	-	-	-	-	-	-	(127)	(127)	-	(127)
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	-	-	-	-	298	298
Dividends distributed	-	-	-	-	-	-	-	(3,581)	(3,581)	(246)	(3,827)
Balance at 31 December 2015	466	117	15,996	34	(76)	(1,600)	14,353	58,954	73,890	1,837	75,727

1) Par value 1.70.
2) As approved by General Meeting 5 May 2014
3) See note 23 for more information.
4) As approved by General Meeting 11 May 2015

Consolidated statement of financial position

NOK millions	Notes	31 Dec 2015	31 Dec 2014
Assets			
Non-current assets			
Deferred tax assets	9	2,950	2,804
Intangible assets	11	9,583	12,008
Property, plant and equipment	12	52,424	44,584
Equity-accounted investees	14	9,769	10,934
Other non-current assets	16	2,956	2,729
Total non-current assets		77,681	73,059
Current assets			
Inventories	18	19,948	18,639
Trade receivables	19	12,098	12,100
Prepaid expenses and other current assets	20	4,383	4,196
Cash and cash equivalents	21	3,220	3,591
Non-current assets and disposal group classified as held-for-sale	13	1,533	47
Total current assets		41,182	38,573
Total assets		118,863	111,632

Consolidated statement of financial position

NOK millions, except share information	Notes	31 Dec 2015	31 Dec 2014
Equity and liabilities			
Equity			
Share capital reduced for treasury stock	22	466	468
Premium paid-in capital		117	117
Total paid-in capital		583	586
Other reserves		14,353	8,499
Retained earnings		58,954	54,681
Total equity attributable to shareholders of the parent		73,890	63,765
Non-controlling interests	23	1,837	4,196
Total equity		75,727	67,962
Non-current liabilities			
Employee benefits	24	3,751	3,897
Deferred tax liabilities	9	5,392	5,767
Other long-term liabilities		1,448	989
Long-term provisions	25	773	725
Long-term interest-bearing debt	26	9,354	10,609
Total non-current liabilities		20,718	21,987
Current liabilities			
Trade and other payables	27	14,674	14,628
Current tax liabilities	9	693	1,060
Short-term provisions	25	325	348
Other short-term liabilities		875	843
Bank loans and other short-term interest-bearing debt	28	3,635	4,460
Current portion of long-term debt	26	2,102	345
Liability associated with non-current assets or disposal group classified as held for sale	13	115	-
Total current liabilities		22,418	21,683
Total equity and liabilities		118,863	111,632
Number of shares outstanding [1)]		274,173,369	275,497,775

1) The number of shares outstanding was reduced in the second, third and fourth quarters of 2014 and 2015 due to the share buy-back program.

The Board of Directors of Yara International ASA
Oslo, 17 March 2016

Leif Teksum
Chairperson

Maria Moræus Hanssen
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

Svein Tore Holsether
President and CEO

Consolidated statement of cash flows

NOK millions	Notes	2015	2014
Operating activities			
Operating Income		14,104	10,305
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation, amortization and impairment loss	7	6,933	4,678
Write-down inventory and trade receivables		265	53
Tax paid [1]		(3,380)	(2,378)
Dividend from equity-accounted investees	14	807	1,322
Interest and bank charges received/(paid)		(40)	(384)
(Gain)/loss on disposal and revaluation of non-current assets [2]	3	(3,280)	157
Other		(60)	(113)
Working capital changes that provided/(used) cash			
Trade receivables		256	(218)
Inventories		(1,520)	(2,439)
Prepaid expenses and other current assets		1,489	(662)
Trade payables		(200)	(1,170)
Other interest free liabilities		(744)	(544)
Net cash provided by operating activities		14,631	8,607
Investing activities			
Purchases of property, plant and equipment	12	(9,631)	(7,020)
Net cash outflow on acquisition of subsidiary	4	(1,406)	(2,280)
Purchases of other long-term investments	11	(904)	(524)
Net sales/(purchases) of short-term investments		(132)	-
Proceeds from sales of property, plant and equipment		138	26
Net cash inflow on disposal of subsidiary		-	-
Proceeds from sales of other long-term investments	3	5,048	98
Net cash used in investing activities		(6,888)	(9,700)
Financing activities			
Loan proceeds		19	5,165
Principal payments		(1,479)	(4,503)
Purchase of treasury shares		(364)	(230)
Redeemed shares Norwegian State		(127)	(211)
Dividend	22	(3,581)	(2,771)
Transactions with non-controlling interests	23	(2,825)	-
Other cash transfers from/(to) non-controlling interest	23	54	163
Net cash used in financing activities		(8,304)	(2,387)
Foreign currency effects on cash flows		189	246
Net increase/(decrease) in cash and cash equivalents		(371)	(3,233)
Cash and cash equivalents at 1 January		3,591	6,824
Cash and cash equivalents at 31 December	21	3,220	3,591
Bank deposits not available for the use of other group companies	21	436	463

1) 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 334 million in 2015 (2014: NOK 349 million).
2) Gain on sale of GrowHow UK is included with NOK (3.199) million in 2015.

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 notes 5, 14 and 15.

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. The following amendments to IFRSs are effective for an accounting period beginning after 1 January 2015.

- IAS 19 Defined Benefit Plans: Employee Contributions – Amendments to IAS 19. Adoption 1 January 2015.
- Improvements to IFRSs, 2010-2012 cycle and 2011-2013 cycle (December 2013). Adoption 1 January 2015.

These amendments had no material impact on the disclosures or amounts recognized in the Group's consolidated financial statements.

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 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 2018.
- IFRS 9 Financial Instruments (issued 2009). Expected adoption 1 January 2018.
- Improvements to IFRSs, 2012-2014 cycle and 2011-2013 cycle (September 2014). Adoption 1 January 2016.
- IFRS 16 Leases. Expected adoption 1 January 2019.

Impact on the group – selected standards not yet effective
IFRS 9 Financial Instruments (as revised in 2014) will supersede IAS 39 upon its effective date for annual periods beginning on or after 1 January 2018. The number of categories of financial assets have been reduced to financial assets measured at amortized cost and financial assets measured at fair value. However, the standard introduces a "fair value through other comprehensive income" measurement category for certain simple debt instruments. IFRS 9 also presents a new impairment model which is based on expected credit losses, rather than on incurred credit losses. As a credit event is not necessary for recognizing an impairment loss, the directors expect that there may be a change in timing of recognizing impairment losses as these may be recognized at an earlier stage but not necessarily a change in the amount of recognized losses. IFRS 9 also suggests more flexibility in hedge accounting as it allows entities to

hedge one or more risk components of non-financial contracts. It has not been assessed whether Yara will apply these possibilities. Full evaluation of the impact has not been completed at this stage.

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. The evaluation of the impact will be completed during the next year, but as the majority of revenues in Yara stem from sale of goods with only one performance obligation, the directors do not anticipate the implementation of IFRS 15 to significantly impact the financial statements, except for more extensive disclosures.

IFRS 16 leases was issued in January 2016 and applies to annual periods beginning after 1 January 2019. IFRS 16 specifies how to recognize, measure and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The evaluation of the impact has not been completed at this stage, but the directors anticipate that the implementation of the lease standard will have an isolated negative effect on key figures using total assets as a variable, for example return on capital employed (ROCE). However, a positive impact on EBITDA is expected since the costs will be presented as depreciations and interest expense in the income statement, rather than operating lease expense. For cash return on gross investment (CROGI) there will be a positive effect on gross cash flow, but a negative effect on gross investments. The effects have not been quantified at this stage. See note 34 for more information about the Group's operating and financial lease commitments.

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

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 has 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 by using the direct method of consolidation, 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 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, 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 acquirer'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.

Assets held-for-sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. When the sale is highly probable the management is committed to the sale and the sale is expected to be completed within one year.

When the Group is committed to a sale plan involving disposal of an investment , or a portion of an investment, in an associate of joint venture, the investment or the portion of the investment that will be disposed of is classified as held-for-sale when the criteria described above are met. The Group discontinues the use of the equity method in relation to the portion that is classified as held-for-sale.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell.

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 project has reached the development phase. 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 estimated

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 14 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 35. 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. Subsequently, such assets are 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 judgments, 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 judgments, 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 2015, mainly due to uncertain economic conditions in local markets. None of these facilities were temporarily or permanently closed at the end of 2015. Total impairment write-down recognized on property, plant and equipment in 2015 was NOK 1,183 million. The carrying amount of property, plant and equipment at 31 December 2015 is NOK 52,424 million. See note 12 and 17 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 2015 was NOK 920 million of which Lifeco was NOK 893 million. The impairment were triggered by the worsening security outlook in Libya and an assessment of Lifeco's operating ability. The total carrying value of equity-accounted investees at 31 December 2015 is NOK 9,769 million. See note 14 and 17 for more information.

Goodwill and other intangible assets

Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and other intangible assets have 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 value of goodwill and other intangible assets at 31 December 2015 is NOK 7,016 million and NOK 2,567 million, respectively. Yara recognized impairment of goodwill and other intangible assets of NOK 308 million in 2015. Details of recognized goodwill are provided in note 11 and the impairment information, including sensitivity disclosures, is provided in note 17. 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. See note 11 and 17 for further details.

Assessment of influence and control and classification of joint arrangements

Management has used judgment in relation to the classification of a new joint operation that is constructing an ammonia plant in the US. The company is owned 68% by Yara but controlled jointly with the other owner. Further information about this investment and the classification is provided in note 15.

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, judgment 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 2015 is NOK 19,948 million and write-down at year-end is NOK 152 million. See note 18 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 amount of unrecognized tax assets has increased from NOK 559 million at 31 December 2014 to NOK 1,404 million at 31 December 2015, mainly due to later expected utilization of tax losses. The carrying amounts of deferred tax assets and deferred tax liabilities are NOK 2,950 million and NOK 5,392 million, respectively, at 31 December 2015. See note 9 for further details. The transaction with the non-controlling interest in Yara Pilbara Holding (Pilbara) in 2015 resulted in a reduced deferred tax liability of NOK 359 million for Yara and is provisionally determined at 31 December 2015. The estimate is based on available information but the final amount might change in future periods. See note 23 for more information about this transaction.

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 2015 is NOK 2,971 million. The gross pension liabilities have a carrying value of NOK 16,805 million at the same date. Detailed information, including sensitivity disclosures, is provided in note 24.

Note 2 Composition of the group

The consolidated financial statement of Yara comprises 160 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.U.
Yara Australia Pty Ltd.	100.0%	Australia	Yara Technology B.V.
Yara Nipro Pty Ltd.	100.0%	Australia	Yara Australia Pty Ltd.
Yara Pilbara Fertilisers Pty Ltd.	100.0%	Australia	Yara Pilbara Holdings Ltd.
Yara Pilbara Holdings Pty Ltd.	100.0%	Australia	Yara Australia Pty Ltd. (51%) and Chemical Holdings Pty Ltd. (49%)
Chemical Holdings Pty Ltd.	100.0%	Australia	Yara Australia Pty Ltd.
Yara Barbados Inc.	100.0%	Barbados	Fertilizer Holdings AS
Yara Belgium S.A.	100.0%	Belgium	Yara Nederland B.V.
Yara s.a.	100.0%	Belgium	Yara Belgium S.A.
Yara Tertre SA/NV	100.0%	Belgium	Yara Belgium S.A.
Yara Trinidad Ltd.	100.0%	Bermuda	Yara Caribbean Ltd.
Yara Agrofertil S.A. Indústria e Comércio de Fertilizantes	100.0%	Brazil	Yara Brasil Fertilizantes S.A.
Galvani Industria, Comercio e Servicos S/A	60.0%	Brazil	Yara Agrofértil S/A Indústria e Comércio de Fertilizantes
Yara Brasil Fertilizantes S.A.	100.0%	Brazil	Yara South America Investments B.V. (72%) and Fertilizer Holdings AS (28%)
Yara Cameroun S.A.	65.0%	Cameroon	Yara France SAS
Yara Belle Plaine Inc.	100.0%	Canada	Yara Canada Holding Inc.
Yara Canada Holding Inc.	100.0%	Canada	Fertilizer Holdings AS
Yara Canada Inc.	100.0%	Canada	Fertilizer Holdings AS
Yara Trading (Shanghai) Co. Ltd.	100.0%	China	Yara Asia Pte Ltd.
Yara Colombia S.A.	97.3%	Colombia	OFD Holding S. de RL (65.1%) and Yara International ASA (32.2%)
Compania Costarricense del Cafe S.A.	82.7%	Costa Rica	Yara Iberian S.A.U.
Yara Chemicals A/S	100.0%	Denmark	Yara Chemical Holding Danmark AS
Yara Danmark Gødning A/S	100.0%	Denmark	Yara Holding Danmark AS
Yara Chemical Holding Danmark AS	100.0%	Denmark	Fertilizer Holdings AS
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 Besitz GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Beteiligungs GmbH	100.0%	Germany	Yara Nederland B.V.
Yara Brunsbüttel GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Environmental Technologies GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara GmbH & Co. KG	100.0%	Germany	Yara Investments Germany B.V.

Table continues >>

>> Table continued

Subsidiaries	Ownership	Registered office	Main parent(s)
Yara Industrial GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Investment GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Ghana Ltd.	100.0%	Ghana	Yara Nederland B.V.
Yara Hellas S.A.	100.0%	Greece	Yara International ASA
Nutrientes y Nitratos Quetzales, S.A.	99.0%	Guatemala	Yara Guatemala S.A.
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 (72.3%) and Yara Nederland B.V. (27.7%)
Yara Côte d'Ivoire S.A.	100.0%	Ivory coast	Fertilizer Holdings AS
Yara East Africa Ltd.	100.0%	Kenya	Yara Overseas Ltd.
Yara International (Malaysia) Sdn. Bhd.	70.0%	Malaysia	Yara Asia Pte Ltd.
Yara México S. de R.L. de C.V.	99.9%	Mexico	OFD Holding S. de R.L. (70.7%) and Yara Nederland B.V. (29.2%)
Fertilizer Holdings AS	100.0%	Norway	Yara International ASA
Yara Marine Technologies AS	63.3%	Norway	Marine Global Norway AS
Marine Global Holding AS	63.3%	Norway	Fertilizer Holdings AS
OFD Holding S. de RL	100.0%	Norway	Fertilizer Holdings AS
Yara AS	100.0%	Norway	Fertilizer Holdings AS
Yara Gas Ship A.S	100.0%	Norway	Yara Norge AS
Yara Norge AS	100.0%	Norway	Yara International ASA
Yara Peru S.R.L.	100.0%	Peru	OFD Holding S. de R.L.
Yara Fertilizers Philippines Inc.	92.6%	Philippines	Yara Asia Pte Ltd.
Yara Poland Sp. zo. o	100.0%	Poland	Yara Nederland B.V.
Yara Asia Pte Ltd.	100.0%	Singapore	Yara International ASA
Yara Animal Nutrition South Africa (Pty) Ltd.	100.0%	South Africa	Yara Phosphates Oy
Yara Africa Fertilizers (Pty) Ltd.	100.0%	South Africa	Yara Nederland B.V.
Yara Holdings Spain S.A.	100.0%	Spain	Yara Nederland B.V.
Yara Iberian S.A.U.	100.0%	Spain	Yara Holdings Spain S.A.U.
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.
Yara Tanzania Ltd.	100.0%	Tanzania	Fertilizer Holdings AS
Yara Thailand	100.0%	Thailand	Yara Asia Pte Ltd.
Yara Benelux B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Dallol B.V.	51.8%	The Netherlands	Yara Nederland B.V.
Yara Finance Coöperatief W.A.	100.0%	The Netherlands	Fertilizer Holdings AS
Yara Finance Netherlands B.V.	100.0%	The Netherlands	Yara Finance Coöperatief W.A.
Yara Gas B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Holding Netherlands B.V.	100.0%	The Netherlands	Fertilizer Holdings AS
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 Nederland B.V.	100.0%	The Netherlands	Yara Holding Netherlands 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 Technology B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Vlaardingen 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. - North Europe
Yara UK Ltd. - North Europe	100.0%	United Kingdom	Fertilizer Holdings AS
Yara North America Inc.	100.0%	United States	Yara International ASA
Freeport Ammonia LLC	100.0%	United States	Yara North America Inc.
Yara West Sacramento Terminal LLC	100.0%	United States	Yara North America Inc.

Note 3 Business initiatives

Acquisitions

In December 2015, Yara acquired the assets of West Sacramento Nitrogen Operations (USA) from Agrium for a purchase price of NOK 239 million, mainly allocated to property, plant and equipment. Yara will utilize the location as an import terminal for finished products, optimizing the site within the total footprint of Yara's West Coast operations. The West Sacramento terminal will provide Yara with greater market access to Northern California and its intensive agricultural market. The site will be used as an import terminal for finished products and complements Yara's terminals in San Diego, Stockton and Port Hueneme.

On 4 December 2015, Yara announced that it had signed an agreement to acquire Greenbelt Fertilizers for USD 51 million. Greenbelt Fertilizers is a leading distributor of fertilizers in Zambia, Malawi and Mozambique. Zambia with its neighboring countries makes up a fast-growing agricultural region with low but increasing fertilizer application rates, and Yara expects continued fertilizer demand growth in the region. Greenbelt started operations in Zambia in 2004 and has become a leading fertilizer distributor in Zambia, Malawi and Mozambique, with sales of 80 kilotons and an EBITDA of USD 5 million in the fiscal year ending 31 March 2015. Greenbelt owns three blending plants and three warehouses. The transaction value includes net working capital of USD 32 million.
The transaction is expected to close within second quarter 2016 latest, subject to competition authority approval and other customary closing conditions.

In November 2015, Yara paid NOK 1,091 million (USD 132 million) deferred consideration and capital injection on behalf of the minority shareholders for the Salitre phosphate project based on project progress and in accordance with agreements entered into with the acquisition of 60% of Galvani (Brazil) on 1 December 2014. The amount is presented on the line "Net cash outflow on acquisition of subsidiary" within investing activities in the statement of cash flows.

On 29 October 2015, Yara acquired an additional 49% interest in Yara Pilbara Holding (Pilbara). More information is provided in note 23.

Other business initiatives

Yara announced on 29 July 2015 that it will be investing USD 263 million in Sluiskil, Netherlands, to increase granulation capacity enabling increased production of granular urea with sulphur, and nitrates. In 2011, Yara completed the construction of a new world scale urea solution plant in Sluiskil which partly feeds an old prilling unit producing 400,000 tons of urea annually. With this investment, the prilling unit will be replaced by a new urea granulator also designed for production of urea with sulphur, a product that is sold with a premium to regular urea. The new granulator will have an annual capacity of 660,000 tons of urea with sulphur. In parallel with increasing urea production, Sluiskil will reduce UAN production by approximately 230,000 tons per annum, freeing up nitric acid capacity enabling 130,000 tons per annum of additional CAN production. The new plant will be based on technology developed by Yara. Construction has started in 2016, with completion expected in second half 2017.

On 19 February 2015, Yara announced that it has agreed with BASF to build a world scale ammonia plant in Texas. The ammonia plant is owned 68% by Yara and 32% 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 to 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 is building 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. The plant is expected to be completed by the end of 2017. Yara is managing the construction of the plant, while BASF will operate the plant and the export terminal. The entity is classified as a joint operation and Yara accounts for the assets, liabilities, revenues and expenses relating to its 68% interest in the investment.

Disposals

On 30 November 2015, Yara reduced its ownership in Yara Dallol (Dallol) from 69% to 51.8%. More information is provided in note 23.

On 15 September 2015, Yara announced that it had signed a non-binding Heads of Terms with U.S.-based Praxair, Inc. to sell its European CO_2 business. More information is provided in note 13.

On 31 July 2015, Yara sold its 50% stake in GrowHow UK Group Limited to CF Industries. Yara and CF Industries have each owned 50% of GrowHow UK since 2007 and 2010 respectively. GrowHow UK has two production sites in Ince and Billingham with a total production capacity of approximately 0.8 million tons of ammonia, 1.1 million tons of ammonium nitrate and 0.5 million tons of compound NPK. With limited export possibilities, GrowHow UK primarily serves the UK fertilizer market. The investment in GrowHow UK has been accounted for based on the equity method. The sale generated a tax free gain in 2015 reported as "other income" within operating income of NOK 3,199 million. This includes a cumulative foreign currency translation gain of NOK 312 million recognized in other comprehensive income during the ownership period which have been recognized in the statement of income at closing. The gain is reported in the Production segment. The cash consideration received at closing was NOK 4,794 million and is presented on the line "Proceeds from sales of other long-term investments" within investing activities in the statement of cash flows.

The table below presents the impact of GrowHow UK on the various financial statements of Yara:

NOK millions	2015	2014
Statement of income		
Other income	3,199	-
Share of net income in equity-accounted investees	131	232
Statement of other comprehensive income		
Exchange differences on foreign operations disposed of in the year	(312)	-
Exchange differences on translation of foreign operations	180	248
Remeasurements of the net defined benefit pension liability for equity-accounted investees	11	(157)
Statement of changes in equity		
Translation of foreign operations (cumulative closing balance)	-	131
Statement of financial position		
Equity-accounted investees	-	1,583
Statement of cash flows		
Proceeds from sales of other long-term investments	4,794	-
Dividend from equity-accounted investees	-	285

Business initiatives 2014

Major 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 was 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 was 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 Production 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, and are included in the Crop nutrition segment. More detailed information can be found in note 4.

Other acquisitions

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.

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 Production segment.

Yara acquired a majority 63.33% stake in Green Tech Marine (GTM), a sulphur oxide (SO_X) 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 Crop nutrition segment.

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 Crop nutrition segment.

More detailed information can be found in note 4.

Note 4 Business combinations

Business combinations 2015

The business combinations completed in 2015 are regarded non-material both individually and combined, therefore no detailed information is disclosed. Yara paid significant deferred considerations in 2015 related to business combinations in 2014. These cash flows are presented in the table below.

Net cash outflow on business combinations

NOK millions	Galvani	OFD	Other 2015
Cash transferred	-	-	260
Deferred considerations paid	1,091	58	-
Cash and cash equivalent balances acquired	-	-	(3)
Net cash outflow on business combinations	1,091	58	257

Business combinations 2014

Considerations

NOK millions	Galvani 1 December 2014	OFD 1 October 2014	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) of which Yara paid USD 132 million (NOK 1,091 million) during 2015.

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

NOK millions, except percentages	Galvani 1 December 2014	OFD 1 October 2014	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 had a gross contractual amount of NOK 718 million compared to a fair value of NOK 685 million. The receivables acquired in the business combination of OFD had a gross contractual amount of NOK 1,059 million compared to a fair value of NOK 976 million. For the other business combinations the gross contractual amount was equal to the fair value.

Non-controlling interests

NOK millions	Galvani 1 December 2014	OFD 1 October 2014	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 mainly related to the 36.67% non-controlling interest 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 acquisitions are equal to the equity share.

Goodwill arising on acquisitions

NOK millions	Galvani 1 December 2014	OFD 1 October 2014	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 Production and Crop Nutrition positions in Brazil. The goodwill arising from the OFD acquisition 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 2014	OFD 1 October 2014	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 activities" in the consolidated statement of cash flows.

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.

On 8 February 2016, Yara announced organization and management changes, including renaming of the Downstream segment to "Crop Nutrition" and the Upstream segment to "Production".

As of 1 January 2015, Yara transferred seven plants from the Crop Nutrition and Industrial segments to the Production segment. These plants have historically been included in Crop Nutrition and Industrial as they have mainly served the local markets. The transfer is reflecting that Production has the operational responsibility of the plants.

Plants transferred from Crop Nutrition are: Montoir (France), Ambes (France), Ravenna (Italy), Rostock (Germany) and Glomfjord (Norway). Plants transferred from Industrial are: Pardies (France) and Köping (Sweden). Total property, plant and equipment transferred to Production is NOK 2,974 million, of which NOK 2,466 million is transferred from Crop Nutrition and NOK 508 million is transferred from Industrial.

It has not been practically possible to restate the 2014 comparative figures on segment level as this would require implementation of transfer pricing on historical transactions. Instead, Yara will present two sets of 2015 segment figures based on the new and the previous segment structure. The 2015 figures based on previous segment structure will then be comparable with prior year figures.

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.

Crop Nutrition

The Crop Nutrition 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, Crop Nutrition is present in 54 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. Following the transfer of five production plants from the Crop Nutrition segment to the Production segment as of 1 January 2015, most of the segment's sales volume is purchased on an arm's-length basis from the Production segment or third parties. The Crop Nutrition segment is mainly a margin business, which reduces volatility in Yara's earnings. With a relatively lower investment in chemical manufacturing capacity, the Crop Nutrition 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.

Production

The Production segment comprises the manufacturing plants producing ammonia and finished fertilizer and industrial products such as urea, nitrates and NPK, phosphate mining, and the global trade and shipping of ammonia. The Production 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 are classified as joint operations, for which we consolidate our share of assets, liabilities, revenues and expenses. Please see note 15 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 Production 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 Production segment's operating results is similar to other fertilizer producers and is typically less stable than the operating results of Yara's Crop Nutrition 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 50 - 51 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 Production, Crop Nutrition or Industrial segment, are reported separately under "Other and eliminations". These amounts principally include interest income and expenses, realized and unrealized foreign currency translation 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	New segment structure 2015	Previous segment structure 2015	Previous segment structure 2014
External revenues and other income				
Crop Nutrition		80,198	80,313	71,494
Industrial		17,233	17,400	14,928
Production		14,383	14,153	8,874
Other and eliminations		82	32	46
Total		111,897	111,897	95,343
Internal revenues and other income				
Crop Nutrition		1,591	2,401	1,724
Industrial		113	160	164
Production		41,429	36,471	31,976
Other and eliminations		(43,132)	(39,031)	(33,864)
Total		-	-	-
Revenues and other income				
Crop Nutrition		81,789	82,713	73,219
Industrial		17,346	17,560	15,092
Production		55,812	50,624	40,850
Other and eliminations		(43,050)	(39,000)	(33,819)
Total		111,897	111,897	95,343
Operating expenses excl depreciation, amortization and impairment loss				
Crop Nutrition		(76,056)	(77,260)	(67,738)
Industrial		(15,968)	(16,209)	(13,814)
Production		(41,103)	(35,537)	(31,718)
Other and eliminations		42,267	38,146	32,910
Total		(90,860)	(90,860)	(80,359)
Depreciation, amortization and impairment loss				
Crop Nutrition		(760)	(1,699)	(993)
Industrial		(204)	(398)	(306)
Production		(5,867)	(4,733)	(3,276)
Other and eliminations		(102)	(102)	(102)
Total	7,17	(6,933)	(6,933)	(4,678)
Operating Income				
Crop Nutrition		4,973	3,754	4,488
Industrial		1,174	952	973
Production		8,842	10,354	5,856
Other and eliminations		(886)	(956)	(1,011)
Total		14,104	14,104	10,305
Share of net income in equity-accounted investees				
Crop Nutrition		26	26	53
Industrial		102	102	96
Production		(438)	(438)	638
Total	14	(310)	(310)	786
Interest income and other financial income				
Crop Nutrition		428	428	457
Industrial		6	6	8
Production		117	117	16
Other and eliminations		54	54	69
Total	8	605	605	550
EBITDA				
Crop Nutrition		6,188	5,907	5,991
Industrial		1,489	1,461	1,385
Production		14,414	14,792	9,871
Other and eliminations		(729)	(800)	(840)
Total		21,361	21,361	16,407

Operating segment information, Other

NOK millions	Notes	New segment structure 2015	Previous segment structure 2015	Previous segment structure 2014
Reconciliation of EBITDA to Income before tax				
EBITDA		21,361		16,407
Depreciation, amortization and impairment loss [1]	7	(6,962)		(4,766)
Foreign currency translation gain/(loss)	8	(2,463)		(698)
Interest expense and other financial items	8	(1,291)		(909)
Income before tax		10,644		10,035
EBIT				
Crop Nutrition		5,428	4,208	4,998
Industrial		1,282	1,060	1,076
Production		8,521	10,032	6,510
Other and eliminations		(832)	(902)	(942)
Total		14,398	14,398	11,642
Investments [2]				
Crop Nutrition		1,455	2,372	3,143
Industrial		242	712	766
Production		9,519	8,132	9,326
Other and eliminations		101	101	176
Total		11,316	11,316	13,411

1) Including amortization and impairment of excess value in equity-accounted investees
2) 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	New segment structure 2015	Previous segment structure 2015	Previous segment structure 2014
Gross cash flow after tax [1]			
Crop Nutrition	4,837	4,862	4,755
Industrial	1,194	1,221	1,140
Production	12,174	12,174	8,403
Other and eliminations	323	270	(199)
Total	18,528	18,528	14,099
Gross investment [2]			
Crop Nutrition	27,710	34,930	26,288
Industrial	5,464	7,886	6,756
Production	100,661	91,018	73,257
Other and eliminations	(1,585)	(1,584)	(621)
Total	132,250	132,250	105,679
Cash Return on Gross Investment (CROGI)			
Crop Nutrition	17.5%	13.9%	18.1%
Industrial	22.0%	15.5%	16.9%
Production	12.1%	13.4%	11.5%
Total [3]	14.0%	14.0%	13.3%

1) Defined as EBITDA less total tax expense, excluding tax on net foreign currency translation gain/(loss).
2) 12-month average.
3) 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 50 "Definitions and variance analysis" for more information.

NOK millions, except percentages	New segment structure 2015	Previous segment structure 2015	Previous segment structure 2014
Earnings before interest, after tax			
Crop Nutrition	4,077	3,163	3,762
Industrial	987	821	831
Production	6,281	7,415	5,042
Other and eliminations	220	167	(301)
Total	11,565	11,565	9,333
Capital employed [1]			
Crop Nutrition	24,607	27,685	20,284
Industrial	4,009	4,872	4,108
Production	63,202	59,287	46,886
Other and eliminations	(2,094)	(2,120)	(1,049)
Total	89,723	89,723	70,229
Return on capital employed (ROCE)			
Crop Nutrition	16.6%	11.4%	18.5%
Industrial	24.6%	16.8%	20.2%
Production	9.9%	12.5%	10.8%
Total [2]	12.9%	12.9%	13.3%

1) 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.
2) 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% is used for the segments. These two effects explain the variance in ROCE between Yara segments. See page 50 "Definitions and variance analysis" for more information.

Operating segment information, Consolidated statement of financial position

NOK millions	Notes	New segment structure 2015	Previous segment structure 2015	Previous segment structure 2014
Assets [1]				
Crop Nutrition		36,057	40,234	37,551
Industrial		6,509	7,584	6,860
Production		75,077	70,306	64,897
Other and eliminations		1,220	739	2,323
Total		118,863	118,863	111,632
Current assets [1]				
Crop Nutrition		26,373	28,194	25,298
Industrial		5,126	5,365	4,112
Production		12,638	11,010	10,900
Other and eliminations		(2,956)	(3,387)	(1,737)
Total		41,182	41,182	38,573
Non-current assets [1]				
Crop Nutrition		9,683	12,040	12,253
Industrial		1,383	2,220	2,748
Production		62,465	59,322	54,013
Other and eliminations		4,150	4,099	4,044
Total		77,681	77,681	73,059
Equity-accounted investees				
Crop Nutrition		357	357	453
Industrial		276	276	371
Production		9,136	9,136	10,109
Total	14	9,769	9,769	10,934

1) Assets excludes internal cash accounts and accounts receivable related to group relief.

Information about products and major customers

Revenues by product group [1)]

NOK millions	2015	2014
Ammonia	11,813	11,208
of which industrial products	3,435	3,245
Urea	20,394	19,168
of which fertilizer	14,038	13,820
of which Yara-produced fertilizer	5,490	5,565
of which Yara-produced industrial products	5,058	4,221
of which sourced from equity-accounted investees	5,695	6,093
Nitrate	15,972	14,719
of which fertilizer	13,746	12,525
of which Yara-produced fertilizer	12,415	11,433
of which Yara-produced industrial products	1,721	1,795
NPK	32,811	29,393
of which Yara-produced compounds	17,887	14,744
of which Yara-produced blends	13,560	13,457
CN	4,187	3,451
of which fertilizer	3,329	2,646
of which Yara-produced fertilizer	3,271	2,564
of which Yara-produced industrial products	796	749
UAN	2,803	2,540
of which Yara-produced fertilizer	2,221	2,280
DAP/MAP	3,827	2,606
MOP/SOP	3,841	2,671
SSP	1,840	656
Other products	10,523	8,635
of which industrial products	4,162	3,241
Total sales	108,011	95,047

1) The product groups are presented differently from previous years, as industrial products are included in the relevant product groups instead of being presented as a separate group of products.

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	2015	2014	2015	2014	2015	2014
Belgium	1,662	1,510	1,733	1,794	236	531
Denmark	1,687	1,469	229	250	15	10
Finland	1,950	2,017	6,590	5,502	1,395	999
France	7,506	6,549	1,387	1,876	419	599
Germany	4,773	4,870	2,509	2,098	699	473
Great Britain	5,303	4,972	412	2,247	130	95
Italy	3,354	3,392	1,613	1,049	669	206
Spain	1,970	1,875	58	61	1	13
Sweden	2,189	2,219	1,213	717	500	106
The Netherlands	2,071	1,969	5,431	5,176	587	806
Other	4,134	3,582	95	93	5	26
Total EU	36,599	34,423	21,269	20,864	4,658	3,863
Norway	1,893	1,771	4,169	3,728	1,175	1,084
Other Europe	1,316	997	2,181	1,648	810	1
Total Europe	39,808	37,191	27,619	26,239	6,643	4,948
Africa	6,548	5,189	1,974	2,599	239	340
Asia	10,809	9,365	9,163	7,508	19	10
Australia and New Zealand	1,570	1,309	11,910	10,467	419	1,538
North America	13,267	11,944	12,781	11,295	2,240	250
Brazil	26,401	24,103	7,601	8,587	1,195	4,372
Other South and Central America	9,609	5,946	2,586	2,769	561	1,953
Total outside Europe	68,203	57,856	46,015	43,225	4,673	8,463
Total	108,011	95,047	73,634	69,464	11,316	13,411

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. Investments include the acquisition cost for property, plant and equipment, intangible assets, equity-accounted investees and other equity investments. Brazil investments in 2014 included NOK 3,620 million related to the acquisition of Galvani, and Other South and Central America investments in 2014 included NOK 1,500 million related to the acquisition of OFD Holding.

Note 6 Operating expense

NOK millions	Notes	2015	2014
Payroll and related costs			
Salaries		(6,263)	(5,219)
Social security costs		(1,075)	(889)
Social benefits		(68)	(65)
Net periodic pension cost	24	(642)	(443)
Total		(8,047)	(6,616)
Other operating expenses			
Selling and administrative expense		(1,927)	(1,927)
Rental of buildings etc.		(257)	(226)
Travel expense		(421)	(327)
Gain /(loss) on trade receivables		(213)	(71)
Fees auditors, lawyers, consultants		(541)	(380)
Other expenses		(387)	(255)
Total		(3,745)	(3,186)
Research costs [1]		(161)	(154)

1) 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	2015	2014
Depreciation of property, plant and equipment	12	(4,663)	(3,738)
Impairment loss property, plant and equipment	12,17	(1,183)	(222)
Reversal of impairment loss property, plant and equipment	12,17	22	12
Total depreciation and impairment loss property, plant and equipment		(5,824)	(3,948)
Amortization of intangible assets	11	(800)	(622)
Impairment loss intangible assets	11,17	(308)	(107)
Total amortization and impairment loss intangible assets		(1,108)	(729)
Total depreciation, amortization and impairment loss		(6,933)	(4,678)

Note 8 Financial income and expense

NOK millions	Notes	2015	2014
Interest income on customer credits		444	314
Interest income, other		135	170
Dividends and net gain/(loss) on securities		26	66
Interest income and other financial income		605	550
Net foreign currency translation gain/(loss)	29	(2,463)	(698)
Interest expense		(1,001)	(739)
Capitalized interest		111	1
Return on pension plan assets	24	316	418
Interest expense defined pension liabilities	24	(398)	(487)
Reclassification adjustments cash flow hedge [1]	30,31	(7)	(18)
Other financial expense		(312)	(84)
Interest expense and other financial expense		(1,291)	(909)
Net financial income / (expense)		(3,150)	(1,056)

1) 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 2015 are:

NOK millions	2015	2014
Consolidated statement of income		
Current taxes		
Current year	(2,879)	(2,306)
Prior years adjustment	83	(58)
Total	(2,796)	(2,363)
Deferred taxes		
Deferred tax income / (expense) recognized in the current year	1,519	255
Adjustments to deferred tax attributable to changes in tax rates and laws	(53)	4
Reversal of previous write-downs / (write-downs) of deferred tax assets	(879)	12
Total	587	272
Total tax income / (expense) recognized in statement of consolidated income	(2,209)	(2,092)
Other comprehensive income		
Current tax		
Hedge of net investment	294	252
Intercompany currency effect on debt treated as part of net investment	130	(69)
Total current tax	425	183
Deferred tax		
Pensions	(138)	296
Available-for-sale financial assets	(7)	3
Cash flow hedges	(7)	8
Total	(152)	307
Transfers to profit and loss		
Cash flow hedges	(1)	(5)
Total	(1)	(5)
Total tax income / (expense) recognized directly in other comprehensive income	272	486
Total tax income / (expense) recognized in comprehensive income	(1,938)	(1,606)

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	2015	2015	2014
Income before tax		10,644	10,035
Expected income taxes at statutory tax rate [1]	27.0 %	(2,874)	(2,710)
Tax law changes	0.7 %	(79)	6
Foreign tax rate differences	(7.9 %)	845	548
Unused tax losses and tax offsets not recognized as deferred tax assets	6.5 %	(689)	(90)
Previously unrecognized and unused tax losses and deductible temporary differences now recognized as deferred tax assets	(0.4 %)	39	55
Non-deductible expenses	0.9 %	(93)	(106)
Share of net income equity-accounted investees	0.9 %	(92)	224
Tax free income sale of GrowHow UK	(8.1 %)	864	-
Tax free income miscellaneous	(2.0 %)	209	153
Prior year assessment	(0.8 %)	82	(58)
Withholding and capital tax	2.1 %	(222)	(42)
Other, net	1.9 %	(201)	(73)
Total income tax expense		(2,209)	(2,092)
Effective tax rate		20.8%	20.8%

1) 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.

2015

NOK millions	Opening balance	Charged to income	Reclassified from equity to profit or loss	Changes in tax rate	Recognized in other comprehensive income	Transfer	Acquisitions/ disposals [1]	Foreign currency translation	Closing balance
Non-current items									
Intangible assets	(846)	513	-	(4)	-	-	28	(14)	(323)
Property, plant and equipment	(4,343)	236	-	12	-	38	282	(110)	(3,885)
Pensions	820	27	-	(6)	(138)	-	-	24	726
Equity securities available-for-sale	(4)	-	-	-	(7)	-	-	(1)	(12)
Other non-current assets	(967)	(1,036)	-	89	-	8	-	(12)	(1,918)
Other non-current liabilities and accruals	471	415	(1)	(23)	(7)	-	-	32	888
Total	(4,869)	155	(1)	68	(152)	45	310	(81)	(4,525)
Current items									
Inventory valuation	178	87	-	(12)	-	4	1	(12)	244
Accrued expenses	247	66	-	(11)	-	-	-	(17)	284
Assets classified as held for sale	-	-	-	-	-	(49)	-	(3)	(51)
Total	425	153	-	(24)	-	(45)	1	(33)	477
Tax loss carry forwards	2,035	1,214	-	(98)	-	-	-	(140)	3,011
Unused tax credits	2	(2)	-	-	-	-	-	-	1
Valuation allowance	(559)	(879)	-	-	-	-	-	34	(1,404)
Net deferred tax asset/(liability)	(2,963)	641	(1)	(53)	(152)	-	311	(220)	(2,442)

1) Step-up of the tax values in Yara Pilbara and includes NOK 51 million of intangible assets and NOK 308 million for property, plant and equipment. It is related to the acquisition of the remaining 49% of Yara Pilbara. See note 23 for more information.

2014

NOK millions	Opening balance	Charged to income	Reclassified from equity to profit or loss	Changes in tax rate	Recognized in other comprehensive income	Transfer	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)

Unrecognized deductible temporary differences and tax losses

NOK millions	2015	2014
Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized are attributable to the following		
Tax losses [1]	927	230
Deductible temporary differences	478	328
Total	1,404	559

1) Unrecognized tax losses in Brazil is NOK 754 million (2014: NOK 104 million). The increase is due to a later expected utilization of these losses.

Deferred tax presented in the statement of financial position

NOK millions	2015	2014
Deferred tax assets	2,950	2,804
Deferred tax liabilities	(5,392)	(5,767)
Net deferred tax asset/(liability)	(2,442)	(2,963)

Undistributed earnings of foreign subsidiaries and in foreign associates and joint arrangements is amounting to approximately NOK 85 billion that for the main part can be distributed as tax-free dividends. For the expected part of dividend that cannot be distributed as tax-free income, a deferred tax liability of NOK 70 million is recognized.

Specification of expiration of tax loss carry forwards

NOK millions	
2016	24
2017	20
2018	80
2019	34
2020	66
After2020	154
Without expiration	9,946
Total tax loss carry forwards	10,324
Deferred tax effect of tax loss carry forwards	3,011
Valuation allowance	(927)
Deferred tax assets recognized in statement of financial position	2,084

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	2015	2014
Earnings		
Net income for the purposes of basic earnings per share (profit for the year attributable to the equity holders of Yara International ASA)	8,083	7,625
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	275,114,375	276,385,013

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 22.

Note 11 Intangible assets

2015

NOK millions, except percentages	Goodwill	Exploration and evaluation assets [1]	Supplier contracts	Other intangibles [2]	Total
Cost					
Balance at 1 January	6,995	2,324	1,977	3,731	15,028
Addition at cost	-	418	-	247	665
Disposal	-	-	-	(32)	(32)
Acquisition new companies	81	-	-	2	83
Transfer to assets held for sale	(32)	-	-	(51)	(83)
Other transfer [3]	(105)	(2,259)	-	60	(2,305)
Foreign currency translation	229	(8)	373	93	687
Balance at 31 December	7,168	475	2,350	4,050	14,043
Amortization and impairment					
Balance at 1 January	(101)	-	(1,200)	(1,718)	(3,020)
Amortization	-	-	(450)	(350)	(800)
Impairment loss [4]	(43)	(261)	-	(4)	(308)
Disposal	-	-	-	31	31
Transfer to assets held for sale	-	-	-	33	33
Foreign currency translation	(7)	(5)	(267)	(116)	(396)
Balance at 31 December	(152)	(267)	(1,918)	(2,124)	(4,460)
Carrying value					
Balance at 1 January	6,894	2,324	777	2,014	12,008
Balance at 31 December	7,016	208	433	1,926	9,583
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) Includes transfer of carrying amounts from Dallol and Salitre projects with a total of NOK 2,198 million which was previously classified as exploration and evaluation assets. These projects have entered the development phase and have therefore been reclassified to plant under construction.
4) See note 17 for more information.

2014

NOK millions, except percentages	Goodwill	Exploration and evaluation assets [1]	Supplier contracts	Other intangibles [2]	Total
Cost					
Balance at 1 January	5,267	927	1,621	2,542	10,357
Addition at cost	-	173	-	348	522
Disposal	-	-	-	(13)	(13)
Acquisition new companies [3]	981	1,010	-	472 [4]	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	(34)	-	(649)	(1,255)	(1,938)
Amortization	-	-	(351)	(272)	(622)
Impairment loss	(58)	-	-	(50)	(107)
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	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 4 for more information.
4) Mainly customer relationship in Galvani of NOK 115 million and OFD group of NOK 113 million.

Assets used as security

Intangible assets pledged as security was NOK 57 million in 2015 (2014: NOK 46 million). See note 32 for more information.

Note 12

Property, plant and equipment

2015

NOK millions, except percentages	Land	Machinery and equipment	Buildings	Asset under construction	Other	Total
Cost						
Balance at 1 January	1,895	60,393	12,383	5,149	1,054	80,874
Addition at cost	20	2,182	350	7,630	124	10,307
Disposal	(20)	(1,747)	(81)	(7)	-	(1,855)
Acquisition new companies	15	196	72	-	11	295
Transfer to assets held for sale [1]	(35)	(1,564)	(505)	(53)	(345)	(2,502)
Other transfer [2]	(6)	4,093	224	(2,315)	104	2,100
Foreign currency translation	(82)	3,219	213	774	(67)	4,058
Balance at 31 December	1,788	66,774	12,655	11,178	881	93,276
Depreciation and impairment						
Balance at 1 January	(31)	(31,851)	(4,138)	(40)	(230)	(36,290)
Depreciation	-	(4,041)	(542)	-	(80)	(4,663)
Impairment loss	(30)	(898)	(255)	-	-	(1,183)
Reversed impairment	12	2	8	-	-	22
Disposal	12	1,693	65	-	-	1,770
Transfer to assets held for sale [1]	-	1,213	206	-	88	1,507
Other transfer	-	(2)	2	-	-	-
Foreign currency translation	(2)	(1,880)	(123)	-	(9)	(2,014)
Balance at 31 December	(39)	(35,766)	(4,777)	(40)	(230)	(40,852)
Carrying value						
Balance at 1 January	1,864	28,542	8,244	5,109	825	44,584
Balance at 31 December	1,749	31,007 [3]	7,878 [4]	11,138	652	52,424
Useful life in years		4 - 20	20 - 50		5 - 10	
Depreciation rate		5 - 25 %	2 - 5 %		10 - 20 %	

1) Transfer to assets held for sale consists mainly of the assets of the European CO_2 business that will be divested in 2016.
2) Includes transfer of carrying amounts from Dallol and Salitre projects previously classified as exploration and evaluation assets within intangible assets. These projects have entered the development phase and are now presented as assets under construction.
3) Includes net carrying value related to finance leases of NOK 164 million in 2015.
4) Includes net carrying value related to finance leases of NOK 120 million in 2015.

2014

NOK millions, except percentages	Land	Machinery and equipment	Buildings	Asset under construction	Other	Total
Cost						
Balance at 1 January	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 [1]	623	942	775	255	460	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	(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	1,032	24,054	5,881	3,269	375	34,611
Balance at 31 December	1,864	28,542 [2]	8,244 [3]	5,109	825	44,584
Useful life in years		4 - 20	20 - 50		5 - 10	
Depreciation rate		5 - 25 %	2 - 5 %		10 - 20 %	

1) See note 4 for more information.
2) Includes net carrying value related to finance leases of NOK 219 million in 2014.
3) Includes net carrying value related to finance leases of NOK 138 million in 2014.

Assets used as security

Property, plant and equipment pledged as security was NOK 6,371 million in 2015 (2014: NOK 5,938 million). See note 32 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 12 million in 2015 (2014: NOK 20 million).

Borrowing costs

The amount of borrowing cost capitalized amounted to NOK 111 million in 2015 (2014: NOK 1.3 million). The average rate for the borrowing cost capitalized was 10.5% in 2015.

Compensations

Compensations from insurance companies recognized in the consolidated statement of income amounted to NOK 144 million in 2015 (2014: NOK 49 million).

Note 13 Non-current assets and disposal groups held-for-sale

On 15 September 2015, Yara announced that it had signed a non-binding Heads of Terms with U.S.-based Praxair, Inc. to sell its European CO_2 business for EUR 218 million. The agreement also includes a sale of Yara's remaining 34% stake in the Yara Praxair Holding AS joint venture with Praxair for an estimated EUR 94 million. The European CO_2 business has been defined as a disposal group and together with the Yara Praxair joint venture, reclassified to held-for-sale. The proposed transaction is conditional upon final transaction agreements, obtaining necessary approvals from competition authorities and other customary closing conditions. The transaction is expected to close in the second quarter 2016, with a provisionally estimated post-tax gain of EUR 150 million including the sale of Yara Praxair.

In 2014, Yara's European CO_2 business sold more than 850 thousand metric tons of liquid CO_2 and 50 thousand metric tons of dry ice, delivering an EBITDA of EUR 21.5 million and revenues of EUR 112 million primarily from the food and beverage industry. The business operates 5 CO_2 liquefaction plants, 3 CO_2 ships, 7 ship terminals and 6 dry ice production facilities.

The equity-accounted investee, Yara Praxair, operating in Scandinavia and formed in 2007, had an EBITDA of EUR 35 million and revenues of EUR 145 million in 2014 (100% basis). Yara's share of the net results in 2015 was NOK 46 million on a year-to-date basis. The Heads of Terms also includes an agreement for Yara to supply Praxair with raw CO_2, gas and continue to operate three of the CO_2 liquefaction units which are integrated within Yara's fertilizer plants.

The CO_2 business is part of Yara's Industrial segment.

NOK millions	CO_2 business	Other	Total
Intangible assets and goodwill	51	-	51
Property, plant and equipment	917	108	1,025
Equity-accounted investee [1]	231	-	231
Inventories	40	-	40
Trade receivables	152	-	152
Other current assets	33	-	33
Assets held-for-sale	1,424	108	1,533
Other non-current liabilites	2	-	2
Trade and other payables	105	-	105
Other short-term liabilities	7	-	7
Liabilities directly associated with assets held-for-sale	114	-	114
Net assets held-for-sale	1,310	108	1,418

1) Yara Praxair Holding AS.

Note 14 Associated companies and joint ventures

2015

NOK millions	Balance at 1 January	Investments / (sale, and assets held-for-sale), net and long-term loans	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	7,436	374 [1]	549	-	549	(757)	44	1,370	9,016
GrowHow UK [2]	1,583	(1792)	131	-	131	(129)	11	195	-
Lifeco [3]	1,017	-	(1091)	-	(1,091)	-	-	84	10
Yara Praxair Holding [4]	172	(231)	46	-	46	-	-	14	-
IC Potash Corp	47	-	(14)	(27)	(41)	-	-	6	12
Other	679	(115)	98	(2)	96	(42)	5	107	731
Total	10,934	(1,764)	(281)	(29)	(310)	(928)	61	2,007	9,769

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 sold its 50% stake in GrowHow UK Group Limited to CF Industries. See note 3 for more information.
3) Yara made an impairment write-down of its investment of NOK 893 million. See note 17 for more information.
4) Yara Praxair Holding is classified as assets held-for-sale as Yara agreed to sell the European CO_2 business including Yara Praxair Holding to Praxair Inc. See note 13 for more information.

2014

NOK millions	Balance at 1 January	Investments / (sale, and assets held-for-sale), net and long-term loans	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 [2]	128	-	(6)	(85)	(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.

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 2015 [1]	Sales from Investees to Yara Group [2]		Yara's current receivables/ (payables) net with investees	
			2015	2014	2015	2014
Qafco [3]	Qatar	25.0 %	-	-	-	-
GrowHow UK Ltd [4]	Great Britain	0.0 %	(942)	(972)	-	(116)
Lifeco	Libya	50.0 %	(1,046)	(910)	94	(112)
Yara Praxair Holding	Norway	34.0 %	(4)	(4)	(8)	6
Other			(129)	(36)	(12)	(98)
Total			(2,120)	(1,921)	73	(319)

1) Equals voting rights.
2) Included in raw materials, energy cost and freight expenses.
3) During the year, 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.
4) Yara sold its 50% stake in GrowHow UK Group Limited to CF Industries. "Sales from Investees to Yara Group" represents sales recorded before the sale in the third quarter.

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, and the rest is shared between various Qatari funds and 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

During the year, Yara sold its 50% stake in GrowHow UK Group Limited to CF industries. Yara and CF Industries have each owned 50% of GrowHow UK since 2007 and 2010 respectively. GrowHow UK has two production sites in Ince and Billingham with a total production capacity of approximately 0.8 million tons of ammonia, 1.1 million tons of ammonium nitrate and 0.5 million tons of compound NPK. With limited export possibilities, GrowHow UK primarily serves the UK fertilizer market. The sale generated a tax free gain reported as "other income" within operating income of NOK 3,199 million. See note 3 for more information.

Lifeco

Yara owns 50% in Libyan Norwegian Fertilizer Company (Lifeco), while Libya's National Oil Corporation (NOC) and the Libyan Investment Authority (LIA) each hold a 25% stake. Lifeco owns and operates two urea and two ammonia plants with nominal 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. During the year, Yara made an impairment write-down of its investment in Lifeco of NOK 893 million and impaired receivables against the same company of NOK 36 million, all reported within the Production segment. The impairments were triggered by the worsening security outlook in Libya, as Yara saw a high likelihood of a further deterioration in 2015 of Lifeco's operating ability. The plant did operate throughout all of 2015, but at less than 50% load due to highly insufficient gas supply. Yara is evaluating the security of the operation of the plants on an on-going basis in cooperation with the management and the other partners, with a view to protect the safety of the employees as well as the assets.

Yara Praxair Holding

Yara Praxair Holding is classified as assets held-for-sale as Yara agreed to sell the European CO_2 business including Yara Praxair Holding to Praxair Inc. See note 13 for more information.

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 financial information of Yara's associated companies and joint ventures based on a 100% combined basis . Yara's share of these investments, which is also specified above, is accounted for using the equity method. Qafco, Lifeco, ICP and others are all classified as associated companies.

Financial position

	31 December 2015			31 December 2014			
NOK millions (unaudited, 100% basis)	Qafco	Lifeco	Others	Qafco	Lifeco	GrowHow UK	Others
Cash and cash equivalents	6,505	952	384	3,955	679	141	212
Current Assets excluding cash and cash equivalents	3,872	942	1,860	3,851	1,074	1,352	2,386
Non-current assets	37,119	298 [3]	2,533	32,719	2,012	3,531	2,324
Current liabilities	(2,890)	(2,172)	(1,658)	(2,545)	(1,737)	(513)	(1,928)
Non-current liabilities [1]	(6,150)	-	(809)	(5,857)	-	(1,777)	(769)
Non-controlling interest	(1,117)	-	(25)	(979)	-	-	(21)
Net assets	37,339	20	2,285	31,144	2,028	2,734	2,204
% Share of Yara	25 %	50 %		25 %	50 %	50%	
Yara's share of total equity (percentage)	9,335	10		7,786	1,017	1,367	
Tax effect of Qafco [2]	(319)			(350)			
Yara's share of total equity (carrying amount)	9,016	10	965	7,436	1,017	1,367	927

1) Yara's goodwill and excess values related to investments in "other" are not included in net assets in the table.
2) Tax effect is tax on profit attributable to Yara from Qafco. The tax is paid by Qafco, but refunded by Yara.
3) Adjusted with Yara's impairment write-down of Lifeco on a 100% basis.

Income statement

NOK millions (unaudited, 100% basis)	2015 Qafco	2015 Lifeco	2015 GrowHow UK [1]	2015 Others	2014 Qafco	2014 Lifeco	2014 GrowHow UK	2014 Others
Total operating revenues	14,576	-	2,818	6,658	12,594	847	4,535	7,149
Interest income	-	-	62	39	112	1	121	11
Depreciation, amortisation & impairment loss	(47)	(2,013) [4]	(196)	(176)	(29)	(150)	(352)	(165)
Operating income	3,155	(485)	370	445	4,141	(386)	629	560
Interest expense	(315)	-	(89)	(55)	(270)	(1)	(164)	(41)
Income tax expense	-	-	(67)	(127)	-	-	(125)	(139)
Minority interest	43	-	-	(15)	4	-	-	(10)
Net income	3,217	(2,199)	277	297	3,992	(375)	460	382
% Share of Yara	25%	50%	50%	-	25%	50%	50%	-
Yara's share of net income (percentage)	804	(1,100)	139	-	998	(188)	230	-
Tax effect of Qafco [2]	(374)	-	-	-	(299)	-	-	-
Currency translation effects [3]	119	8	(7)	-	(22)	(1)	2	-
Yara's share of net income (as per books)	549	(1,091)	131	-	677	(189)	232	-
Net other comprehensive income that may be reclassified to profit and loss account in subsequent period	184	-	-	45	175	-	-	23
Net other comprehensive income that will not be reclassified to profit and loss account in subsequent period	-	-	-	(1)	-	-	(296)	24
Total other comprehensive income, net of tax	184	-	-	44	175	-	(296)	47
Total comprehensive income	3,401	(2,199)	277	341	4,167	(375)	164	430

1) Yara sold its 50% stake in GrowHow UK Group Limited to CF Industries. Figures accounted in the income statement were for the periods until the sale.
2) Tax effect is tax on profit attributable to Yara from Qafco.The tax is paid by Qafco, but refunded by Yara.
3) Certain financial information from equity-accounted investees is only collected once per year and translated at the average rate for the year. Deviations towards figures reported and translated on a monthly basis can occur.
4) Adjusted with Yara's impairment write-down of Lifeco on a 100% basis.

Note 15 Joint operations

Yara has three investments that are classified as joint operations:

Yara Pilbara Nitrates

The construction of the TAN plant is progressing and is close to completion. The company is 55% owned by Yara post the acquisition of Apaches' 10% indirect share, and 45% by Orica. The plant is expected to commence commercial operations in second half 2016.

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.

Yara Freeport LLC DBA Texas Ammonia

During the year, Yara and BASF Group agreed to build an ammonia plant at BASF's site in Freeport, Texas, US. The construction started in July, and is managed by Yara in partnership with Kellogg Brown & Root LLC (KBR). The plant is 30% complete and is expected to commence commercial operations in late 2017. BASF manages construction of the necessary site infrastructure and will operate the plant. The company is 68% owned by Yara and 32% by BASF. The reason why the investment has been classified as a joint operation is that the relevant activities that significantly affect the return on the investment must be made by the Board of Managers with unanimous consent. In the Board of Managers each party nominate three members. Each party will off-take ammonia from the plant in accordance with its equity share.

The following table shows the effect of consolidating joint operations according to IFRS 11 on Yara's financial statements. Yara Pilbara Nitrates is consolidated 55%, Tringen 49%, and Yara Freeport 68%. The table is based on unaudited financial information of Yara's joint operations based on their IFRS financial statements.

Financial position

NOK millions (unaudited)	31 Dec 2015 Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated Joint Operations	31 Dec 2014 Yara Pilbara Nitrates	Tringen	Yara's share of consolidated Joint Operations
Assets							
Deferred Tax assets	38	-	-	38	20	-	20
Intangible assets	3	-	-	3	-	-	-
Property, plant and equipment	3,938	705	825	5,467	2,976	685	3,662
Other non current assets	-	2	-	2	6	-	6
Total non current assets	3,978	706	825	5,509	3,003	685	3,688
Inventories	-	143	-	143	-	76	76
External trade receivables	2	-	-	2	-	-	-
Internal trade receivables	-	41	-	41	-	54	54
Prepaid expenses and other current assets	15	140	4	159	7	144	151
Cash and cash equivalents	21	2	187	211	20	16	36
Total Current assets	38	326	191	554	28	289	317
Total assets	4,016	1,032	1,016	6,063	3,030	974	4,005
Total equity	921	465	745	2,131	799	409	1,208
Liabilities							
Employee benefits	-	126	-	126	-	120	120
Deferred tax liabilities	-	63	5	68	-	44	44
Other long term liabilities	(12)	-	72	60	-	-	-
Long -term provisions	158	-	-	158	145	-	145
Internal long-term interest bearing debt	2,907	-	-	2,907	1,960	-	1,960
Total non-current liabilities	3,054	189	77	3,319	2,105	164	2,270
External trade and other payables	31	155	184	371	104	215	318
Internal trade and other payables	11	20	10	41	23	32	55
Other short-term liabilities	-	-	-	-	-	2	2
Bank loans and other interest-bearing short term debt	-	202	-	202	-	153	153
Total current liabilities	42	378	194	614	126	401	528
Total equity and liabilities	4,016	1,032	1,016	6,064	3,030	974	4,005

Income statement

NOK millions (unaudited)	2015 Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated Joint Operations	2014 Yara Pilbara Nitrates	Tringen	Yara's share of consolidated Joint Operations
Revenue and other income	-	1,276	-	1,276	-	1,116	1,116
Operating cost and expenses	(53)	(993)	(9)	(1,055)	(14)	(840)	(854)
Operating income / loss	(53)	283	(9)	221	(14)	275	261
Earning before interest expense and tax (EBIT)	(53)	284	(9)	222	(14)	275	262
Income before tax	(39)	274	5	240	(13)	269	256
Income tax	12	(93)	(5)	(85)	11	(84)	(73)
Non-controlling interest	6	-	-	6	-	-	-
Net income	(21)	181	-	161	(3)	186	183

Note 16 Other non-current assets

NOK millions	Notes	2015	2014
Prepayments for long-term employee obligations	24	780	426
Equity investments available-for-sale	31	223	176
Interest rate swap designated as hedging instrument	31	70	81
Prepayment for property, plant and equipment		-	498
Long-term loans and receivables [1]		1,883	1,548
Total		2,956	2,729

1) Mainly related to tax and VAT credits.

Note 17 Impairment on non-current assets

Recognized impairment loss

NOK millions	2015	2014
Asset class		
Goodwill	43	58
Other intangible assets	265	50
Property, plant and equipment	1,183	222
Equity-accounted investees [1]	909	85
Total impairment of non-current assets	2,400	415
Reversal of impairment of non-current assets	(22)	(12)
Net impairment loss	2,378	403

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

NOK millions	2015	2014
Segment split		
Production	2,273	169
Crop Nutrition	104	167
Industrial	1	62
Other	-	5
Net impairment loss	2,378	403

The goodwill impairment in 2015 is related to Crop Nutrition Australia and is reflecting lower than expected returns from its liquid fertilizer business.

Impairment of other intangible assets is related to the mining project in Sokli , Finland, and to the Mine Arnaud phosphate project in Quebec, Canada. The Sokli impairment of NOK 166 million was triggered by the preliminary decision to halt development due to the anticipated profitability of the project below Yara's requirement. Yara decided to limit the participation in the further development of the Mine Arnaud phosphate project due to an estimated financial return below Yara's requirement, resulting in an impairment of NOK 95 million.

The impairment loss on property, plant and equipment is NOK 1,183 million in 2015, of which NOK 1,070 million relates to three plants in the Production segment. The impairment charge for the Montoir plant (France) is NOK 544 million. This is one of Yara's smallest fertilizer plants, with an annual production capacity of approximately 300,000 tonnes nitrate and 300,000 tonnes NPK. In addition to small scale, the plant has limited export opportunities and is exposed to lower profitability in its home market, given lower grain prices and also lower phosphate and potash demand. The impairment charge for Yara's Trinidad plant is NOK 414 million. This is one of Yara's smallest ammonia plants, with an annual production capacity of approximately 270,000 tonnes ammonia. Plant profitability is impacted by lower ammonia prices. In addition to small scale, the plant suffers from frequent gas supply curtailments and also has lower energy efficiency than Yara's average. An impairment of NOK 112 million is related to the Pardies plant (France), reflecting lower TAN profitability. The recoverable amount for these three Production plants is NOK 521 million, including normalized working capital, and the pre-tax discount rate used for the testing is in the range 8% - 11.5%.

Total impairment loss on Yara's equity accounted investees is NOK 909 million in 2015, of which NOK 893 million is related to Lifeco (Libya) within the Production segment. The impairment was triggered by the worsening security outlook in Libya and an assessment of Lifeco's operating ability. Lifeco produced at less than 50% capacity during the year and Yara's share of net income (excluding the impairment write-down) was a negative NOK 198 million. Remaining carrying value is NOK 10 million at the end of 2015. If and when Yara sees improvements to the political situation and outlook in Libya and to Lifeco's operating conditions, parts or the whole impairment will be reversed.

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 mainly been determined based on "value-in-use". 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 Crop Nutrition units where an estimated annual growth rate is applied.

Growth rates

Yara uses a steady growth rate normally not exceeding 2.0% (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 Production 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 projects that enhance the current performance of assets unless they have been committed to and have substantively commenced. Cash outflows and cash inflows 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 is 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	2015	2014	2015	2014
Production				
Belle Plaine (Canada)	2,231	2,248	9.3%	8.6%
Pilbara Ammonia (Australia)	974	819	10.3%	9.5%
Finland	760	713	8.3%	8.4%
Galvani (Brazil)	424	647	15.1%	13.5%
Ammonia trade (Switzerland)	486	409	10.3%	8.5%
Yara Dallol (Ethiopia)	147	124	15.5%	15.3%
Other Production [1]	104	53		
Total Production	5,126	5,013		
Crop Nutrition				
Crop Nutrition segment allocation	729	613	10.4%	8.6%
Brazil	310	388	17.0%	12.4%
Belle Plaine (Canada)	125	126	9.6%	9.4%
Latin America	132	124	14.8%	11.4%
Other Crop Nutrition [1]	275	313		
Total Crop Nutrition	1,571	1,564		
Industrial				
Environmental Solutions Industry & Maritime	229	217	9.4%	8.1%
Other Industrial [1]	90	100		
Total Industrial	319	317		
Total	7,016	6,894		

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

Further information about cash generating units with allocated goodwill:

Production and Crop Nutrition Belle Plaine

Goodwill in relation to the Saskferco (now Yara Belle Plaine) acquisition in 2008 was allocated to two CGUs; Production Belle Plaine and Crop Nutrition Canada. The Production 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).

Production Pilbara Ammonia

Yara increased its ownership in Yara Pilbara Holdings from 34% to a controlling stake of 51% in 2012. In 2015, Yara acquired the remaining 49%. 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).

Production Finland

Goodwill in relation to the Kemira GrowHow acquisition in 2007 was allocated to five CGUs, of which Production Finland was the largest (rest is included in Other Crop Nutrition and Other Industrial in the table above). Production 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 for the Mediterranean and Chinese markets and feed phosphates for markets worldwide. The change in carrying value of goodwill is fully explained by currency translation effects (EUR/NOK).

Production Galvani

Yara acquired a controlling 60% stake in Galvani in 2014. 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. Galvani also owns licenses for two new greenfield phosphate mine projects in Brazil. The change in carrying value of goodwill is mainly explained by currency translation effects (BRL/NOK).

Production Ammonia trade and Crop Nutrition Fertilizer 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 goodwill in relation to Fertilizer trade and supply is tested on Crop Nutrition segment level since the organization is serving all business units within the segment. Ammonia trade is tested as a separate CGU within Production. The change in carrying value of goodwill is fully explained by currency translation effects (USD/NOK).

Production Yara Dallol

Yara increased its ownership in Yara Dallol (former Ethiopotash) to a controlling position of 51% in 2012. Yara has made several subsequent capital injections that increased the ownership to 69%. In 2015, the ownership was reduced to 51.8% after a new partner was brought into the project. 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. Yara Dallol aims to begin mining activities by the end of 2018. The change in carrying value of goodwill is fully explained by currency translation effects (USD/NOK).

Crop Nutrition Brazil

Goodwill allocated to Crop Nutrition Brazil is mainly related to the acquisition of Bunge Fertilizers in 2013. The CGU is involved in SSP production, blending and distribution through 21 locations, delivering approximately 8 million tones of fertilizers 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).

Crop Nutrition Latin America

OFD was acquired in fourth quarter 2014 with production facilities in Cartagena, Colombia, and distribution companies across Latin America. Business unit Crop Nutrition Latin America comprise 18 blending units with a capacity of 1.6 million tones and distribution network that includes Mexico, Guatemala, Costa Rica, Panama, Colombia, Ecuador, Peru, Bolivia, Chile and Argentina. The production facility in Cartagena has one ammonia, three nitric acid plants, one NPK plant, three ammonium nitrate solution units and one calcium nitrate plant.

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. The change in carrying value of goodwill is fully explained by currency translation effects.

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 NOK 5 billion, of which NOK 2 billion is related to Pilbara Ammonia and NOK 1.2 billion is related to Yara Pilbara Nitrates (TAN plant under construction). Remaining sensitivity is mainly related to fertilizer plants in Europe. An isolated adjustment to the discount rate, EBITDA and nominal growth would give a loss of approximately NOK 1.5 billion, NOK 1.5 billion and NOK 650 million, respectively. The total carrying value of the CGUs that are sensitive to impairment is approximately NOK 27 billion, with a current headroom of approximately NOK 7 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 projects to be sensitive to impairment due to other key uncertainties. These uncertainties are further described below.

Mining projects

In addition to the sensitivity presented above, Yara continues to regard its mining projects with a total carrying value of NOK 3,045 million to be sensitive for impairment. 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.

Note 18 Inventories

NOK millions	2015	2014
Finished goods	11,425	10,085
Work in progress	637	707
Raw materials	7,885	7,847
Total	19,948	18,639
Write-down		
Balance at 1 January	(92)	(103)
New write-downs recognized during the year	(122)	(46)
Write-downs reversed due to product sold	41	52
Write-downs reversed, other	29	11
Foreign currency translation	(8)	(7)
Balance at 31 December	(152)	(92)

Inventories pledges as security were NOK 164 million in 2015 (2014: NOK 592 million). See note 32 for more information.

Note 19 Trade receivables

NOK millions	Notes	2015	2014
Trade receivables		12,809	12,614
Allowance for impairment loss		(711)	(514)
Total	31	12,098	12,100

Movement in allowance for impairment loss

NOK millions	2015	2014
Balance at 1 January	(514)	(421)
Impairment losses recognized on receivables	(262)	(80)
Amounts written off during the year as uncollectible	40	20
Impairment losses reversed	31	20
Foreign currency translation	13	(52)
Other changes	(19)	-
Balance at 31 December	(711)	(514)

Aging analysis of trade receivables at 31 December

Gross trade receivables

NOK millions	Total	Not past due gross trade receivables	Past due gross trade receivables			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2015	12,809	10,710	834	337	137	791
2014	12,614	10,472	869	311	286	676

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
2015	12,098	10,696	833	329	118	123
2014	12,100	10,466	865	297	281	191

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
2015	(711)	(14)	(1)	(8)	(19)	(668)
2014	(514)	(6)	(4)	(14)	(5)	(485)

Note 20 Prepaid expenses and other current assets

NOK millions	2015	2014
VAT and sales related taxes	1,263	1,322
Foreign exchange contracts	133	86
Commodity derivatives and embedded derivatives	-	21
Prepaid income taxes	729	565
Prepaid expenses	1,263	1,128
Other current assets	995	1,074
Total	4,383	4,196

Note 21 Cash, cash equivalents and other liquid assets

NOK millions	Notes	2015	2014
Cash and cash equivalents	31	3,220	3,591
Other liquid assets	31	3	15

External bank deposits that are not available for use by the group at 31 December 2015 have a carrying value of NOK 436 million (2014: NOK 463 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 23.

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

The average interest rate for liquid assets is approximately 4.5% at 31 December 2015 (2014: 1.8%).

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

Note 22 Share information

On 11 May 2015, 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 2015 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 2015, Yara purchased 910,000 shares for a total consideration of NOK 363.8 million under the 2015 share buy-back program. Shares will be cancelled.

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

Dividend proposed for 2015 is NOK 15.00 per share, amounting to NOK 4,113 million. Dividend approved for 2014 and paid out in 2015 was NOK 3,581 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 2013	278,500,910	(1,450,000)
Redeemed shares Norwegian State 1)	(823,135)	
Shares cancelled 1)	(1,450,000)	1,450,000
Treasury shares - share buy-back program 1)	-	(730,000)
Total at 31 December 2014	276,227,775	(730,000)
Redeemed shares Norwegian State 2)	(414,406)	
Shares cancelled 2)	(730,000)	730,000
Treasury shares - share buy-back program 2)		(910,000)
Total at 31 December 2015	275,083,369	(910,000)

1) As approved by General Meeting 5 May 2014.
2) As approved by General Meeting 11 May 2015.

Note 23 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.

2015

NOK millions	Total at 1 January	Share of profit	Dividend distributed	Additions	Disposals	Share capital increase	Companies acquired	Foreign currency translation	Total at 31 December
Yara Pilbara Holdings Ltd 1)	2,570	412	(235)	-	(3,057)	-	-	310	-
Galvani Industria, Comercio e Servicos S.A.	1,181	(10)	-	-	-	298	(2)	(222)	1,245
Yara Dallol B.V.	166	(8)	-	203	-	-	-	33	394
Other	279	(43)	(11)	-	(36)	-	-	9	197
Total	4,196	351	(246)	203	(3,094)	298	(2)	130	1,837

1) Including Yara Pilbara Fertilisers Pty Ltd.

2014

NOK millions	Total at 1 January	Share of profit	Dividend distributed	Additions	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.

Place of incorporation and percentage of non-controlling interests

Company name	Place of incorporation	Percentage non-controlling interests [1] 2015	Percentage non-controlling interests [1] 2014
Yara Pilbara Holdings Ltd [2]	Australia	-	49.0 %
Galvani Industria, Comercio e Servicos S.A.	Brazil	40.0 %	40.0 %
Yara Dallol B.V.[3]	The Netherlands	48.2 %	33.4 %

1) Equals voting rights.
2) Including Yara Pilbara Fertilisers Pty Ltd.
3) Place of operations is Ethiopia. Based on several capital injections during the year, Yara increased its ownership in Yara Dallol first to 69% early November 2015 before the reduction to 51.8% on 30 November 2015.

During 2015, Yara closed two major transactions with non-controlling interests. On 29 October 2015, Yara acquired an additional 49% interest in Yara Pilbara Holding (Pilbara) for NOK 3,068 million in cash, increasing its ownership from 51% to 100%. The carrying amount of Pilbara's net assets in the Group's financial statements on the date of the acquisition was NOK 7,482 million. This transaction made it possible for Yara to include Pilbara in Yara's Australian tax group and by that achieve a step-up of various tax assets. The effects of this tax step-up is provisionally determined and may change in future periods. Yara has decided to present this positive effect in equity since it is an equity transaction that triggers the tax effect. Any subsequent adjustment to this will also be recognized in equity. On 30 November 2015, Yara reduced its ownership in Yara Dallol (Dallol) from 69% to 51.8% for a total consideration of NOK 308 million in cash. The carrying amount of Dallol's net assets in the Group's financial statements on the date of the acquisition was NOK 1,161 million.

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 31 December 2015, Yara Dallol held NOK 44 million in cash and cash equivalents. Yara has the overall management and control of the project development while the non-controlling interest is provided with minority protective rights.

A dividend resolution by Galvani requires the approval by 75% of the voting shares, providing the non-controlling interest with a protective right. At 31 December 2015, Galvani held NOK 773 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.

Transactions with non-controlling interests

NOK millions	Yara Pilbara	Yara Dallol	Other	Total 2015
Carrying amount of non-controlling interests acquired/(divested)	3,052	(203)	45	2,893
Consideration received/(paid) [1]	(3,068)	308	(76)	(2,836)
Step-up of tax values	359	-		359
Increase/(decrease) in equity attributable to owners of the group	344	105	(31)	418
Presented in the statement of changes in equity:				
Increase /(decrease) to translation of foreign operations	813	(70)		743
Increase /(decrease) to retained earnings	(469)	175	(31)	(325)
Total	344	105	(31)	418

1) Of which net cash consideration paid is NOK 2,825 million.

Financial position for companies with significant non-controlling interests

NOK millions	2015 Yara Dallol	2015 Galvani	2014 Yara Pilbara [1]	2014 Yara Dallol	2014 Galvani
Current assets	46	1,756	1,598	24	1,161
Non-current assets	1,588	3,571	8,461	1,175	4,045
Current liabilities	(116)	(1,613)	(1,224)	(62)	(1,440)
Non-current liabilities	(289)	(603)	(2,723)	(268)	(813)
Equity attributable to owners of the company	(835)	(1,866)	(3,542)	(702)	(1,772)
Non-controlling interests	(394)	(1,245)	(2,570)	(166)	(1,181)

1) Including Yara Pilbara Fertilisers Pty Ltd.

Income statement for companies with significant non-controlling interests

NOK millions	2015 Yara Pilbara [1]	2015 Yara Dallol	2015 Galvani	2014 Yara Pilbara [1]	2014 Yara Dallol	2014 Galvani
Total operating revenues and other income	2,590	-	1,765	2,183	-	47
Expenses	(1,878)	(38)	(1,790)	(1,594)	(10)	(71)
Net income/(loss)	712	(37)	(26)	589	(10)	(24)
Net income attributable to shareholders of the parent	318	(29)	(16)	311	(33)	(14)
Net income attributable to non-controlling interests	394	(8)	(10)	278	23	(10)
Net income/(loss)	712	(37)	(26)	589	(10)	(24)
Other comprehensive income attributable to shareholders of the parent	889	146	(333)	600	118	15
Other comprehensive income attributable to non-controlling interests	310	33	(222)	434	30	10
Other comprehensive income/(loss) for the year	1,199	179	(555)	1,034	148	25
Total comprehensive income attributable to shareholders of the parent	1,207	117	(349)	911	85	1
Total comprehensive income attributable to non-controlling interests	704	25	(232)	712	53	-
Total comprehensive income/(loss) for the year	1,911	142	(581)	1,623	138	1
Net cash inflow / (outflow) from operating activities	1,390	(70)	83	962	7	(88)
Net cash inflow / (outflow) from investing activities [2]	(254)	(135)	(568)	(750)	(157)	(15)
Net cash inflow / (outflow) from financing activities	(479)	220	457	(4)	158	(55)
Net cash inflow / (outflow)	657	14	(28)	208	8	(158)

1) Including Yara Pilbara Fertilisers Pty Ltd. showing full year, but non-controlling interests only included until October 2015.
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 24 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	2015	2014
Defined benefit plans		(3,622)	(3,736)
Prepayments for defined benefit plans		779	425
Net liability for defined benefit plans		(2,842)	(3,312)
Termination benefits		(31)	(46)
Prepayments for other long term employee obligations		1	1
Other long-term employee benefits		(99)	(115)
Net long-term employee benefit obligations recognized in Statement of financial position		(2,971)	(3,471)
Of which classified as Prepayments for long-term employee obligations	16	780	426
Of which classified as Long-term employee benefit obligations		(3,751)	(3,897)

Expenses for long-term employee benefit obligations recognized in the statement of income

NOK millions	Notes	2015	2014
Defined benefit plans		(416)	(189)
Defined contribution plans		(173)	(148)
Multi-employer plans		(65)	(56)
Termination benefits		(19)	(29)
Other long-term employee benefits		(52)	(91)
Net expenses recognized in Statement of income		(725)	(513)
Of which classified as Payroll and related costs	6	(643)	(443)
Of which classified as Interest expense and other financial items	8	(82)	(69)

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 early retirement schemes. 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. New hires are enrolled in a Defined Contribution pension plan from the same date.

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 liabilities.

The provision for defined benefit plans also includes liabilities for medical plans in Great Britain, Trinidad and South Africa with a total of NOK 87 million (2014: NOK 46 million).

Defined benefit obligations and plan assets by origin

NOK millions	2015 Obligations	2015 Assets	2014 Obligations	2014 Assets
Finland	(2,678)	3,034	(2,795)	2,713
The Netherlands	(5,087)	4,575	(4,730)	4,170
Other Eurozone	(1,835)	494	(1,696)	446
Great Britain	(3,870)	3,504	(3,677)	3,114
Norway	(2,261)	1,731	(2,134)	1,699
Other	(944)	495	(818)	395
Total	(16,675)	13,833	(15,849)	12,538

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 necessary, to take into account differences in maturities.

The following financial assumptions have been applied for the valuation of liabilities

Discount rate (in %)	2015	2014
Finland	2.4	1.9
The Netherlands	2.1	2.1
Great Britain	3.7	3.4
Norway	2.5	2.4
Total [1]	2.7	2.5

1) Weighted average.

Expected salary increase (in %)	2015	2014
Finland	2.3	2.3
The Netherlands	2.8	2.8
Great Britain	3.7	3.7
Norway	2.4	2.8
Total [1]	2.9	3.0

1) Weighted average.

Expected pension indexation (in %)	2015	2014
Finland	1.5	1.9
The Netherlands	1.4	1.4
Great Britain	3.0	3.0
Norway	0.2	0.3
Total [1]	1.7	1.8

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	25.9	23.4
The Netherlands	24.6	22.4
Great Britain	26.1	23.7
Norway	24.9	22.6

Actuarial valuations provided the following results

NOK millions	2015	2014
Present value of fully or partially funded liabilities for defined benefit plans	(14,552)	(13,921)
Present value of unfunded liabilities for defined benefit plans	(2,005)	(1,873)
Present value of liabilities for defined benefit plans	(16,557)	(15,794)
Fair value of plan assets	13,833	12,538
Social security tax liability on defined benefit plans	(118)	(55)
Net liability recognized for defined benefit plans	(2,842)	(3,312)

Duration of liabilities at the end of the year:

Duration of liabilities (in years)	2015
Finland	14
The Netherlands	18
Great Britain	16
Norway	15
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	2015	2014
Current service cost [1]	(303)	(240)
Contribution by employees	28	26
Past service cost [2]	(29)	99
Settlements [3]	(19)	2
Social security cost	(11)	(8)
Payroll and related costs	(334)	(120)
Interest expense on obligation	(398)	(487)
Interest income from plan assets	316	418
Net interest expense on the net obligation	(82)	(69)
Net pension cost recognized in Statement of income	(416)	(189)

1) The increase in current service cost is mainly due to the significant decrease in discount rates determined by year-end 2014, in particular within the Euro zone, which impacts the Statement of income in the subsequent year. Also, the depreciation of NOK towards EUR and GBP leads to an increase in current service cost.
2) The past service cost recognized in 2015 relates to certain plan amendments in Finland, UK and France. In 2014 a gain of NOK 94 million was recognized in the Statement of income relating to certain plan amendments in The Netherlands. An agreed compensation of NOK 37 million was recognized as Other long-term employee benefits.
3) In 2015 a loss on settlement of NOK 19 million was recognized in the Statement of income due to changes in the Norwegian early retirement plans.

NOK millions	2015	2014
Payroll and related costs		
Finland	(64)	(37)
The Netherlands	(104)	25
Great Britain	(28)	(21)
Norway	(74)	(49)
Net interest income / (expense) on the net obligation / asset		
Finland	(2)	10
The Netherlands	(11)	(3)
Great Britain	(19)	(17)
Norway	(9)	(12)

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	2015	2014
Actual valuation	(16,557)	(15,794)
Discount rate +0.5%	(15,349)	(14,570)
Discount rate -0.5%	(17,917)	(17,100)
Expected rate of salary increase +0.5%	(16,714)	(15,954)
Expected rate of salary increase -0.5%	(16,403)	(15,640)
Expected rate of pension increase +0.5%	(17,296)	(16,513)
Expected rate of pension increase -0.5%	(15,979)	(15,098)
Expected longevity +1 year	(17,101)	(16,340)
Expected longevity -1 year	(16,012)	(15,252)

Development of defined benefit obligations

NOK millions	2015	2014
Defined benefit obligation at 1 January	(15,794)	(12,798)
Current service cost	(291)	(228)
Interest cost	(398)	(487)
Experience adjustments	(53)	171
Effect of changes in financial assumptions	622	(1,996)
Effect of changes in demographic assumptions	(13)	15
Past service cost	(29)	99
Settlements [1]	(19)	2
Benefits paid	662	559
Transfer of obligation (in)/out	-	(6)
Other	-	1
Foreign currency translation on foreign plans	(1,245)	(1,127)
Defined benefit obligation at 31 December	(16,557)	(15,794)

1) In 2015 a loss on settlement of NOK 19 million was recognized in the Statement of income due to changes in the Norwegian early retirement plans

Development of plan assets

NOK millions	2015	2014
Fair value of plan assets at 1 January	12,538	10,953
Interest income from plan assets	304	406
Return on plan assets (excluding the calculated interest income)	253	469
Employer contributions	275	194
Employees' contributions	28	26
Benefits paid	(563)	(477)
Transfer of plan assets in/(out)	-	5
Foreign currency translation on foreign plans	998	961
Fair value of plan assets at 31 December	13,833	12,538

The actual return on plan assets in 2015 was a positive NOK 557 million (2014: Positive NOK 875 million).

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 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	2015	2015	2014	2014
Cash and cash equivalents	318	2 %	255	2 %
Shares	3,994	29 %	3,625	29 %
Other equity instruments	58	-	51	-
High yield debt instruments	226	2 %	347	3 %
Investment grade debt instruments	6,363	46 %	5,963	48 %
Properties	529	4 %	275	2 %
Interest rate swap derivatives	4	-	3	-
Other plan assets 1)	1,018	7 %	960	8 %
Total investments quoted in active markets	12,510	90 %	11,479	92 %
Shares and other equity instruments	1,143	8 %	890	7 %
Other plan assets 2)	180	1 %	169	1 %
Total unquoted investments	1,323	10 %	1,059	8 %
Total plan assets	13,833		12,538	

1) Other plan assets include insurance policies, hybrid funds and other fund investments.
2) Other unquoted plan assets is mainly a loan to Yara Suomi Oy.

Contributions expected to be paid to the defined benefit plans for 2016 are NOK 386 million (including benefits to be paid for unfunded plans). The contributions paid in 2015 were NOK 373 million.

Remeasurement gains / (losses) recognized in other comprehensive income

NOK millions	2015	2014
Remeasurement gains / (losses) on obligation for defined benefit plans	557	(1,810)
Remeasurement gains / (losses) on plan assets for defined benefit plans	253	469
(Increase) / decrease in social security tax liability on remeasurement gains / (losses) for defined benefit plans (Norway only)	(56)	(4)
Net remeasurement gains / (losses) for defined benefit plans	754	(1,345)
Change in deferred tax related to remeasurement gains / (losses) for defined benefit plans 1)	(177)	319
Remeasurement gains / (losses) recognized from Equity Accounted Investees (net of tax)	11	(160)
Total remeasurement gains / (losses) recognized in other comprehensive income	588	(1,186)

1) 2015 includes impact from reduction of tax percentage in France, Norway and UK

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 2,700 million (2014: NOK 3,288 million).

Note 25

Provisions and contingencies

2015

NOK millions	Environmental	Restructuring	Legal Claims	Decommission	Other	Total
Balance at 1 January 2015	165	19	178	548	162	1,072
Additional provision in the year	48	6	59	37	70	220
Interest expense on liability	1	-	1	17	-	19
Unused provision	(1)	(2)	(36)	(3)	(33)	(75)
Utilisation of provision	(41)	(16)	(21)	(51)	(35)	(164)
Companies purchased/(sold)	18	-	-	-	-	18
Currency translation effects	3	-	(33)	28	9	8
Balance at 31 December 2015	193	7	148	576	173	1,098

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

Provisions presented in the consolidated statement of financial position

NOK millions	2015	2014
Current liabilities	325	348
Non-current liabilities	773	725
Total	1,098	1,072

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 makes 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.

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. In August 2015, two suppliers commenced arbitration against Yara Norge AS before the Arbitration Institute of the Stockholm Chamber of Commerce. The claims are related to earlier contracts for the supply of apatite concentrate. The claim is in an amount of approximately USD 140 million. The arbitral hearing is currently expected to take place during second quarter 2017, with an arbitral award expected before end of 2017. Yara believes the claims are without merit and will defend them forcefully.

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 675 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.

Note 26 Long-term debt

NOK millions, except percentages and denominated amounts	Weighted average interest rates	Denominated amounts 2015	2015	2014
NOK (Coupon 8.80%) 1)	8.9%	1,000	1,007	1,033
NOK (Coupon NIBOR + 0.70%) 2)	1.8%	2,200	2,197	2,196
NOK (Coupon 2.55%) 3)	2.6%	700	705	696
NOK (Coupon 3.00%) 4)	3.0%	600	604	596
USD (Coupon 7.88%) 5)	8.3%	500	4,381	3,676
Total unsecured debenture bonds			8,893	8,198
USD	1.4%	125	1,099	1,045
BRL (Brazil)	19.2%	27	60	
COP (Colombia)	-	-	-	241
MYR (Malaysia)	2.5%	-	1	1
Total unsecured bank loans 2)			1,160	1,286
Lease obligation			290	300
Mortgage loans			1,093	1,146
Other long-term debt			19	24
Total			1,402	1,470
Outstanding long-term debt			11,456	10,954
Less: Current portion			(2,102)	(345)
Total			9,354	10,609

1) Fixed interest rate until 2016. Subject to fair value hedge accounting, see note 30.
2) Repricing within a year.
3) Fixed interest rate until 2021. Subject to fair value hedge accounting, see note 30.
4) Fixed interest rate until 2024. Subject to fair value hedge accounting, see note 30.
5) Fixed interest rate until 2019.

The carrying values include issuance discount, capitalized issuance costs and fair value hedge accounting adjustments as indicated above (see also note 31 for further information about fair value of financial instruments).

At 31 December 2015, the fair value of the long-term debt, including the current portion, was NOK 12,043 million and the carrying value was NOK 11,456 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 2015, 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 120 million through scheduled downpayments and linear installments will continue until December 2023. A further minor portion of the long-term bank loans was borrowed in emerging markets. Yara Pilbara's term loan due 2016 totaled USD 100 million per year end 2015 and is included under mortgage loans.

By year end, Yara had an undrawn revolving credit facility totaling USD 1,250 million due 2020. Three undrawn credit facilities of USD 485 million, USD 300 million and USD 60 million matured during 2015 and were not renewed.

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]
2016	1,007	172	923	2,102
2017	-	161	58	219
2018	-	161	51	213
2019	6,577	138	46	6,761
2020	-	133	53	186
Thereafter	1,309	395	270	1,975
Total	8,893 [2]	1,160	1,402	11,456

1) Including current portion.
2) Yara International ASA is responsible for the entire amount.

Note 27 Trade payables and other payables

NOK millions	2015	2014
Trade payables	9,826	9,504
Payroll and value added taxes	1,882	1,778
Prepayments from customers	2,382	1,970
Other liabilities	584	1,377
Total	14,674	14,628

Terms and conditions to the above financial liabilities:

Trade payables are non-interest bearing and have an average term of 60 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 28 Bank loans and other short-term interest bearing debt

NOK millions, except percentages	Notes	2015	2014
Bank loans and overdraft facilities		3,472	4,336
Other		163	124
Total	31	3,635	4,460
Weighted average interest rates [1]			
Bank loans and overdraft facilities		6.9%	4.9%
Other		2.6%	5.1%

1) Repricing minimum annually.

At 31 December 2015, Yara had unused short-term credit facilities with various banks totalling approximately NOK 2.7 billion.

Note 29 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 2015 and 31 December 2014. Through recent years, strong cash flow has generated a liquidity surplus kept as short-term bank deposits. At year end 2015 the volume of deposits is around the same level as at year end 2014, but throughout the year the average deposits have been lower than previous year.

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 2015 calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.16 compared with 0.17 at the end of 2014. 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 2015.

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 900 million (2014: USD 830-900million). 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	2015	2014
Foreign currency translation gain (loss)	(2,463)	(698)
of which related to internal currency positions	157	523

Recognized exchange translation on other comprehensive income

NOK millions, except percentages	2015	2014
Foreign currency translation from foreign operations	6,259	8,057
less net investment hedges	(796)	(685)
Total foreign currency translation from foreign operations, including net investment hedges	5,463	7,372
Yara's exposure is mainly related to subsidiaries with functional currencies US dollars, euro, Canadian dollars and Qatari riyal		
US dollar	29 %	27 %
Euro	17 %	19 %
Canadian dollar	13 %	16 %
Qatari riyal [1]	12 %	11 %

1) Qatari riyal is pegged to US dollar

Sensitivity - profit or loss

A 10% weakening of the US dollar or the euro against the Norwegian krone and other functional currencies at 31 December would have increased/(decreased) profit or loss by the amounts shown below.

NOK millions	2015	2014
USD -10% gain/(loss)	1,131	659
EUR -10% gain/(loss)	(602)	(391)

This analysis is done for illustrative purposes only, taking into consideration only the effect on the value of financial instruments in the balance sheet as 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 2014.

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 the US dollar, the Canadian dollar or the euro against the Norwegian krone and other functional currencies at 31 December would have increased/(decreased) other comprehensive income by the amounts shown below.

NOK millions	2015	2014
USD -10% increase/(decrease) in other comprehensive income	(2,191)	(1,266)
EUR -10% increase/(decrease) in other comprehensive income	(1,254)	(1,849)
CAD -10% increase/(decrease) in other comprehensive income	(979)	(1,072)

This analysis is done for illustrative purposes only, taking into consideration only the effect on equity in foreign operations as 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 2014.

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 26. Yara has chosen to retain a significant part of its debt at fixed interest rates.

Mitigation

Yara has kept the entire USD 500 million fixed interest bond issued in 2009 as fixed interest rate debt during 2015. Information about financial instruments designated as hedge instruments is presented in the derivative section below.

At reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

NOK millions, except percentages	2015	2014
Net interest-bearing debt at 31 December	11,868	11,808
Fixed portion of bonds	4,381	3,676
Net interest-bearing debt/(deposits) less fixed portion of bonds	7,488	8,132

NOK millions, except percentages	2015	2014
An increase of 100 basis points in USD interest rates at the reporting date would have increased/(decreased) profit or loss by	(65)	(59)
An increase of 100 basis points in NOK interest rates at the reporting date would have increased/(decreased) profit or loss by	(7)	(8)

All other variables remain constant. This analysis is done for illustrative purposes only, taking into consideration only the effect on financial instruments in the balance sheet as at year-end. The analysis is performed on the same basis for 2014. A decrease of 100 basis points at the reporting date would have 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

Yara has a well-established system for credit management with established limits at both customer and country level. Yara's geographically diversified portfolio reduces the overall credit risk of the Group. 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.

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.

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 agreed limits for credit exposure (collateral agreements) with most of its main banks. 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 on its 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 26 and 28, cash and cash equivalents and equity attributable to equity holders of the parent, comprising paid-in capital and retained earnings as disclosed in notes 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 forcasted 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 26 and 28 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 2015

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	(3,635)	(3,822)	(288)	(2,806)	(729)	-	-	-
Long-term interest-bearing debt [1]	(11,456)	(13,311)	-	(1,330)	(1,299)	(664)	(8,878)	(2,076)
Accrued interest expense	(92)	(92)	-	(92)	-	-	-	-
Accounts payables	(9,826)	(9,782)	(112)	(9,618)	(43)	(3)	(4)	(1)
Payroll and value added taxes	(1,882)	(1,863)	(115)	(1,673)	(73)	-	(1)	-
Other short-term liabilities	(510)	(481)	(1)	(295)	(185)	-	-	-
Other long-term liabilities	(414)	(416)	-	-	(1)	(203)	(203)	(9)
Derivative financial instruments								
Freestanding financial derivatives	(544)							
Outflow		(9,174)	-	(4,584)	(20)	(85)	(2,841)	(1,644)
Inflow		8,494	-	4,615	34	54	2,384	1,407
Commodity derivatives	(294)							
Outflow		(294)	-	(1)	(6)	(21)	(199)	(67)
Inflow		-	-	-	-	-	-	-
Hedge designated derivatives	70							
Outflow		(285)	-	(42)	(14)	(23)	(98)	(107)
Inflow		357	-	88	36	36	108	90
Total	(28,582)	(30,669)	(516)	(15,738)	(2,300)	(909)	(9,732)	(2,407)

1) Includes current portion of long-term interest bearing debt amounting to NOK 2,102 million.

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.

Derivative instruments

NOK millions, except percentages	2015	2014
Fair value of derivatives		
Forward foreign exchange contracts	65	19
Interest rate swaps	(609)	62
Interest rate swaps designated for hedging	70	81
Embedded derivatives in sales and purchase contracts	(294)	(423)
Commodity derivatives	-	(2)
Balance at 31 December	(768)	(264)
Derivatives presented in the statement of financial position		
Non-current assets	70	144
Current assets	133	107
Non-current liabilities	(896)	(399)
Current liabilities	(74)	(115)
Balance at 31 December	(768)	(264)

Yara is committed to outstanding forward foreign exchange contracts as follows

NOK millions	2015	2014
Forward foreign exchange contracts, notional amount	8,027	3,763

All outstanding forward foreign exchange contracts at 31 December 2015 have maturity in 2016. Buy positions are mainly in Norwegian kroner against US dollars and US dollars toward Brazilian reals. Sell positions are in various operating currencies towards Norwegian kroner.

Note 30 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.

A second portfolio of long-term NOK interest swaps was designated as hedging instruments since 2014. 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

There are no fair value hedges of USD debt outstanding at 31 December 2015.

NOK millions	2015	2014
USD bond debt fair value hedge		
Change in fair value of the derivatives	-	(1)
Change in fair value of the bond	-	1
Ineffectiveness	-	-
Loss on fair value hedge included in the carrying amount of the fixed rate debt	-	-
NOK bond debt fair value hedge		
Change in fair value of the derivatives	8	13
Change in fair value of the bonds	(11)	(10)
Ineffectiveness	(2)	3
Loss on fair value hedge included in the carrying amount of the fixed rate debt	(18)	(29)

Cash flow hedges

In 2004, Yara used interest rate swaps to hedge the future cash flows of a USD 300 million portion of the December 2004 bond issue. In 2007, Yara used treasury locks to hedge the future cash flows of a USD 300 million portion of the June 2009 bond issue. The losses on these contracts were recognized directly in equity and are reclassified into interest expense and deferred tax over the duration of the bonds. The cash flow hedge of the 2004-bond expired in 2014 while the cash flow hedge of the 2009-bond expires in 2019.

During the second half of 2014 and the first half of 2015, Yara used treasury locks to hedge future cash flows of a planned bond issue. Throughout 2015, however, liquidity inflow from divestments and a revision of Yara's interest rate strategy led to a deferral of the planned bond issue and the criteria for hedge accounting were no longer present. The hedging relationship was therefore terminated during third quarter 2015 and a loss of NOK 100 million was recognized in the statement of income.

Effect booked in statement of income

NOK millions	2015	2014
Interest expense		
2004-bond cash flow hedge	-	13
2009-bond cash flow hedge	5	5
2014 cash flow pre-hedge [1]	2	-
Total	7	18
Deferred tax	(1)	(5)
Net effect in statement of income	6	13

1) Discontinued in Q3 2015

Effects booked in statement of comprehensive income

NOK millions	2015	2014
Period gain/(loss)		
2004-bond cash flow hedge	-	-
2009-bond cash flow hedge	-	-
2014 cash flow pre-hedge	25	(28)
Total	25	(28)
Deferred tax	(7)	8
Net effect in statement of comprehensive income	18	(20)

Hedges of net investment

At 31 December 2015, the Group held in total USD 780 million (2014: 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 2015, the hedges had a negative fair value of NOK 1,600 million recognized in other comprehensive income (2014: negative NOK 804 million), net change after tax of NOK 796 million. There is not recognized any ineffectiveness in 2015 or 2014.

Note 31
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	Available-for-sale financial assets	Financial liabilities at amortized cost	Total
2015						
Consolidated statement of income						
Commodity based derivatives gain/(loss)	29	203	-	-	-	203
Interest income/(expense) and other financial income/(expense)	29	(99)	34	5	-	(60)
Foreign currency translation gain/(loss)	29	(539)	-	-	-	(539)
Consolidated statement of comprehensive income 1)						
Available-for-sale investments - change in fair value		-	-	38	-	38
Hedge of net investments	30	-	-	-	(1,090)	(1,090)
Reclassification adjustments related to:						
- cash flow hedges 2)	30	-	7	-	-	7
- available for sale investments disposed of in the year 2)		-	-	-	-	-
Total		(435)	41	43	(1,090)	(1,441)
2014						
Consolidated statement of income						
Commodity based derivatives gain/(loss)	29	2	-	-	-	2
Interest income/(expense) and other financial income/(expense)	29	-	17	56	-	73
Foreign currency translation gain/(loss)	29	23	-	-	-	23
Consolidated statement of comprehensive income 1)						
Available-for-sale investments - change in fair value		-	-	(16)	-	(16)
Hedge of net investments	30	-	-	-	(934)	(934)
Reclassification adjustments related to:						
- cash flow hedges 1)	30	-	18	-	-	18
- available for sale investments disposed of in the year 2)		-	-	(20)	-	(20)
Total		26	35	21	(934)	(853)

1) Amounts are presented before tax.
2) Effects of foreign currency translation on other financial instruments than derivatives are not included in the overview.

Carrying amounts shown in the statement of financial position, presented together with fair value per category

31 December 2015

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	16	-	70	1,883	223		780	2,956
Long-term loans to equity-accountes investees	14	-	-	-				0
Current assets								
Trade receivables	19	-	-	12,098	-		-	12,098
Prepaid expenses and other current assets	20	133	-	2,256	-		1,992	4,380
Other liquid assets	21	-	-	3	-		-	3
Cash and cash equivalents	21	-	-	3,220	-		-	3,220
Non-current liabilities								
Other long-term liabilities		(896)	-	-	-	(414)	(138)	(1,448)
Long-term interest-bearing debt	26	-	-	-	-	(9,354)	-	(9,354)
Current liabilities								
Trade and other payables	27	(74)	-	-	-	(12,217)	(2,382)	(14,674)
Other short-term liabilities		-	-	-	-	(92)	(782)	(875)
Bank loans and other interest-bearing debt	28	-	-	-	-	(3,635)	-	(3,635)
Current portion of long-term debt	26	-	-	-	-	(2,102)	-	(2,102)
Total		(837)	70	19,460	223	(27,815)	(531)	(9,430)
Fair value [1]		(837)	70	19,460	223	(28,401)		
Unrecognized gain/(loss)		-	-	1	-	(586)		

1) Unrecognized loss on financial instruments at amortized cost is mainly related to long-term interest-bearing debt with fixed interest rate. See note 26.

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	16	62	81	1,984	176	-	425	2,729
Long-term loans to equity-accounted investees	14	-	-	8	-	-	-	8
Current assets								
Trade receivables	19	-	-	12,100	-	-	-	12,100
Prepaid expenses and other current assets	20	107	-	2,381	-	-	1,693	4,181
Other liquid assets	21	-	-	15	-	-	-	15
Cash and cash equivalents	21	-	-	3,591	-	-	-	3,591
Non-current liabilities								
Other long-term liabilities		(393)	-	-	-	(431)	(165)	(989)
Long-term interest-bearing debt	26	-	-	-	-	(10,609)	-	(10,609)
Current liabilities								
Trade and other payables	27	(88)	-	-	-	(12,542)	(1,998)	(14,628)
Other short-term liabilities		-	-	-	-	(92)	(750)	(843)
Bank loans and other interest-bearing debt	28	-	-	-	-	(4,460)	-	(4,460)
Current portion of long-term debt	26	-	-	-	-	(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 26.

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 characteristics 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 2015. 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).

2015

NOK millions	Level 1	Level 2	Level 3	Total
Equity securities available-for-sale	-	-	223	223
Foreign exchange contracts	-	133	-	133
Interest rate derivative contracts	-	-	-	-
Interest rate contracts designated as hedging instrument	-	70	-	70
Commodity derivatives and embedded derivatives	-	-	-	-
Total assets at fair value	-	202	223	426
Foreign exchange contracts	-	(67)	-	(67)
Interest rate derivative contracts		(609)		(609)
Commodity derivatives and embedded derivatives	-	-	(294)	(294)
Total liabilities at fair value	-	(676)	(294)	(970)

There were no transfers between Level 1 and Level 2 in the period.

The following tables shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

2015

NOK millions	Equity securities available-for-sale	Derivatives - assets	Derivatives - liabilities	Total
Balance at 1 January	176	18	(448)	(255)
Total gains or (losses):				
In income statement [1]	-	(20)	221	201
In other comprehensive income	38	-	-	38
Foreign currency translation	9	2	(66)	(55)
Balance at 31 December	223	-	(294)	(71)

2014

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)

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	Favorable	(Unfavorable)	Favorable	(Unfavorable)
Embedded derivative in energy contract (20% decrease/increase in ammonia price)	176	(246)	-	-
Unlisted equity securities (20% increase/decrease in electricity price)	-	-	44	(44)
Total	176	(246)	44	(44)

The favorable and unfavorable effects on the embedded derivatives in the energy contracts are calculated by increasing/ decreasing the input of ammonia prices by 20 percent for the whole contract period, also for long-term contracts. All other variables remain constant.

The favorable and unfavorable 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 32 Secured debt and guarantees

NOK millions	2015	2014
Amount of secured debt	1,144	2,163
Assets used as security		
Machinery and equipment, etc.	4,849	3,806
Buildings and structural plant	1,428	1,988
Inventories [1]	164	592
Other (including land and shares) [1]	298	1,029
Total	6,739	7,415
Guarantees (off-balance sheet)		
Contingency for discounted bills	13	1
Guarantees of debt in the name of equity-accounted investees	-	11
Non-financial parent company guarantees	9,941	8,490
Non-financial bank guarantees	1,155	1,019
Total	11,109	9,521

1) Decreases in inventories and other are mainly due to expiry of working capital loans in Galvani.

The amount of secured debt has decreased with NOK 1,019 million during 2015 reflecting the integration of Latin American entities acquired in 2014. The volume of assets pledged as security has decreased 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 1,588 million compared with 2014, with the increase mainly related to construction and energy contracts. The increase also reflects the depreciation of the Norwegian krone vs. most of Yara's other main currencies.

Contingent liabilities related to the demerger from Norsk Hydro ASA

Yara is contingently liable for unfunded pension liabilities accrued prior to the consummation of the demerger from Norsk Hydro ASA (Hydro) 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 March 24, 2004 and have been reduced by payments thereafter.

Note 33 Contractual obligations and future investments

NOK millions	Investments 2016	Investments Thereafter	Investments Total
Contract commitments for investments in property, plant and equipment	9,235	2,148	11,383
Contract commitments for other future investments	-	-	-
Contract commitments for acquisition or own generated intangible assets	25	-	25
Total	9,260	2,148	11,408

Yara has publicly communicated committed growth investments of NOK 11.7 billion in the time period 2016-2018. These investments are related to projects in Porsgrunn, Köping, Uusikaupunki, Sluiskil, Pilbara TAN plant, ammonia vessels, joint project with BASF to build an ammonia plant in Texas and the Salitre mining project (Galvani). Of this amount, NOK 9.9 billion is included in contractual commitments in the table above.

Commitments related to equity-accounted investees

NOK millions	Investments 2016	Investments Thereafter	Investments Total
Contract commitments for investments in property, plant and equipment:	1,400	-	1,400
Total	1,400	-	1,400

Figures in the table above are presented on a 100% basis. Yara's share of committed investments related to equity accounted investees in 2016 is NOK 350 million. The commitments are mainly related to 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 14.

The non-cancelable future obligation at 31 December 2015 (undiscounted amounts)

NOK millions	Total
2016	5,532
2017	4,060
2018	3,451
2019	3,387
2020	2,163
Thereafter	4,773
Total	23,366

The non-cancelable future obligations are mainly related to gas and raw material contracts. The amounts are calculated based on minimum contracted quantities and minimum contracted prices according to each contract

Yara did not need to pay any significant amount to fulfill take-or-pay clauses in 2015.

NOK millions	2016	2017	2018	2019	2020	Total
Sales commitments [1]	720	219	193	193	-	1,325

1) Sales commitments are mainly related to industrial products.

For further information regarding future obligations, see note 24 for future obligations related to pensions, note 25 for provisions and contingencies and 34 for future commitments related to lease arrangements.

Note 34 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	2015	2014
Within year 1	1,424	1,388
Within year 2	785	850
Within year 3	608	505
Within year 4	440	350
Within year 5	279	261
After 5 years	1,151	1,049
Total	4,688	4,403

There are no restrictions imposed by lease arrangements, such as those concerning dividends and additional debt. For some of the contracts there are renewal options that Yara can exercise.

Operating lease expenses included in operating cost and expenses

NOK millions	2015	2014
Operating lease expenses	(1,900)	(1,493)

Operating lease expenses of NOK 1,643 million (2014: NOK 1,267 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:

	2015		2014	
NOK millions	Nominal value	Present value	Nominal value	Present value
Within year 1	47	40	55	51
Within year 2	57	50	43	39
Within year 3	58	50	55	48
Within year 4	55	47	52	44
Within year 5	66	56	50	39
After 5 years	114	60	164	69
Total	397	303	419	290

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 35 Related parties

The Norwegian State

On 31 December 2015, the Norwegian State owned 99,611,727 shares, representing 36.21% of the total number of shares issued. On the same date, the National Insurance Fund, Norway owned 16,099,877 shares, representing 5.85% of the total number of shares issued.

Equity-accounted investees

Transactions with equity-accounted investees are described in note 14.

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 2015, Yara has contributed to the pension fund through deductions from the 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 2015 and number of shares owned per 31 December 2015

NOK thousands, except number of shares	Compensation earned in 2015	Number of shares
Leif Teksum, Chairperson [1]	550	1,500
Maria Moræus Hanssen (from 11 May 2015) [2]	336	-
Hilde Merete Aasheim (till 11 May 2015) [2]	200	-
Geir Isaksen [1]	334	84
Hilde Bakken [1]	327	-
John Gabriel Thuestad [2]	445	1,200
Rune Asle Bratteberg [2] [3]	381	157
Guro Mauset [3]	294	181
Geir O. Sundbø [3]	294	129

1) Member of the Compensation Committee in 2015.
2) Member of the Audit Committee in 2015.
3) Interest-free loan of NOK 11.794 given through a trust in accordance with a Yara share purchase offer.

Compensation of Board of Directors was NOK 3,161 thousand in 2015 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 2015 and number of shares owned by the deputy Board Members at per December 2015

	Compensation earned in 2015	Number of shares
Per Rosenberg [1]	-	276
Kari Marie Nøstberg [2]	-	278
Inge Stabæk [1]	-	314
Vigleik Heimdal [1]	-	458

1) Interest-free loan of NOK 11.794 given through a trust in accordance with a Yara share purchase offer.
2) Interest-free loan of NOK 5.790 given through a trust in accordance with a Yara share purchase offer.

Yara Executive Management: Compensation and number of shares owned per 31 December 2015

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]
Svein Tore Holsether (from 9 September 2015)	1,869	-	1,800	6,057	438	10,393	1,421
Torgeir Kvidal (CEO till 9 September 2015) [4]	4,166	1,505	715	296	1,160	7,137	1,602
Gerd Löbbert	6,120	2,713	1,551	712	799	7,274	2,203
Egil Hogna (till 1 May 2015)	1,128	1,692	-	83	324	8,418	-
Terje Knutsen (from 1 May 2015)	1,896	-	667	238	426	3,054	1,003
Yves Bonte	5,642	2,636	1,429	374	731	9,959	3,306
Thor Giæver (till 9 September 2015) [4]	1,500	504	-	145	301	2,864	418
Trygve Faksvaag	2,413	985	482	342	614	7,907	1,042
Kaija Korolainen	2,543	805	513	226	588	1,651	804
Bente Slaatten	2,258	917	448	286	550	5,053	1,055
Alvin Rosvoll	2,700	1,370	684	371	879	5,775	1,208

1) Fixed cash amount as part of Long Term Incentive plan (see description on page 131).
2) The base salaries of Yara Executive Management employed in Norway increased with 2.6% on average with the exception of members employed in Belgium. For Yara Executive Management members employed in Belgium, an increase of 6.4% was applied. The salary amounts for Yara Executive Management members employed in Belgium are influenced by currency fluctuations. 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 2014, paid in 2015.
4) Torgeir Kvidal took on the position as acting CEO and Thor Giæver was acting CFO till 9 September 2015.
5) Estimated bonus (including holiday allowance) earned in 2015 to be paid in 2016.

Yara Executive Management: Compensation and number of shares owned per 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 131).
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 was acting CFO from 13 October 2014.
5) Estimated bonus (including holiday allowance) earned in 2014 to be paid in 2015.

Torgeir Kvidal was appointed acting CEO on 7 October 2014 until Svein Tore Holsether commenced on 9 September 2015. He temporarily withdrew from the position as Yara CFO. During the acting CEO period, he was entitled to a monthly compensation of NOK 175,000 in addition to compensation and benefits according to his CFO Employment Agreement.

Svein Tore Holsether's annual base salary is NOK 6,000,000. As a partial compensation for loss of specified benefits from his previous employer he was granted a taxable benefit of NOK 6,000,000 upon commencement with Yara (see "Other Benefits" in the table above). He is obliged to use the net after tax amount to buy shares of Yara International ASA with a lock-in period of 1, 2 and 3 years for each one third of the net amount.

On 8 February 2016 Gerd Löbbert, Kaija Korolainen and Bente Slaatten stepped down from Yara Executive Management and will leave the company with severance packages. Gerd Löbbert has got a termination compensation of NOK 5,971,465. Kaija Korolainen and Bente Slaatten got termination compensation of respectively NOK 2,047,500 and 1,805,090, representing nine months of salary. For Kaija Korolainen and Bente Slaatten the termination compensation comes in addition to three months notice period.

Pensions benefits and termination agreements

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 plans for employees in Norway. A funded defined contribution plan has contribution equal to 5% of part of pensionable salary between 1 times Norwegian Social Security Base Amount (1G) and 6G plus 8% of salary between 6G and 12G. All Norwegian employees with pensionable salary above 12 G 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. This plan has been closed for new members from 3 December 2015. Egil Hogna, Terje Knutsen, Kaija Korolainen, Bente Slaatten and Alvin Rosvoll 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. For Torgeir Kvidal, Thor Giæver and Trygve Faksvaag membership in the early retirement plan ceased from 1 January 2015. As compensation for the loss of this plan they are enrolled in an unfunded defined contribution plan with contribution equal to 2.5% of pensionable salary up to 7.1G and 11.5% of salary between 7.1G and 12G.

Svein Tore Holsether is member of the following three of Yara's ordinary pension plans for employees in Norway: A funded defined contribution plan with contribution equal to 5% of salary between 1G and 6G plus 8% of salary between 6G and 12G, the unfunded defined contribution plan with contribution equal to 2.5% of salary up to 7.1G plus 11.5% of salary between 7.1 and 12G, and the unfunded defined contribution plan for salaries above 12G with contribution equal to 25% of pensionable salary in excess 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 to the Annual General Meeting for voting. The Ministry of Trade, Industry and Fisheries disclosed amended Guidelines for Remuneration of Executives in State Owned Companies with effect from 13 February 2015. During 2015 Yara has evaluated the remuneration principles applying to the Executive Management to comply with the new guidelines. Consequently the rules applying for membership in the company pension plan for salaries above 12G has been amended accordingly and the plan was closed for new members from 3 December 2015.

General Principle

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.

Short Term Incentive bonus

The annual incentive bonus represents performance-driven variable compensation components based on financial and non-financial performance 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) excluding special items reaching 7%, with progressively higher payout levels up to a maximum level when CROGI exceeds 14,5%. The annual incentive bonus pay-out is calculated according to the formula shown below. For Executives on Norwegian employment contracts, the maximum pay-out shall not exceed 50% of annual base salary.

CROGI multiplier x Individual relative performance multiplier x Target bonus = Bonus payout

Individual Relative Performance

The Individual Relative Performance is determined based on an overall performance evaluation and achievements of operational and organizational key performance indicators (KPIs). The KPIs are established based on targets set up in the business plan for the actual year and reflect the role and responsibility of each position covering the following areas:
- Safety & Compliance
- Achievement of production and sales volumes
- Cost efficiency and Profitability
- Achievement on specific projects

Target Bonus

The Target Bonus is a percentage of base salary. The percentage is set according to position level and content and comparison with the market. The target bonuses for Executives on Norwegian employment contract are between 28% and 40%.

Long Term Incentive plan

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. The grant to Yara CEO is determined annually by Yara Board of Directors.

Benefit Plans

All new pension plans in Yara should be defined contribution (DC) plans. For all new hires and internal recruits to Yara Executive Management on Norwegian employment contracts, future contributions to the pension plan is limited to a salary of 12 times Norwegian Social Security Base Amount (12G).

At 3 December 2015, the membership rules of the DC pension plan covering salary in excess of 12G were changed. The plan was closed for new members. For internal recruits to Yara Executive Management who are members of the plan at commencement, future contribution to the plan stops and they become deferred members of the plan. Current members of Yara Executive Management at 3 December 2015 remain active members of the plan with future contributions.

For Executives on Norwegian employment contracts, Yara has a company set upper limit for retirement at age 67 (age 70 from 1 July 2016) with the possibility for flexible retirement from age 62 in the company paid DC plans. Yara has a defined benefit early retirement plan for Executives on Norwegian employment contracts covering the period from age 65 to 67 with a defined benefit equal to 65% of final salary limited to 12G. From 1 January 2015, this plan ceased for employees below age 50. A DC pension plan was established to compensate the shortfall .

The Executives are members of the personal insurance schemes applicable to Yara employees. These are Group Life Insurance, Disability Pension, lump-sum payment in the event of disability, occupational diseases, occupational and non-occupational accident, Health Insurance and Travel Insurance for the Executive and family.

Others

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. This comes in addition to the Long Term Incentive plan.

New members of Yara Executives on Norwegian Contracts entered into after March 2015, are entitled to a severance pay equal to six months basic salary on certain conditions. The severance pay is calculated from the end of the notice period. Other income the Executive receives during the Severance Pay period will be deducted from the Severance Pay.

Salary and other benefits earned in 2015 are disclosed above. For additional information about existing pension plans see note 24.

Note 36 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
2015					
Deloitte Norway	4,602	808	28	106	5,544
Deloitte abroad	33,244	460	1,788	781	36,273
Total Deloitte	37,846	1,268	1,816	887	41,817
Others	2,216	48	918	289	3,471
Total	40,062	1,316	2,734	1,176	45,288
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

Note 37 Post balance sheet events

Yara Board will propose to the Annual General Meeting a dividend of NOK 15 per share for 2015. The total dividend payment will be NOK 4,113 million based on current outstanding shares.

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	2015	2014
Revenues	6	1,921	1,134
Other income		11	-
Revenues and other income		1,931	1,134
Raw materials, energy costs and freight expenses		(25)	(8)
Change in inventories of own production		6	(12)
Payroll and related costs	3	(685)	(574)
Depreciation and amortization	4,5	(34)	(23)
Other operating expenses	6	(1,665)	(1,004)
Operating costs and expenses		(2,402)	(1,623)
Operating income		(471)	(488)
Financial income (expense), net	7	9,986	5,989
Income before tax		9,515	5,501
Income tax expense	8	65	374
Net income		9,580	5,875
Appropriation of net income and equity transfers			
Dividend proposed		4,113	3,581
Retained earnings		5,466	2,294
Total appropriation	13	9,580	5,875

YARA INTERNATIONAL ASA

Balance sheet

NOK millions	Notes	31 Dec 2015	31 Dec 2014
ASSETS			
Non-current assets			
Deferred tax assets	8	1,000	929
Intangible assets	5	320	204
Property, plant and equipment	4	103	105
Shares in subsidiaries	9	19,426	19,424
Intercompany receivables	15	16,455	14,560
Shares in associated companies		-	18
Other non-current assets	10	465	542
Total non-current assets		37,769	35,782
Current assets			
Inventories	10	25	19
Trade receivables		16	18
Intercompany receivables	15	20,856	20,477
Prepaid expenses and other current assets	12	665	503
Cash and cash equivalents		808	1,141
Total current assets		22,371	22,158
Total assets		60,140	57,940

YARA INTERNATIONAL ASA

Balance sheet

NOK millions	Notes	31 Dec 2015	31 Dec 2014
Liabilities and shareholders' equity			
Equity			
Share capital reduced for treasury stock		466	468
Premium paid-in capital		117	117
Total paid-in capital		583	586
Retained earnings		10,321	5,216
- Treasury shares		(362)	(229)
Shareholders' equity	13	10,542	5,573
Non-current liabilities			
Employee benefits	2	798	723
Long-term interest bearing debt	14	7,887	8,198
Other long-term liabilities		609	6
Total non-current liabilities		9,293	8,927
Current liabilities			
Bank loans and other interest-bearing short-term debt	10	1,929	2,207
Current portion of long-term debt	14	1,007	-
Dividends payable	13	4,113	3,581
Intercompany payables	15	32,699	37,088
Current income tax	8	20	20
Other current liabilities	12	537	543
Total current liabilities		40,305	43,440
Total liabilities and shareholders' equity		60,140	57,940

The Board of Directors of Yara International ASA
Oslo, 17 March 2016

Leif Teksum
Chairperson

Maria Moræus Hanssen
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

Svein Tore Holsether
President and CEO

YARA INTERNATIONAL ASA

Cash flow statement

NOK millions	Notes	31 Dec 2015	31 Dec 2014
Operating activities			
Operating Income		(471)	(488)
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation, amortization and impairment loss	4,5	34	23
Write-down inventory and trade receivables		11	2
Tax received/(paid)	8	(5)	(55)
Dividend received from subsidiary and associated companies		-	27
Group relief received		7,000	-
Interest and bank charges received/(paid)		618	354
Other		19	21
Change in working capital			
Trade receivables		(17)	(13)
Short term intercompany receivables/payables		(1,984)	(6,625)
Prepaid expenses and other current assets		(522)	(144)
Trade payables		(35)	105
Other current liabilities		(649)	(360)
Net cash (used in)/ provided by operating activities		3,997	(7,153)
Investing activities			
Acquisition of property, plant and equipment	4	(7)	(84)
Acquisition of other long-term investments	5	(144)	(141)
Net cash from/(to) long term intercompany loans	15	277	5,604
Proceeds from sales of long-term investments		88	2
Net cash (used in)/provided by investing activities		214	5,381
Financing activities			
Loan proceeds		-	3,500
Principal payments		(472)	(2,431)
Purchase of treasury stock	13	(364)	(230)
Redeemed shares Norwegian State	13	(127)	(211)
Dividend paid	13	(3,581)	(2,771)
Net cash used in financing activities		(4,545)	(2,142)
Net increase/(decrease) in cash and cash equivalents		(333)	(3,915)
Cash and cash equivalents at 1 January		1,141	5,056
Cash and cash equivalents at 31 December		808	1,141

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 12 to the Yara International ASA financial statements and note 29 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 26 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 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 currency translation 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	2015	2014
Pension liabilities for defined benefit plans	(790)	(716)
Termination benefits and other long-term employee benefits	(7)	(8)
Surplus on funded defined benefit plans	349	342
Net long-term employee benefit obligations	(448)	(381)

Expenses for long-term employee benefit obligations recognized in the statement of income

NOK millions	2015	2014
Defined benefit plans	(57)	(49)
Defined contribution plans	(22)	(17)
Termination benefits and other long-term employee benefits	(6)	(5)
Net expenses recognized in Statement of income	(85)	(71)

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 2015, the number of active participants in the funded defined benefit plan who were employed by Yara International ASA, was 8 and the number of retirees was 149. 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 retire 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.

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.

Effective 1 January 2015 Yara International ASA implemented changes to the early retirement schemes, both the AFP gratuity plan and the 65 to 67 plan for department managers or above, in which all employees below age 50 are transferred to new contribution-based plans which offer increased contribution rates compared to the ordinary defined contribution plan, as well as compensation contributions, where applicable. Employees aged 50 or above retained their rights from the old plans, however with the option to choose a transfer to the new contribution-based plans. As Yara International ASA retains investment risk on the new contribution-based plans, they have been accounted for as defined benefit plans.

All Norwegian employees with salary above 12G as of 3 December 2015 (i.e. 12 times the Norwegian Social Security Base Amount, which from 1 May 2015 was NOK 90,068) 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. The plan was closed to new members from 3 December 2015. As investment risk is retained by Yara International ASA, the plan is included in the obligation for defined benefit plans.

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 24.1 years. Corresponding expectations for male employees are 22.6 years for current employees and 21.0 years for a male employee aged 65.

The following financial assumptions have been applied for the valuation of liabilities (in %):

In percentages	2015	2014
Discount rate	2.5	2.4
Expected rate of salary increases	2.4	2.8
Future rate of pension increases	0.2	0.2

Actuarial valuations provided the following results:

NOK millions	2015	2014
Present value of unfunded obligations	(693)	(627)
Present value of wholly or partly funded obligations	(640)	(648)
Total present value of obligations	(1,333)	(1,275)
Fair value of plan assets	990	948
Social security on defined benefit obligations	(98)	(46)
Total recognized liability for defined benefit plans	(441)	(374)

Duration of liabilities at the end of the year:

Duration of liabilities (in years)	2015
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	2015	2014
Current service cost	(31)	(31)
Administration cost	(2)	(1)
Settlements [1]	(9)	-
Social security cost	(8)	(6)
Payroll and related costs	(50)	(38)
Interest on obligation	(30)	(46)
Interest income from plan assets	23	35
Interest expense and other financial items	(8)	(11)
Total expense recognized in income statement	(57)	(49)

1) A settlement loss of NOK 9 million is recognized in 2015 related to the changes in early retirement schemes.

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	2015	2014
Actual valuation	(1,333)	(1,275)
Discount rate +0.5%	(1,246)	(1,203)
Discount rate -0.5%	(1,429)	(1,356)
Expected rate of salary increase +0.5%	(1,341)	(1,281)
Expected rate of salary increase -0.5%	(1,325)	(1,270)
Expected rate of pension increase +0.5%	(1,402)	(1,353)
Expected rate of pension increase -0.5%	(1,303)	(1,204)
Expected longevity +1 year	(1,369)	(1,322)
Expected longevity -1 year	(1,297)	(1,229)

Development of defined benefit obligations

NOK millions	2015	2014
Defined benefit obligation as of 1 January	(1,275)	(1,213)
Current service cost	(31)	(31)
Interest cost	(30)	(46)
Experience adjustments	(49)	20
Effect of changes in financial assumptions	15	(46)
Remeasurement gains / (losses) on obligation	(35)	(26)
Settlements [1]	(9)	-
Benefits paid	48	41
Defined benefit obligation as of 31 December	(1,333)	(1,275)

1) A settlement loss of NOK 9 million is recognized in 2015 related to the changes in early retirement schemes.

Development of plan assets

NOK millions	2015	2014
Fair value of plan assets as of 1 January	948	915
Interest income from plan assets	23	35
Administration cost	(2)	(1)
Return on plan assets (excluding the calculated interest income)	41	15
Benefits paid	(20)	(17)
Fair value of plan assets as of 31 December	990	948

The actual return on plan assets in 2015 was a positive NOK 64 million (2014: positive NOK 50 million).

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 diversity 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	2015	2015	2014	2014
Cash and cash equivalents	34	3 %	3	-
Shares	393	40 %	390	41 %
Other equity instruments	33	3 %	28	3 %
High yield debt instruments	42	4 %	98	10 %
Investment grade debt instruments	464	47 %	405	43 %
Properties	21	2 %	21	2 %
Interest rate swap derivatives	2	-	2	-
Total plan assets	990		948	

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 2016 are NOK 25 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	2015	2014
Cumulative amount recognized directly in retained earnings pre tax at 1 January	(27)	(14)
Remeasurement gains / (losses) on obligation for defined benefit plans	(35)	(26)
Remeasurement gains / (losses) on plan assets for defined benefit plans	41	15
Social security on remeasurement gains / (losses) recognized directly in equity this year	(47)	(2)
Remeasurement gain / (loss) recognized during the period	(41)	(12)
Cumulative amount recognized directly in retained earnings pre tax at 31 December	(67)	(27)
Deferred tax related to remeasurement gains / (losses) recognized directly in retained earnings	17	7
Cumulative amount recognized directly in retained earnings after tax at 31 December	(50)	(19)

Note 3 Remunerations and other

Remuneration and direct ownership of shares of the chairperson and of the board of directors are disclosed in note 35 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 note 35 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 3.650 thousand (2014: NOK 3.965 thousand), fee for assurance services NOK 665 thousand (2014: NOK 565 thousand), no fee for tax services (2014: NOK 335 thousand) and fee for non-audit services NOK 46 thousand (2014: NOK 90 thousand). Audit remuneration for the group is disclosed in note 36 to the consolidated financial statement.

At 31 December 2015 the number of employees in Yara International ASA was 417 (2014: 361)

NOK millions	Notes	2015	2014
Payroll and related costs			
Salaries		(580)	(495)
Social security costs		(75)	(62)
Net periodic pension costs	2	(78)	(60)
Internal invoicing of payroll related costs		48	43
Sum		(685)	(574)

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 2015, the aggregate balance of all the outstanding loans for which Yara are providing a guarantee is approximately NOK 990 thousand, and the number of loans are 14.

Yara continued to give employees in Norway an opportunity to take part in a share purchase program in 2015. All permanent employees in Norway have been offered shares with a discount and given 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 26,200 shares during 2015. In total 25,242 shares have been sold during 2015 to 854 persons, 196 persons were allotted 18 shares and 658 persons were allotted 33 shares. As at 31 December 2015 the foundation owns 1,126 shares in Yara.

Note 4 Property, plant and equipment

2015

NOK millions, except percentages and years	Property, plant and equipment
Cost	
Balance at 1 January	155
Addition at cost	7
Balance at 31 December	162
Depreciation	
Balance at 1 January	(50)
Depreciation	(8)
Balance at 31 December	(58)
Carrying value	
Balance at 1 January	105
Balance at 31 December	103
Useful life in years	4 - 50
Depreciation rate	2 - 25%

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%

Property, plant and equipment mainly comprises machinery and equipment. The main additions in 2014 were pilot plants at the Yara Research Center and the new headquarters in Drammensveien 131.

There were no assets pledged as security at 31 December 2015 and 2014.

Note 5 Intangible assets

2015

NOK millions, except percentages and years	Intangible assets
Cost	
Balance at 1 January	397
Addition at cost	144
Balance at 31 December	540
Amortization	
Balance at 1 January	(193)
Amortization	(26)
Balance at 31 December	(220)
Carrying value	
Balance at 1 January	204
Balance at 31 December	320
Useful life in years	3 - 5
Amortization rate	20 - 35 %

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 %

Intangible assets mainly consist of computer software systems and capitalized technology assets.

The main additions in 2015 were capitalized IT project costs.

Note 6

Specification of items in the income statement

Revenue

Information about sales to geographical areas

NOK millions	2015			2014		
	External	Internal [1][2]	Total	External	Internal	Total
Norway	2	95	97	7	49	56
European Union	36	1,568	1,604	17	1,025	1,042
Europe, outside European Union	-	4	4	-	-	-
Africa		15	15	-	-	-
Asia	7	23	30	1	-	1
North America	10	31	41	-	-	-
Latin America	10	103	113	18	-	18
Australia and New Zealand	-	16	16	-	16	16
Total	66	1,855	1,921	43	1,091	1,134

1) Change of business model related to shared IT costs results in increase of both internal revenues and operating expense.
2) See note 15 for more information.

Other operating expenses

NOK millions	2015	2014
Selling and administrative expense	(1,389) [1]	(792)
Rental and leasing [2]	(56)	(60)
Travel expense	(62)	(52)
Other	(158)	(100)
Total	(1,665)	(1,004)
Of which research costs [3]	(138)	(140)

1) Change of business model related to shared IT costs results in increase of both internal revenues and operating expense.
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	Notes	2015	2014
Dividends and group relief from subsidiaries		11,534	7,016
Sale of associated companies		69	-
Dividends from associated companies		-	21
Interest income group companies	15	627	982
Other interest income		25	59
Interest expense group companies	15	(142)	(150)
Other interest expense		(457)	(529)
Interest expense defined pension liabilities	2	(30)	(47)
Return on pension plan assets	2	23	35
Net foreign currency translation gain/(loss)		(1,442)	(1,350)
Other financial income/(expense)		(221)	(50)
Financial income/(expense), net		9,986	5,989

Note 8 Income taxes

Specification of income tax expense

NOK millions	2015	2014
Current tax expense	(5)	(36)
Deferred tax income/(expense) recognized in the current year	70	410
Income tax expense	65	374

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

NOK millions	2015	2014
Income before taxes	9,515	5,501
Expected income taxes at statutory tax rate, 27 %	(2,569)	(1,485)
Non-deductible expenses	(1)	(3)
Dividend exclusion	-	4
Effect of valuation allowances	1	3
Loss and write-down shares, not tax deductible	17	(5)
Group relief received from daughter company with no tax effect	2,700	1,890
Tax law changes	(78)	-
Other, net	(6)	(29)
Income tax expense	65	374

Reconciliation of current tax liability

NOK millions	Current tax 2015	Current tax 2014
Balance at 1 January	(20)	(39)
Payments	(5)	53
Current year	5	(34)
Balance as at 31 December	(20)	(20)

Specification of deferred tax assets/(liabilities)

NOK millions	Deferred tax 2015	Deferred tax 2014
Non-current items		
Intangible assets	19	-
Pension liabilities	154	148
Property, plant & equipment	(3)	(3)
Other non-current assets	(923)	(559)
Other non-current liabilities and accruals	479	173
Total	(274)	(240)
Current items		
Inventory valuation	1	2
Accrued expenses	90	14
Total	91	16
Tax loss carry forwards	1,183	1,155
Valuation allowance	-	(2)
Net deferred tax assets	1,000	929
Change in deferred tax		
Balance at 1 January	929	508
Charge (credit) to equity for the year	2	11
Charge (credit) to profit or loss for the year	70	410
Balance at 31 December	1,000	929

Note 9 Shares in subsidiaries

Company name	Ownership [1]	Ownership by other group companies	Registered office	Local currency	Total equity in the company 2015 local currency millions	Net income /(loss) in 2015 local currency millions	Carrying value 2015 NOK millions
Subsidiaries owned by Yara International ASA							
Yara Guatemala S.A.	100 %	-	Guatemala	GTQ	78	16	24
Yara Colombia S.A.	32.2 %	65.1 %	Colombia	COP	213,295	(61,580)	17
Hydro Agri Russland AS	100 %	-	Norway	NOK	22	-	21
Yaraship Services AS	100 %	-	Norway	NOK	20	-	1
Yara Hellas S.A.	100 %	-	Greece	EUR	34	6	21
Yara Norge AS	100 %	-	Norway	NOK	3,027	1,173	1,303
Fertilizer Holdings AS	100 %	-	Norway	NOK	22,590	9,814	16,453
Yara Rus Ltd.	100 %	-	Russia	RUB	(84)	(14)	-
Yara North America Inc.	100 %	-	USA	USD	242	21	468
Yara Asia Pte. Ltd.	100 %	-	Singapore	USD	849	129	1,114
Yara International Employment Co. AG	100 %	-	Switzerland	EUR	1	-	1
Profesionalistas AAL / Operaciones BPT	10 %	90 %	Mexico	MXN	(7)	1	7
Total							19,426

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 Specification of balance sheet items

NOK millions	Notes	2015	2014
Other non-current assets			
Surplus on funded defined benefit plans	2	349	342
Long term loans, mortgage bonds and non-marketable shares 0-20%		12	23
Interest rate swap designated as hedging instrument	12	70	144
Other		34	33
Total		465	542
Inventories			
Raw materials		1	1
Work in progress		7	4
Finished goods		17	15
Total		25	19
Bank loans and other interest-bearing short-term debt			
External loans		1,619	2,121
Bank overdraft		309	86
Total		1,929	2,207

Note 11 Guarantees

NOK millions	2015	2014
Guarantees (off-balance sheet)		
Guarantees of debt in the name of equity accounted investees	-	11
Guarantees of debt in subsidiaries	3,220	1,762
Non-financial guarantees	11,831	10,552
Total	15,051	12,326

Yara International ASA provides guarantees arising in the ordinary course of business, including performance bonds and various payment or financial guarantees. See note 32 to the consolidated financial statements for further information about guarantees.

Note 12 Risk management and hedge accounting

Risk management in Yara and the use of derivative instruments are described in note 29 to the consolidated financial statement. Yara International ASA has the following derivative instruments outstanding at 31 December:

NOK millions	2015	2014
Fair value of derivatives		
Forward foreign exchange contracts (external)	(50)	(21)
Forward foreign exchange contracts (Yara Group internal)	(166)	39
Interest rate swaps designated for hedging (external)	70	144
Balance at 31 December	(146)	161
Derivatives presented in the balance sheet		
Non-current assets	70	144
Current assets	-	42
Current liabilities	(216)	(25)
Balance at 31 December	(146)	161

Forward foreign exchange contracts

Yara is committed to outstanding forward foreign exchange contracts as follows:

NOK millions	2015	2014
Forward foreign exchange contracts (external), notional amount	4,556	1,838
Forward foreign exchange contracts (Yara Group internal), notional amount	7,129	6,987

All outstanding contracts at 31 December 2015 have maturity in 2016. External buy positions are mainly in US dollars towards Norwegian kroner. External sell positions are mainly in euro, Canadian dollars and other operating currencies towards Norwegian kroner.

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.

A second portfolio of long-term NOK interest swaps was designated as hedging instruments since 2014. 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

There are no fair value hedges of USD debt outstanding at 31 December 2015.

NOK millions	2015	2014
USD bond debt fair value hedge		
Change in fair value of the derivatives	-	(1)
Change in fair value of the bond	-	1
Ineffectiveness	-	-
Loss on fair value hedge included in the carrying amount of the fixed rate debt	-	-
NOK bond debt fair value hedge		
Change in fair value of the derivatives	8	13
Change in fair value of the bonds	(11)	(10)
Ineffectiveness	(2)	3
Loss on fair value hedge included in the carrying amount of the fixed rate debt	(18)	(29)

Cash flow hedges

In 2004, Yara used interest rate swaps to hedge the future cash flows of a USD 300 million portion of the December 2004 bond issue. In 2007, Yara used treasury locks to hedge the future cash flows of a USD 300 million portion of the June 2009 bond issue. The losses on these contracts were recognized directly in equity and are reclassified into interest expense and deferred tax over the duration of the bonds. The cash flow hedge of the 2004-bond expired in 2014 while the cash flow hedge of the 2009-bond expires in 2019.

During the second half of 2014 and the first half of 2015, Yara used treasury locks to hedge future cash flows of a planned bond issue. Throughout 2015, however, liquidity inflow from divestments and a revision of Yara's interest rate strategy led to a deferral of the planned bond issue and the criteria for hedge accounting were no longer present. The hedging relationship was therefore terminated during third quarter 2015 and a loss of NOK 100 million was recognized in the statement of income.

Interest expense

NOK millions	2015	2014
2004-bond cash flow hedge	-	13
2009-bond cash flow hedge	5	5
2014 cash flow pre-hedge	27	(28)
Total	32	(10)
Deferred tax	(8)	3
Net effect in statement of income	24	(7)

Note 13 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 2015, the company has a share capital of 467.641.727 consisting of 275,083,369 ordinary shares at NOK 1.70 per share.

Yara owns 910,000 own shares at 31 December 2015. For further information on these issues see note 22 to the consolidated financial statement.

Shareholders holding 1% or more of the total 275,083,369 shares issued as of 31 December 2015 are according to information in the Norwegian securities' registry system (Verdipapirsentralen):

Name	Number of shares	Holding (%)
Ministry of Trade, Industry and Fisheries	99,611,727	36.2%
Norwegian National Insurance Scheme fund	16,099,877	5.9%
Clearstream Banking (nominee)	7,813,908	2.8%
State Street Bank (nominee)	6,578,267	2.4%
FLPS - PRINC ALL SEC	4,119,200	1.5%
State Street Bank (nominee)	3,699,956	1.4%
Bank of New York (nominee)	3,138,430	1.1%
J.P.Morgan Chase Bank (nominee)	2,847,271	1.0%
State Street Bank (nominee)	2,804,783	1.0%
J.P.Morgan Chase Bank (nominee)	2,604,005	1.0%

Shareholders equity

NOK millions	Paid in capital	Retained earnings	Total shareholders equity
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 2)	(1)	(210)	(211)
Treasury shares 4)	(1)	(229)	(230)
Balance 31 December 2014	586	4,987	5,573
Net income of the year	-	9,580	9,580
Dividend proposed	-	(4,113)	(4,113)
Cash flow hedges	-	24	24
Actuarial gain/(loss) 1)	-	(31)	(31)
Redeemed shares, Norwegian State 3)	(1)	(127)	(127)
Treasury shares 4)	(2)	(362)	(364)
Balance 31 December 2015	583	9,959	10,542

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 5 May 2014.
3) As approved by General Meeting 11 May 2015.
4) See note 22 to the consolidated financial statement for more information.

Note 14 Long-term debt

NOK millions, except percentages and denominated amounts	Weighted average interest rates	Denominated amounts 2015	2015	2014
Unsecured debenture bonds in NOK (Coupon 8.80%) 1)	8.9 %	1,000	1,007	1,033
Unsecured debenture bonds in NOK (Coupon NIBOR + 0.70%) 2)	1.8 %	2,200	2,197	2,196
Unsecured debenture bonds in NOK (Coupon 2.55%) 3)	2.6 %	700	705	696
Unsecured debenture bonds in NOK (Coupon 3.00%) 4)	3.0 %	600	604	596
Unsecured debenture bonds in USD (Coupon 7.88%) 5)	8.3 %	500	4,381	3,676
Outstanding long-term debt			8,893	8,198
Less: Current portion			(1,007)	-
Total			7,887	8,198

1) Fixed interest rate until 2016. Subject to fair value hedge accounting, see note 12.
2) Repricing within a year.
3) Fixed interest rate until 2021. Subject to fair value hedge accounting, see note 12.
4) Fixed interest rate until 2024. Subject to fair value hedge accounting, see note 12.
5) Fixed interest rate until 2019.

At 31 December 2015, the fair value of the long-term debt, including the current portion, was NOK 9,524 million and the carrying value was NOK 8,893 million. See note 26 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)
2016	1,007	-	-	1,007
2017	-	-	-	-
2018	-	-	-	-
2019	6,577	-	-	6,577
2020	-	-	-	-
Thereafter	1,309	-	-	1,309
Total	8,893	-	-	8,893

1) Including current portion.

Note 15 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	2015	2014
Income statement			
Yara Belgium S.A.		1,088	896
Yara Norge AS		94	48
Yara Suomi Oy		93	17
Other		580	130
Internal revenues	6	1,855	1,091
Yara Nederland B.V.		376	393
Yara UK Ltd		54	49
Yara Holding Netherlands B.V.		53	194
Other		144	346
Interest income group companies	7	627	982
Fertilizer Holdings AS		(75)	(54)
Yara AS		(48)	(58)
Yara UK Ltd		(6)	(4)
Other		(14)	(34)
Interest expense group companies	7	(142)	(150)
Non-current assets			
Yara Nederland B.V.		8,942	7,978
Yara Holding Netherlands B.V.		4,397	3,698
Yara Suomi Oy		767	270
Yara Colombia S.A.		704	-
Yara UK Limited		552	1,647
Yara AB		541	483
Other		553	484
Intercompany receivables		16,455	14,560
Current assets			
Fertilizer Holdings AS		10,000	7,000
Yara Australia Pty Ltd		4,981	1,223
Yara Norge AS		1,547	3,338
Freeport Ammonia LLC		941	-
Other		3,387	8,915
Intercompany receivables		20,856	20,477
Trinidad Nitrogen Company Ltd.		192	312
Other		7	7
ST Interest-bearing lending to Group associates and joint arrangements		199	319
Current liabilities			
Fertilizer Holdings AS		(9,961)	(7,909)
Yara Asia Pte Ltd		(3,924)	(2,750)
Yara S.A.		(3,573)	(3,208)
Yara Nederland B.V.		(2,772)	(3,307)
Yara Caribbean Ltd		(2,165)	(1,727)
Yara Belgium S.A.		(1,472)	(643)
Yara Switzerland Ltd		(1,317)	(1,011)
Yara GmbH & Co. KG		(1,127)	(1,197)
Yara UK Limited		(873)	(1,421)
Other		(5,514)	(13,916)
Intercompany payables		(32,699)	(37,088)
Yara Freeport LLC DBA Texas Ammonia		275	-
ST Interest-bearing loans from Group associates and joint arrangements		275	-

Remuneration to the Board of Directors and Yara Management is disclosed in note 35 to the consolidated financial statements. Yara International ASA has transactions with Yara Pensjonskasse (pension fund). See note 2 for more information.

Directors' responsibility statement
2015

WE CONFIRM TO THE BEST OF OUR KNOWLEDGE THAT:

- The consolidated financial statements for 2015 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 2015 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, 17 March 2016

Leif Teksum
Chairperson

Maria Moræus Hanssen
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

Svein Tore Holsether
President and CEO

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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 2015, 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 2015, 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.

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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 2015, 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 2015, 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, 17 March 2016
Deloitte AS

Aase Aa. Lundgaard
State Authorised Public Accountant (Norway)

Reconciliation of non-GAAP measures
2015

Reconciliation of operating income to gross cash flow

NOK millions	2015	2014
Operating income	14,104	10,305
Share of net income in equity-accounted investees	(310)	786
Interest income	579	484
Net gain/(loss) on securities	5	56
Dividend from 0-20% companies	21	11
Earnings before interest expense and tax (EBIT)	14,398	11,642
Depreciation, amortization and impairment loss	6,933	4,678
Amortization of excess value in equity-accounted investees	29	88
Earnings before interest, tax and depreciation/amortization (EBITDA)	21,361	16,407
Income tax less tax on net foreign currency translation gain/(loss)	(2,833)	(2,308)
Gross Cash Flow	18,528	14,099

Reconciliation of net income after non-controlling interests to gross cash flow

NOK millions	2015	2014
Net income attributable to shareholders of the parent	8,083	7,625
Non-controlling interests	351	319
Interest expense and foreign currency translation gain/(loss)	3,754	1,606
Depreciation, amortization and impairment loss	6,933	4,678
Amortization of excess value in equity-accounted investees	29	88
Tax effect on foreign currency translation gain/(loss)	(624)	(217)
Gross Cash Flow	18,528	14,099

Reconciliation of total assets to gross investments
12-months average

NOK millions	2015	2014
Total assets	114,559	93,708
Cash and cash equivalents	(4,430)	(5,668)
Other liquid assets	(82)	(3)
Deferred tax assets	(2,677)	(2,155)
Other current liabilities	(17,647)	(15,654)
Accumulated depreciation and amortization	42,422	35,409
Gross investment 12-months average	132,145	105,638
Cash Return on Gross Investment, CROGI	14.0%	13.3%

Reconciliation of EBIT to EBIT after tax

NOK millions	2015	2014
Earnings before interest expense and tax (EBIT)	14,398	11,642
Income tax less tax on net foreign currency translation gain/(loss)	(2,833)	(2,308)
EBIT after tax (EBITAT)	11,565	9,333

Reconciliation of total assets to capital employed

12-months average

NOK millions	2015	2014
Total assets	114,559	93,708
Cash and cash equivalents	(4,430)	(5,668)
Other liquid assets	(82)	(3)
Deferred tax assets	(2,677)	(2,155)
Other current liabilities	(17,647)	(15,654)
Capital employed 12-months average	89,723	70,229
Return on capital employed, ROCE	12.9%	13.3%

Reconciliation of EBITDA to income before tax and non-controlling interests

NOK millions	2015	2014
EBITDA Crop Nutrition	6,188	5,991
EBITDA Industrial	1,489	1,385
EBITDA Production	14,414	9,871
EBITDA Other and eliminations	(729)	(840)
EBITDA Yara	21,361	16,407
Depreciation, amortization and impairment loss	(6,933)	(4,678)
Amortization of excess value in equity-accounted investees	(29)	(88)
Interest expense	(1,407)	(1,244)
Capitalized interest	111	1
Foreign currency translation gain/(loss)	(2,463)	(698)
Other financial income/expense, net	5	334
Income before tax and non-controlling interests	10,644	10,035

Reconciliation of operating income to EBITDA

NOK millions	2015	2014
Operating income	14,104	10,305
Share of net income in equity-accounted investees	(310)	786
Interest income	579	484
Dividends and net gain/(loss) on securities	26	66
EBIT	14,398	11,642
Depreciation, amortization and impairment loss [1]	6,962	4,766
EBITDA	21,361	16,407

1) Including amortization of excess value in equity-accounted investees.

WE SUPPORT

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.

Global Compact LEAD

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.

FTSE4Good

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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