REPORT

Second quarter 2014

Yara International ASA – quarterly and half year report

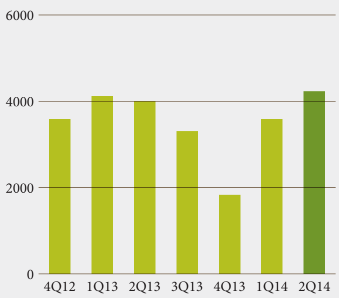
- Strong result
- Lower nitrate deliveries amid early end to season in Europe
- Continued strong NPK deliveries and value-added premiums
- Improved European commodity margins due to lower gas price
- Continued Industrial segment growth


Yara reports a strong second-quarter result as margin improvements more than offset the volume impact of an earlier end to the season in Europe

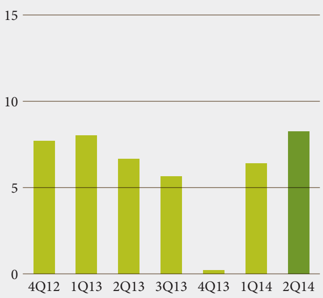
EARNINGS PER SHARE

NOK
8.26

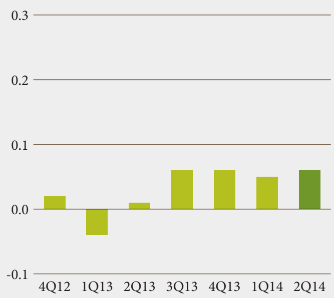
EBITDA (NOK millions)



Earnings per share (NOK)



Debt/equity ratio



YARA
Knowledge grows

Second quarter *2014*

FINANCIAL HIGHLIGHTS

NOK millions, except where indicated otherwise	2Q 2014	2Q 2013	1H 2014	1H 2013
Revenue and other income	23,309	23,209	45,018	43,906
Operating income	2,849	2,651	5,117	5,469
Share net income equity-accounted investees	171	417	362	857
EBITDA	4,227	4,039	7,818	8,223
EBITDA excl. special items	4,185	4,103	8,015	8,251
Net income after non-controlling interests	2,285	1,867	4,058	4,124
Earnings per share [1]	8.26	6.69	14.66	14.73
Earnings per share excl. currency [1]	7.91	7.77	14.16	16.38
Earnings per share excl. currency and special items [1]	7.74	7.97	14.77	16.49
Average number of shares outstanding (millions)	276.5	279.3	276.8	279.9
CROGI (12-month rolling average) [2]			11.6 %	15.8 %
ROCE (12-month rolling average)			11.0 %	17.5 %

1) NOK per share. Yara currently has no share-based compensation programs that result in a dilutive effect on EPS.
2) Second-quarter 2014 CROGI excl. special items annualized 13.9%, compared with 15.7% in second quarter 2013.

KEY STATISTICS

		2Q 2014	2Q 2013	1H 2014	1H 2013
Average prices					
Urea prilled (fob Black Sea)	USD per ton	299	342	319	371
CAN (cif Germany)	USD per ton	354	322	349	337
Ammonia (fob Black Sea)	USD per ton	485	500	462	531
DAP (fob US Gulf)	USD per ton	461	488	468	489
Phosphate rock (fob Morocco)	USD per ton	120	151	117	156
European gas (Zeebrugge)	USD per MMBtu	7.6	10.3	8.7	10.7
US gas (Henry Hub)	USD per MMBtu	4.6	4.0	4.9	3.8
Yara's gas & oil cost (weighted average) [1]	USD per MMBtu	6.9	8.5	7.5	8.4
Yara's European gas & oil cost (weighted average) [1]	USD per MMBtu	9.2	11.9	10.3	11.7
USD/NOK currency rate		5.98	5.83	6.04	5.73
Production (Thousand tons) [1]					
Ammonia		1,774	1,823	3,495	3,649
Finished fertilizer and industrial products, excl. bulk blends		4,529	4,460	9,189	9,070
Total		6,303	6,283	12,684	12,719
Sales (Thousand tons)					
Ammonia trade		622	570	1,069	1,221
Fertilizer		6,491	6,342	12,878	11,639
Industrial products [2]		1,665	1,570	3,202	3,033
Total		8,778	8,482	17,150	15,894

1) Including Yara's share in equity-accounted investees.
2) Including feed phospates and CO_2 as from 2014 reporting (2013 restated).

Yara's second-quarter net income after non-controlling interests was NOK 2,285 million, compared with NOK 1,867 million last year. Excluding net foreign exchange gain/loss and special items, the result was NOK 2,142 million, compared with NOK 2,225 million in second quarter 2013. The corresponding earnings per share were NOK 7.74 compared with NOK 7.97 last year.

"Yara reports a strong second-quarter result as margin improvements more than offset the volume impact of an earlier end to the season in Europe," said Jørgen Ole Haslestad, President and Chief Executive Officer of Yara.

"Our NPK business continues to perform well, and I am pleased to announce a 250,000 ton expansion of NPK capacity in Uusikaupunki, Finland, for completion by end 2015," said Jørgen Ole Haslestad.

FERTILIZER MARKET CONDITIONS

Fertilizer demand remains robust. Although grain prices dropped during the quarter due to favorable crop prospects in several key grain producing regions, the Food and Agriculture Organization of the United Nations (FAO) food price index was only 3% down on second quarter last year (2% higher than the five-year average), while its cereal price index was 12% down (4% lower than the five-year average). Positive developments in the dairy and meat sectors explain the relatively stronger overall food price index, and wheat prices are only modestly lower than a year ago. It is also worth noting that the FAO food price index does not include cash crops.

The strong projected production level for 2014/15 will bring ending stocks for grains to a level corresponding to 78 days of consumption, adding only 1 day of consumption to stocks, according to the latest USDA forecast.

Although grain farmer margins are lower than a year ago, for corn in particular, they are still supportive for fertilizer use, as commodity fertilizer prices have declined as well. Demand for higher quality fertilizers like nitrates and NPKs remains strong, particularly for the cash crop, meat and dairy sectors where prices have seen a more positive development than for grains.

Urea prices fob Black Sea were stable through the quarter, at close to USD 300 per ton, 13% lower on average than a year earlier, due to lower tax on Chinese urea exports and lower urea pricing in China. For April and May, China exported 1.9 million tons, up from 0.5 million tons in the same period last year. At the current price level, the highest cost producers in China and Eastern Europe are suffering losses and are forced to curtail production. The most important swing supplier outside China is Ukraine, where political turmoil has added to the poor margin picture, and urea exports during the four first months this year are 43% lower than last year.

As farmers in North America and Europe prefer granular urea, strong demand for spring application tends to expand premiums for granular urea compared with prilled urea. The second quarter was no exception, with the key Egyptian benchmark averaging USD 358 per ton, 20% higher than the fob Black Sea price, and only 6% down on second quarter last year.

The ammonia market was relatively tight during the quarter, with pricing close to the ceiling set by urea prices, reflecting several supply issues including curtailments in Ukraine and erratic production in North Africa. The balance eased in June, but prices did not drop significantly, due to high production costs in Ukraine and the rest of Eastern Europe. During the first four months of 2014, Ukraine exported 50% less ammonia than in the same period last year.

As buying for spring application on the Northern hemisphere came to an end, phosphate prices dropped in April and May. Prices rebounded sharply in June, with strong demand in Latin America and an empty pipeline in North America, bringing the average DAP price fob US Gulf for the quarter only 3% lower than the first quarter, and 6% lower than second quarter 2013. The strong demand in June also reflected an anticipated increase in Indian phosphate imports this year, where third quarter is the peak season.

Phosphate rock prices moved up marginally from the previous quarter, eroding upgrading margins from rock to DAP. However, the upgrading margins are still higher than a year ago.

REGIONAL MARKET DEVELOPMENTS

Second-quarter nitrogen fertilizer deliveries in Western Europe were down 8% on last year, with imports up 6%. Second quarter last year was unusually strong, due to a late spring. While lower than a year earlier, second-quarter deliveries this year were higher than in both 2012 and 2011. Due to very low stocks at the start of the quarter, European producers lost market share to imports. Deliveries for the full 2013/14 season were up 2%, with imports up 7%. As a significant share of the early 2013/14 deliveries were consumed last summer due to the late 2013 spring, actual consumption is most likely stable compared with the previous season.

Second-quarter US nitrogen deliveries are estimated to be in line with a year ago, and deliveries for the full 2013/14 season are estimated to be 8% lower. Despite some more nitrogen in inventories at the start of the season and the drop in corn acreage this year, nitrogen markets in North America are and have been relatively tight, supporting granular urea pricing.

In India, urea sales during second quarter increased by 9% compared to a year earlier, with a modest increase in domestic production and stronger imports. Second quarter is between the two main seasons in India, so it is too early to conclude on how consumption will develop. However, so far the weather conditions have been unfavorable.

During April and May, urea production in China was 3% lower than last year. Despite continued capacity growth, poor margins for the highest cost producers resulted in production curtailments. Despite lower production and higher exports, supply has comfortably covered the relatively weak domestic demand so far this year. The average domestic urea price for second quarter was 24% lower than a year earlier.

In Brazil, total fertilizer deliveries during second quarter were 7.1 million tons, up 5% on last year. Year-to-date deliveries were 13.0 million tons, 7% ahead of last year. Urea imports through June were 1.8 million tons, up from 1.6 million tons last year.

VARIANCE ANALYSIS SECOND QUARTER

NOK millions	2Q 2014
EBITDA 2014	4,227
EBITDA 2013	4,039
Variance EBITDA	188
Volume & mix	(512)
Price/margin	287
Oil & gas costs in Europe	660
Special items	105
Other	(459)
Translation NOK vs. USD [1)]	107
Total variance explained	188

1) Based on average NOK per USD for the quarter 2014: 5.98 (2013: 5.83).

Yara delivered strong second-quarter results, with EBITDA excluding special items up 2% as lower gas cost in Europe more than offset the negative impact of lower value-added fertilizer sales and lower results from equity-accounted investees.

The volume, margin and other variances presented in the Yara variance table include effects generated by performance in equity-accounted investees. Net income from equity-accounted investees decreased by NOK 246 million compared with second quarter 2013, primarily due to lower results in Qafco due to turnaround and lower urea prices, as well as lower production in Lifeco due to gas curtailments.

Volume development

Yara's global fertilizer deliveries were up 2% on second quarter last year. Excluding volumes to Brazil, global Yara fertilizer deliveries were down 17% compared with second quarter 2013, mainly due to lower nitrate and NPK deliveries in Europe, after a record first quarter reduced stocks ahead of second quarter.

Second-quarter deliveries to Europe were 21% below a year earlier. In comparison, last year's season ended late with record second-quarter deliveries. However, volumes this year are in line with prior years.

Deliveries outside Europe (excluding Brazil) are down 12%, with lower urea sales to Asia and North America due to supply constraints from Qafco. Increased deliveries in Africa following the integration of Yara

Western Cape partly compensated for the urea sales, together with increased nitrate deliveries to Latin America ex Brazil. In Brazil, Yara delivered approximately 2.2 million tons of fertilizer in second quarter, increasing its market share compared with first quarter.

Industrial sales volumes increased by 6% compared with second quarter 2013. Sales of Air1 were 29% ahead, with continued robust market demand in the US and Europe. Stationary NO_x abatement product deliveries were up 15% reflecting sales growth to the power plant sector in North America. Sales of technical urea, nitric acid and ammonia to the process industry were up 8% as demand for chemical intermediaries continued to develop positively in Europe and in new markets such as Brazil. Feed phosphate deliveries were up 5%, while CO_2 sales were in line with last year. Industrial nitrate deliveries were 3% ahead of last year driven by higher sales of odor treatment products. Technical ammonium nitrate (TAN) deliveries were 14% below last year, as lower demand persisted in key consuming regions.

Yara's ammonia production was 3% lower than last year, still impacted by lower production in the Tertre and Lifeco plants. Tertre was re-started in mid-April after repair work and a maintenance turnaround. The Lifeco plant in Libya also resumed production mid-April as the blockade by a local militia group came to an end. However, gas supply was curtailed and the plant produced at less than 50% capacity. Ammonia production was also impacted by scheduled turnarounds in Qafco and Billingham, but this was more than offset by reliability improvements in several other plants.

Finished fertilizer production performed well and was up 2% from second quarter 2013, mainly as a result of increased NPK and CN production in Yara's Nordic region plants. The overall NPK and CN increases were 13% and 14% respectively. Also, the addition of the former Bunge plants in Brazil added to SSP production. Urea production was down 4% mainly due to Lifeco. Nitrates were down 3% on last year, reflecting the stop in Tertre.

Yara stocks were up 46% compared with the end of second quarter 2013, including the effect of Brazil. Excluding Brazil, stocks were up 10%, mostly reflecting exceptionally low stock levels at the end of second quarter 2013. Yara's stocks at the end of second quarter are around 20% lower than in both 2011 and 2012.

Margin development

Ammonia market prices decreased by 3%, while Yara's average realized urea prices were 9% lower than in second quarter 2013. Realized nitrate prices were up 5%, increasing upgrade margins. NPK compound prices were in line with last year, improving the premium over commodity nutrient values.

Industrial margins continue to benefit from lower raw material sourcing costs compared with second quarter 2013. Chemical margins increased compared with last year due to lower delivery costs to customers, and margins for stationary emission abatement products increased due to favorable customer mix. Margins for nitrate products also increased, mainly within water treatment applications. Margins for CO_2 were also higher, while TAN margins were lower reflecting lower demand.

Yara's average European gas and oil cost was 23% below second quarter 2013 on a USD per MMBtu basis, and slightly better than Yara's guidance, as average spot gas prices declined significantly. Yara also benefitted from the conversion from oil to gas in Brunsbuttel and a renegotiated gas contract in Ferrara. Yara's global average oil and gas cost decreased 18%, reflecting both the European spot gas decline and a decrease in ammonia-linked gas cost, partly offset by increased North American gas prices.

Other items

Total special items were a net positive NOK 42 million, primarily related to a gain on sale of minority shares in three Baltic distribution and trade companies and positive effects from contract derivatives, partly offset by integration and transaction costs for the Bunge (Brazil) and OFD (Colombia) acquisitions. A further USD 8 million and USD 10 million of integration costs for Bunge and OFD respectively are expected in the second half of 2014. Second-quarter 2013 special items were a net negative NOK 64 million. For further details on special items see pages 11 and 12.

The major part of the "Other" variance is related to increased fixed costs, primarily due to the inclusion of Bunge's fertilizer business in Brazil and other growth related activities.

The US dollar was approximately 3% stronger versus the Norwegian krone compared with second quarter 2013, resulting in a positive translation effect in Yara's results.

PRODUCTION VOLUMES 1)

Thousand tons	2Q 2014	2Q 2013	1H 2014	1H 2013
Ammonia	1,774	1,823	3,495	3,649
of which equity-accounted investees	*306*	*374*	*614*	*747*
Urea	1,205	1,261	2,373	2,452
of which equity-accounted investees	*328*	*434*	*659*	*861*
Nitrate	1,465	1,513	2,985	3,033
of which equity-accounted investees	*74*	*66*	*175*	*134*
NPK	1,117	989	2,365	2,233
of which equity-accounted investees	*62*	*54*	*125*	*65*
CN	312	275	642	601
UAN	227	268	485	517
SSP-based fertilizer	202	154	339	235
Total production 1)	6,303	6,283	12,684	12,719

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. 2013 has been restated accordingly.

SALES VOLUMES

Thousand tons	2Q 2014	2Q 2013	1H 2014	1H 2013
Ammonia	827	790	1,477	1,659
of which industrial products 1)	*167*	*166*	*338*	*334*
Urea	1,758	1,971	3,309	3,583
of which fertilizer	*1,331*	*1,672*	*2,577*	*2,953*
of which Yara-produced fertilizer	*544*	*536*	*1,083*	*983*
of which Yara-produced industrial products 2)	*328*	*265*	*592*	*552*
of which equity-accounted investees	*647*	*1,019*	*1,219*	*1,717*
Nitrate	1,304	1,775	3,045	3,424
of which fertilizer	*1,119*	*1,551*	*2,686*	*3,005*
of which Yara-produced fertilizer	*1,040*	*1,459*	*2,497*	*2,815*
of which Yara-produced industrial products	*147*	*185*	*283*	*352*
NPK	2,475	1,818	4,795	3,428
of which Yara-produced compounds	*1,022*	*1,133*	*2,373*	*2,342*
of which Yara-produced blends	*1,360*	*600*	*2,218*	*916*
CN	377	384	729	716
of which fertilizer	*295*	*314*	*574*	*575*
of which Yara-produced fertilizer	*287*	*310*	*563*	*567*
of which Yara-produced industrial products	*75*	*65*	*142*	*130*
UAN	407	469	825	785
of which Yara-produced fertilizer	*342*	*409*	*736*	*705*
DAP/MAP	186	90	334	160
MOP/SOP	313	144	435	224
Other products	1,133	1,040	2,201	1,913
of which industrial products 3)	*803*	*811*	*1,618*	*1,509*
Total sales	8,778	8,482	17,150	15,894

1) 82% ammonia equivalents.
2) 46% urea equivalents.
3) Including feed phosphates and CO_2 as from 2014 reporting (2013 restated)

FERTILIZER VOLUMES BY REGION

Thousand tons	2Q 2014	2Q 2013	1H 2014	1H 2013
Europe	2,183	2,771	5,293	5,663
Latin America	2,487	1,448	4,071	2,371
North America	954	1,118	1,880	1,918
Asia	537	644	1,019	1,128
Africa	329	361	615	559
Total	6,491	6,342	12,878	11,639

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

YARA VARIANCE ANALYSIS FIRST HALF

NOK millions	1H 2014
EBITDA 2014	7,818
EBITDA 2013	8,223
Variance EBITDA	(405)
Volume & mix	98
Price/margin	(691)
Oil & gas costs in Europe	697
Special items	(169)
Other	(786)
Translation NOK vs. USD [1]	446
Total variance explained	(405)

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

Yara delivered strong first-half results, although EBITDA excluding special items decreased by 3%.

The volume, margin and other variances presented in the Yara variance table include effects generated by performance in equity-accounted investees. Net income from equity-accounted investees decreased by NOK 495 million compared with first half 2013, due to lower results in Qafco mainly due to lower production and urea prices, while Lifeco had only partial production. Lifeco stopped operations from mid-January until early April when a local militia group blocked the plant, while second-quarter production was negatively affected by gas curtailments.

Volume development

Global Yara fertilizer deliveries were up 11% on first half 2013, including Brazil. Volumes were down 4% excluding Brazil due to lower nitrate deliveries in Europe and lower urea trade to Asia and North America.

Deliveries to Europe were down 7% compared to last year, but in line with prior years. Yara's first-quarter deliveries were constrained by supply limitations, and volumes could not be fully recaptured in second quarter due to the earlier end of the season.

Deliveries outside Europe (excluding Brazil) were in line with 2013, but with an 11% increase in compound NPK sales to high value segments in Asia. Urea deliveries outside Europe were down 17% due to the same reason as explained for the second quarter. Deliveries to Brazil were 3.6 million tons, up from 1.9 million tons in first half 2013 due to the acquisition of Bunge.

Industrial sales volumes were 6% higher compared with first half 2013. Air1 sales were 29% ahead, due to rapid market development in the US and steady growth in Europe. Sales of technical urea, nitric acid and ammonia to the process industry were up 8% as demand for process intermediaries continued to develop positively in Europe and Brazil. Stationary NO_X abatement products were 2% above last year due to improved sales to the power plant sector. CO_2 sales were slightly ahead of last year, while Industrial nitrate deliveries were in line with last year. Technical ammonium nitrate (TAN) sales were down 8% due to unfavorable market conditions.

Yara's ammonia production decreased 4% compared with first half 2013 mainly for two reasons. A fire in the Tertre plant in mid-January kept the plant out of production for 3 months. The Lifeco plant in Libya also stopped production in mid-January, due to a local militia group blockade. Production was gradually resumed during second quarter.

Finished fertilizer production saw a 1% increase compared with a year earlier, as a result of a 6% increase in NPK production, increased CN production, and additional SSP production from the former Bunge plants in Brazil. Urea and nitrate production decreased by 3% and 2%, respectively, as the product losses from Lifeco and Tertre were only partly recovered through increased production in other plants.

Margin development

Ammonia market prices were 13% lower compared to first half 2013, while Yara's average realized urea prices were 11% lower than a year ago, resulting in higher upgrading margins. Realized nitrate prices were 4% lower than last year and NPK compound prices decreased 6%.

Industrial margins generally benefited from lower raw material sourcing costs compared with first half 2013. Process chemical margins increased compared with last year due to reallocation to higher paying segments and lower logistics costs. Air1 margins increased both in Europe and North America due to higher demand and lower logistics costs. Margins for stationary NO_X abatement products improved as technology sales complemented reagent sales. Margins for nitrate products increased mainly within water treatment and other niche applications, and margins for feed phosphates and CO_2 were also higher than last year. TAN margins were lower than last year due to lower market demand.

Yara's average European gas and oil cost decreased by 1.45 USD/MMBtu compared with first half 2013, due to lower spot gas prices. The 10% decrease in Yara's global average oil and gas price reflects decreases in both European spot gas prices and ammonia-linked gas costs outside Europe, partly offset by increased North America gas prices.

Other Items

Total net special items for first half 2014 were a negative NOK 197 million, primarily related to the first-quarter production stop in Libya and integration and transaction costs in connection with the acquisitions of Bunge's fertilizer business in Brazil and OFD in Latin America. Net special items for first half 2013 were a negative NOK 28 million. For further details on special items see pages 11 and 12.

The major part of the "Other" variance is related to increased fixed costs, primarily due to the inclusion of Bunge's fertilizer business in Brazil and other growth related activities.

The US dollar was on average approximately 5% stronger versus the Norwegian krone compared with first half 2013, resulting in a positive translation effect in Yara's results.

FINANCIAL ITEMS

NOK millions	2Q 2014	2Q 2013	1H 2014	1H 2013
Interest income from customers	72	32	145	62
Interest income, other	32	72	69	128
Dividends and net gain/(loss) on securities	66	0	66	0
Interest income and other financial income	170	104	280	189
Interest expense	(182)	(149)	(373)	(312)
Net interest expense on net pension liability	(16)	(19)	(33)	(40)
Net foreign exchange gain/(loss)	124	(408)	202	(626)
Other	(21)	(71)	(53)	(48)
Interest expense and foreign exchange gain/(loss)	(96)	(648)	(257)	(1,026)
Net financial income/(expense)	74	(544)	22	(836)

Second-quarter net financial income was NOK 74 million compared with an expense of NOK 544 million in 2013. The variance primarily reflects a net foreign exchange gain this quarter of NOK 124 million compared with a loss of NOK 408 million in the same quarter last year. The result this quarter also includes NOK 66 million from gain on shares in Baltic distribution and trade companies and dividends from non-consolidated investees.

Interest income from customers increased with NOK 40 million compared with second quarter 2013, mainly due to the expansion in Brazil. Other interest income decreased by NOK 40 million as average cash deposits were NOK 6 billion lower than last year. The cash has mainly been kept as bank deposits in Norwegian kroner.

Interest expense was NOK 33 million higher than in the same quarter last year as other effects, primarily increased funding in high interest currencies like the BRL, more than offset the effect of a reduced gross debt level.

The net foreign exchange gain was NOK 124 million as the US dollar appreciated around 1% against the euro, but depreciated 2.7% against the Brazilian real. The reported gain also includes NOK 79 million related to internal currency positions, mainly in euro against the Norwegian krone. Yara's US dollar debt generating currency effects in the income statement was approximately USD 950 million at the end of the quarter, with the exposure mainly towards the euro and the Brazilian real.

First-half net financial income was NOK 22 million compared with a net financial expense of NOK 836 million last year. The net foreign exchange gain of NOK 202 million this year is primarily explained by the USD depreciating around 6% against the Brazilian real. The gain also includes NOK 115 million related to internal currency positions, while last year's loss included NOK 373 million related to such positions.

Tax

Second-quarter provisions for current and deferred taxes were NOK 717 million, approximately 23% of income before tax. The tax rate was higher than for second quarter 2013 (approximately 22%) mainly due to lower share of earnings from equity-accounted investees.

NET INTEREST-BEARING DEBT

NOK millions	2Q 2014	1H 2014
Net interest-bearing debt at beginning of period	(2,591)	(3,333)
Cash earnings [1)]	2,758	5,231
Dividends received from equity-accounted investees	26	578
Net operating capital change	1,382	876
Investments (net)	(1,580)	(3,352)
Yara dividend	(2,606)	(2,606)
Foreign exchange gain/(loss)	124	202
Other	(860)	(943)
Net interest-bearing debt at end of period	(3,347)	(3,347)

1) Operating income plus depreciation and amortization, minus tax paid, net gain/(loss) on disposals, net interest expense and bank charges.

As a supplement to the consolidated statement of cash flows (page 18), this table highlights the key factors behind the development in net interest-bearing debt.

Net interest-bearing debt ended at NOK 3,347 million in the second quarter, compared with NOK 2,591 million at the end of first quarter 2014. Cash earnings and a decrease in net operating capital were more than consumed by investments and payment of Yara dividend of NOK 2,606 million.

Net operating capital decreased by NOK 1,382 million due to lower receivables at the end of the European fertilizer season. The investment activity for the quarter mainly reflects planned maintenance programs and growth investments, including NOK 224 million in the Yara Pilbara Nitrates joint venture TAN plant construction. Other cash effects include currency losses not recognized in the profit and loss statement, and VAT and payroll-related payments.

The debt/equity ratio at the end of second quarter 2014, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.06 compared with 0.05 at the end of first quarter 2014.

First-half net interest-bearing debt increased by NOK 14 million, mainly reflecting cash earnings and a decrease in net operating capital, offset by Yara dividend payment and investments.

Outlook

The global farm margin outlook and incentives for fertilizer application remain strong overall, despite a decline in grain prices. The FAO food price index is 3% lower than a year ago, with increased sugar and meat prices almost offsetting the decline for cereals.

The US Department of Agriculture estimates that global grain stocks-to-use will increase to 78 days during the 2014/15 season, as improved weather and strong fertilizer application increase agricultural productivity.

Global nitrogen demand was strong during the second quarter, as demand from North America and several Asian markets made up for the early end to the season in Europe. Urea prices were stable, reflecting continued strong supply from China, but at slim margins.

The Chinese urea export tax is according to official information at RMB 40 per ton until 1 November when it returns to RMB 40 per ton plus 15%. Exports of prilled urea are currently taking place around USD 260 per ton fob China, likely representing a break-even level overall, given the significant curtailments taking place. Anthracite coal prices in China remain the key driver for global commodity nitrogen prices going forward, for as long as the current Chinese urea export policy remains in place.

Apart from two projects in Algeria with uncertain timing, there are limited greenfield capacity additions outside China scheduled for completion in the next 2 years. Furthermore, a substantial proportion of urea capacity in Ukraine remains curtailed, amid the unresolved situation on gas supply and price.

Second-quarter nitrogen fertilizer industry deliveries in Western Europe were down 8% from last year, as consumption finished sooner following an early spring. However, industry deliveries were up 2% overall for the season ending 30 June 2014, and so far in July Yara's European deliveries are in line with a year earlier.

Yara's compound NPK products continue to deliver strong and stable volumes and margins, which are relatively less exposed to swings in commodity nitrogen, phosphate and potash markets. In addition to the Uusikaupunki expansion announced today, Yara plans to confirm a further expansion in Porsgrunn, Norway before the end of 2014.

Growth in Latin America remains a key focus area for Yara in 2014. The acquisition of OFD (Colombia) is expected to be completed in third quarter 2014, increasing Yara's presence in Latin America and further reducing the seasonality in its global business.

Lower European natural gas prices have recently improved the relative competitiveness of European ammonia/urea plants, however Yara will continue its on-going efforts to improve cost efficiency throughout the business including Europe.

Based on current forward markets for oil products and natural gas (10 July) Yara's third-quarter European energy costs are expected to be NOK 950 million lower than last year. Fourth-quarter 2014 European energy costs are expected to be NOK 700 million lower than a year earlier. The estimates may change considerably depending on future energy prices. Yara's European oil and gas exposure is approximately 90% spot gas and 10% spot oil products.

Risk *and uncertainty*

As described in Yara's Annual Report for 2013 Yara's total risk exposure is analyzed and evaluated at group level. Risk evaluations are integrated in all business activities both at group and business unit level, increasing Yara's ability to take advantage of business opportunities. Yara's most important market risk is related to the margin between nitrogen fertilizer prices and natural gas prices. Although there is a positive long-term correlation between these prices, margins are influenced by the supply/demand balance for food relative to energy. Yara has in place a system for credit and currency risk management with defined limits for exposure both at country, customer and currency level. Yara's geographically diversified portfolio reduces the overall credit and currency risk of the Group. As the fertilizer business is essentially a US dollar business, with both revenues and raw material costs mainly priced in US dollars, Yara seeks to keep most of its debt in US dollars to reduce its overall US dollar currency exposure. There has not been any significant change in the risk exposures and the risks and uncertainties for the remaining six months of the year are described in Outlook.

Related *parties*

Note 32 in the annual report for 2013 provides details of related parties. During the first half of 2014 there have not been any changes or transactions that significantly impact the group's financial position or result for the period.

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 17 July 2014

Leif Teksum
Chairperson

Hilde Merete Aasheim
Vice chair

Hilde Bakken
Board member

Geir Isaksen
Board member

John Thuestad
Board member

Rune Bratteberg
Board member

Guro Mauset
Board member

Geir O. Sundbø
Board member

Jørgen Ole Haslestad
President and CEO

Definitions *and variance analysis*

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

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 condensed consolidated interim statement of income, and are referenced in the variance analysis (see below) as "Special items".

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

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

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

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

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

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

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

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

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

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

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

Special *items*

NOK millions	EBITDA effect 2Q 2014	EBITDA effect 2Q 2013	EBITDA effect 1H 2014	EBITDA effect 1H 2013	Operating income effect 2Q 2014	Operating income effect 2Q 2013	Operating income effect 1H 2014	Operating income effect 1H 2013
Bunge integration costs	(12)	-	(42)	-	(12)	-	(42)	-
Partner settlement provision	2	-	(46)	-	2	-	(46)	-
OFD integration costs	(23)	-	(41)	-	(23)	-	(41)	-
Sale of minority shares in Baltic distribution and trade companies	56	-	56	-	-	-	-	-
2005-2007 sales tax	-	(95)	-	(95)	-	(95)		(95)
Total Downstream	23	(95)	(73)	(95)	(33)	(95)	(129)	(95)
Total Industrial	-	-	-	-	-	-	-	-
Libya costs	-	-	(90)	-	-	-	-	-
Pilbara transaction effects	-	(32)	-	(32)	-	(32)	-	(32)
Contract derivatives	19	63	(34)	98	19	63	(34)	98
Total Upstream	19	32	(124)	67	19	32	(34)	67
Total Yara	42	(64)	(197)	(28)	(14)	(64)	(163)	(28)

Condensed *consolidated interim statement of income*

NOK millions, except share information	Notes	2Q 2014	2Q 2013 Restated 3)	1H 2014	1H 2013 Restated 3)	2013 Restated 3)
Revenue	3	23,264	23,117	45,027	43,735	84,668
Other income	3	17	32	22	72	119
Commodity based derivatives gain/(loss)		28	60	(31)	99	305
Revenue and other income	3	23,309	23,209	45,018	43,906	85,092
Raw materials, energy costs and freight expenses		(17,127)	(17,797)	(33,340)	(33,081)	(64,786)
Payroll and related costs		(1,595)	(1,334)	(3,113)	(2,604)	(5,454)
Depreciation, amortization and impairment loss		(1,035)	(862)	(2,058)	(1,703)	(3,743)
Other operating expenses		(702)	(565)	(1,390)	(1,049)	(3,036)
Operating costs and expenses		(20,459)	(20,558)	(39,901)	(38,437)	(77,018)
Operating income	3	2,849	2,651	5,117	5,469	8,074
Share of net income in equity-accounted investees	3	171	417	362	857	1,076
Interest income and other financial income	3,4	170	104	280	189	414
Earnings before interest expense and tax (EBIT)	3	3,191	3,172	5,759	6,515	9,563
Foreign exchange gain/(loss)		124	(408)	202	(626)	(949)
Interest expense and other financial items		(220)	(240)	(459)	(400)	(904)
Income before tax	3	3,095	2,525	5,502	5,489	7,711
Income tax expense		(717)	(546)	(1,241)	(1,151)	(1,602)
Net income		2,378	1,979	4,260	4,338	6,108
Net income attributable to						
Shareholders of the parent		2,285	1,867	4,058	4,124	5,759
Non-controlling interests		93	112	202	214	350
Net income		2,378	1,979	4,260	4,338	6,108
Earnings per share 1)		8.26	6.69	14.66	14.73	20.67
Weighted average number of shares outstanding 2)		276,544,365	279,294,832	276,796,238	279,927,533	278,647,345

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 2013 and second quarter 2014 due to the share buy-back program.
3) See note 10 for more information.

Condensed *consolidated interim statement of comprehensive income*

NOK millions	Notes	2Q 2014	2Q 2013 Restated [1]	1H 2014	1H 2013 Restated [1]	2013 Restated [1]
Net income		2,378	1,979	4,260	4,338	6,108
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:						
Exchange differences on translation of foreign operations		1,653	1,932	734	3,459	4,851
Available-for-sale financial assets - change in fair value		9	(8)	(22)	22	26
Hedge of net investments		(90)	(110)	(42)	(266)	(292)
Share of other comprehensive income of equity-accounted investees, excluding remeasurements		11	45	20	47	70
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		1,582	1,860	690	3,263	4,655
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:						
Remeasurements of the net defined benefit pension liability	8	(394)	-	(394)	-	399
Remeasurements of the net defined benefit pension liability for equity-accounted investees		3	-	(2)	(6)	(90)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		(391)	-	(396)	(6)	309
Reclassification adjustments of the period:						
- cash flow hedges		3	3	7	6	15
- fair value adjustments on available-for-sale financial assets disposed of in the year	4	(16)	-	(16)	-	-
Net reclassification adjustments of the period:		(12)	3	(9)	6	15
Total other comprehensive income, net of tax		1,178	1,863	285	3,263	4,979
Total comprehensive income		3,556	3,842	4,545	7,602	11,087
Total comprehensive income attributable to						
Shareholders of the parent		3,402	3,666	4,313	7,242	10,572
Non-controlling interests		155	176	231	360	514
Total		3,556	3,842	4,545	7,602	11,086

1) See note 10 for more information.

Condensed *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 the shareholders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2012 as reported 2013	477	117	(2,805)	5	(255)	169	(2,886)	50,538	48,246	1,745	49,991
Implementation of revised IAS 28, restatement effect [3]	-	-	-	-	-	-	-	(652)	(652)	-	(652)
Balance at 1 January 2013 restated [3]	477	117	(2,805)	5	(255)	169	(2,886)	49,886	47,594	1,745	49,339
Net income	-	-	-	-	-	-	-	4,124	4,124	214	4,338
Other comprehensive income, net of tax	-	-	3,313	22	6	(266)	3,076	-	3,076	146	3,222
Share of other comprehensive income of equity-accounted investees	-	-	-	-	47	-	46	(5)	41	-	41
Total other comprehensive income, net of tax	-	-	3,313	22	53	(266)	3,123	(5)	3,118	146	3,263
Long term incentive plan	-	-	-	-	-	-	-	4	4	-	4
Treasury shares	(1)	-	-	-	-	-	-	(123)	(124)	-	(124)
Redeemed shares, Norwegian State [2]	(4)	-	-	-	-	-	-	(529)	(533)	-	(533)
Dividends distributed	-	-	-	-	-	-	-	(3,647)	(3,647)	(87)	(3,735)
Balance at 30 June 2013 restated [3]	473	117	508	27	(202)	(96)	237	49,709	50,537	2,017	52,554
Net income	-	-	-	-	-	-	-	1,635	1,635	134	1,769
Other comprehensive income, net of tax	-	-	1,373	3	9	(26)	1,359	399	1,758	19	1,777
Share of other comprehensive income of equity-accounted investees	-	-	6	-	16	-	22	(84)	(62)	-	(62)
Total other comprehensive income, net of tax	-	-	1,379	3	25	(26)	1,381	315	1,696	19	1,716
Long term incentive plan	-	-	-	-	-	-	-	(10)	(10)	-	(10)
Transactions with non-controlling interests	-	-	-	-	-	-	-	17	17	(6)	11
Treasury shares	(2)	-	-	-	-	-	-	(252)	(254)	-	(254)
Dividends distributed	-	-	-	-	-	-	-	-	-	(13)	(13)
Balance at 31 December 2013 restated [3]	471	117	1,887	30	(177)	(122)	1,618	51,415	53,621	2,152	55,773
Net income	-	-	-	-	-	-	-	4,058	4,058	202	4,260
Other comprehensive income, net of tax	-	-	705	(38)	7	(42)	632	(394)	238	29	268
Share of other comprehensive income of equity-accounted investees	-	-	1	-	15	-	15	2	17	-	17
Total other comprehensive income, net of tax	-	-	706	(38)	22	(42)	647	(392)	255	29	285
Long term incentive plan	-	-	-	-	-	-	-	7	7	-	7
Transactions with non-controlling interests	-	-	-	-	-	-	-	(14)	(14)	43	28
Redeemed shares, Norwegian State [4]	(1)	-	-	-	-	-	-	(210)	(211)	-	(211)
Dividends distributed	-	-	-	-	-	-	-	(2,771)	(2,771)	(3)	(2,773)
Balance at 30 June 2014	470	117	2,593	(8)	(156)	(164)	2,249	52,108	54,944	2,424	57,368

1) Par value 1.70.
2) As approved by General Meeting 13 May 2013.
3) See note 10 for more information.
4) As approved by General Meeting 5 May 2014.

Condensed *consolidated statement of financial position*

NOK millions	Notes	30 Jun 2014	30 Jun 2013 Restated [1]	31 Dec 2013 Restated [1]	1 Jan 2013 Restated [1]
Assets					
Non-current assets					
Deferred tax assets	8	2,086	1,226	1,984	1,409
Intangible assets		8,739	7,859	8,419	7,512
Property, plant and equipment		35,972	30,539	34,611	28,594
Equity-accounted investees		9,676	9,880	9,361	9,069
Other non-current assets	8	1,473	1,032	1,549	1,437
Total non-current assets		57,945	50,536	55,923	48,022
Current assets					
Inventories	6	14,539	11,219	13,129	12,003
Trade receivables		9,746	9,611	9,339	8,086
Prepaid expenses and other current assets		3,764	3,126	3,378	2,635
Cash and cash equivalents		6,179	9,905	6,824	10,015
Non-current assets classified as held-for-sale		8	3	8	11
Total current assets		34,236	33,864	32,679	32,750
Total assets	3	92,181	84,401	88,602	80,772

1) See note 10 for more information.

Condensed *consolidated statement of financial position*

NOK millions, except for number of shares	Notes	30 Jun 2014	30 Jun 2013 Restated [1]	31 Dec 2013 Restated [1]	1 Jan 2013 Restated [1]
Equity and liabilities					
Equity					
Share capital reduced for treasury stock		470	473	471	477
Premium paid-in capital		117	117	117	117
Total paid-in capital		587	590	588	594
Other reserves		2,249	237	1,618	(2,886)
Retained earnings	8	52,108	49,709	51,415	49,886
Total equity attributable to shareholders of the parent		54,944	50,537	53,621	47,594
Non-controlling interests		2,424	2,017	2,152	1,745
Total equity		57,368	52,554	55,773	49,339
Non-current liabilities					
Employee benefits	8	2,659	2,466	2,339	2,427
Deferred tax liabilities		4,430	4,435	4,423	4,444
Other long-term liabilities		600	657	569	659
Long-term provisions		409	394	398	407
Long-term interest-bearing debt	7	5,871	9,036	5,833	9,287
Total non-current liabilities		13,969	16,989	13,562	17,224
Current liabilities					
Trade and other payables		14,279	10,566	11,961	9,838
Current tax liabilities		1,502	1,222	1,407	1,932
Short-term provisions		347	296	458	230
Other short-term liabilities		1,060	1,356	1,114	686
Bank loans and other interest-bearing short-term debt		446	679	500	520
Current portion of long-term debt		3,211	738	3,826	1,004
Total current liabilities		20,845	14,858	19,266	14,209
Total equity and liabilities		92,181	84,401	88,602	80,772
Number of shares outstanding [2]	2	276,227,775	278,060,910	277,050,910	280,567,264

1) See note 10 for more information.
2) Weighted average number of shares outstanding was reduced in the second, third and fourth quarters of 2013 and second quarter 2014 due to the share buy-back program.

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 17 July 2014

Leif Teksum
Chairperson

Hilde Merete Aasheim
Vice chair

Hilde Bakken
Board member

Geir Isaksen
Board member

John Thuestad
Board member

Rune Bratteberg
Board member

Guro Mauset
Board member

Geir O. Sundbø
Board member

Jørgen Ole Haslestad
President and CEO

Condensed *consolidated statement of cash flows*

NOK millions	Notes	2Q 2014	2Q 2013 Restated 2)	1H 2014	1H 2013 Restated 2)	2013 Restated 2)
Operating activities						
Operating income	3	2,849	2,651	5,117	5,469	8,074
Adjustments to reconcile operating income to net cash provided by operating activities						
Depreciation, amortization and impairment loss		1,035	862	2,058	1,703	3,743
Write-down and reversals, net		(3)	-	13	(28)	5
Tax paid		(972)	(1,646)	(1,789)	(2,517)	(3,881)
Dividend from equity-accounted investees		26	(118)	578	1,001	1,862
Change in net operating capital 1)		1,385	832	862	651	2,187
Other		(741)	(243)	(865)	76	310
Net cash from operating activities		3,579	2,338	5,974	6,355	12,300
Investing activities						
Purchases of property, plant and equipment	3	(1,531)	(1,106)	(2,953)	(2,005)	(5,420)
Net cash outflow on business combinations	4,5	(82)	-	(375)	-	(4,319)
Purchases of other long-term investments	3	(65)	(75)	(125)	(177)	(434)
Net sales/(purchases) of short-term investments		-	-	-	-	(1)
Proceeds from sales of property, plant and equipment		4	13	7	25	38
Proceeds from sales of other long-term investments	4	94	6	95	208	623
Net cash from/(used in) investing activities		(1,580)	(1,163)	(3,352)	(1,950)	(9,514)
Financing activities						
Loan proceeds/(repayments), net		(35)	4	(707)	(927)	(1,286)
Purchase of treasury shares	2	-	(115)	-	(115)	(377)
Redeemed shares Norwegian State		-	-	-	-	(533)
Dividend	2	(2,606)	(3,418)	(2,606)	(3,418)	(3,647)
Net cash transfers (to)/from non-controlling interests		(5)	(3)	(5)	(87)	(100)
Net cash from/(used in) in financing activities		(2,645)	(3,532)	(3,318)	(4,548)	(5,944)
Foreign currency effects on cash flows		56	(23)	50	33	(33)
Net increase (decrease) in cash and cash equivalents		(591)	(2,380)	(645)	(110)	(3,191)
Cash and cash equivalents at beginning of period		6,770	12,285	6,824	10,015	10,015
Cash and cash equivalents at end of period		6,179	9,905	6,179	9,905	6,824
Bank deposits not available for the use of other group companies				514	598	383

1) Operating capital consists of trade receivables, inventories and trade payables.
2) See note 10 for more information.

Notes *to the condensed consolidated interim financial statements*

GENERAL AND ACCOUNTING POLICIES

Yara (the Group) consists of Yara International ASA (the Company) and its subsidiaries. Yara International ASA is a limited company incorporated in Norway.

The condensed consolidated interim financial statements consist of the Group and the Group's interests in equity-accounted investees. The consolidated financial statements of the Group at and for the year ended 31 December 2013 are available upon request from the Company's registered office at Drammensveien 131, Oslo, Norway or at www.yara.com. These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as approved by EU and additional requirements in the Norwegian Securities Trading Act. They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with consolidated financial statements of the Group at and for the year ended 31 December 2013. These condensed consolidated interim financial statements are unaudited.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are mainly the same as those applied by the Group in its consolidated financial statements at and for the year ended 31 December 2013, except for IFRS 10, 11 and 12 and revised IAS 27 and 28 which Yara implemented 1 January 2014. See note 10 for further information.

As a result of rounding differences numbers or percentages may not add up to the total.

Note 1

Judgments, estimates *and assumptions*

The preparation of condensed consolidated interim financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income 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. When preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty, were mainly the same as those that applied to the consolidated financial statements as of the period ended 31 December 2013. The implementation of new standards IFRS 10, 11 and the revised IAS 28 has however required management judgments, particularly when distinguishing between joint operations and joint ventures. See note 10 for more information.

Note 2

Shares, *dividend and share buy-back program*

The Annual General Meeting in May 2014 approved a dividend for 2013 of NOK 2,771 million (NOK 10 per share). During second quarter 2014, Yara has paid out NOK 2,606 million. The remaining amount is expected to be paid out in third quarter 2014.

In May 2013, the Annual General Meeting authorized the Board of Directors to acquire up to 5% (13,925,045 shares) with a nominal value up to NOK 23,672,577 in the equity market and from the Norwegian State. Within this frame, the Company has acquired 1,450,000 shares with a total nominal value of NOK 2,465,000. In May 2014, the Annual General Meeting approved the cancellation of 1,450,000 of the Company's own shares and the redemption of 823,135 shares owned by the Norwegian State for a consideration of NOK 214 million. Payment to the Norwegian State will take place in third quarter 2014. The number of shares in the company is consequently reduced to 276,227,775.

In May 2014, the Annual General Meeting approved that the existing buy-back program is replaced by a new program, authorizing the Board to acquire up to 5% (13,811,388 shares) of Yara's shares before the next Annual General Meeting. Shares may be purchased within a price range of NOK 10 to NOK 1,000. The shares may either be used for cancellation or as payment in business transactions. Yara has renewed its agreement with the Norwegian State according to which the State's shares will be redeemed on a pro-rata basis to ensure the State's ownership is unchanged in the event of a cancellation of the shares bought back.

Yara has not purchased own shares during 2014.

	Ordinary shares	Own shares [1]
Total at 31 December 2012	284,207,264	(3,640,000)
Redeemed shares Norwegian State [2]	(2,066,354)	
Shares cancelled [2]	(3,640,000)	3,640,000
Treasury shares - share buy-back program [2]		(1,450,000)
Total at 31 December 2013	278,500,910	(1,450,000)
Redeemed shares Norwegian State [3]	(823,135)	
Shares cancelled [3]	(1,450,000)	1,450,000
Total at 30 June 2014	276,227,775	-

1) Including employee trust.
2) As approved by General Meeting 13 May 2013.
3) As approved by General Meeting 5 May 2014.

Note 3

Operating *segment information*

NOK millions	2Q 2014	2Q 2013 Restated [3]	1H 2014	1H 2013 Restated [3]	2013 Restated [3]
External revenue and other income					
Downstream	17,245	17,287	33,993	31,844	62,268
Industrial	3,619	3,501	7,024	6,894	13,693
Upstream	2,446	2,401	3,990	5,093	9,008
Other and eliminations	(1)	19	11	74	123
Total	23,309	23,209	45,018	43,906	85,092
Internal revenue and other income					
Downstream	415	457	833	858	1,592
Industrial	28	36	66	92	170
Upstream	7,582	7,992	15,241	16,332	30,487
Other and eliminations	(8,025)	(8,485)	(16,139)	(17,282)	(32,249)
Total	-	-	-	-	-
Revenue and other income					
Downstream	17,659	17,745	34,826	32,702	63,860
Industrial	3,648	3,537	7,090	6,986	13,864
Upstream	10,028	10,393	19,231	21,425	39,495
Other and eliminations	(8,026)	(8,466)	(16,129)	(17,208)	(32,127)
Total	23,309	23,209	45,018	43,906	85,092
Operating income					
Downstream	1,159	979	2,675	1,817	3,078
Industrial	280	237	567	405	841
Upstream	1,630	1,463	2,347	3,093	4,135
Other and eliminations	(220)	(28)	(472)	153	20
Total	2,849	2,651	5,117	5,469	8,074
EBITDA					
Downstream	1,525	1,196	3,317	2,200	4,013
Industrial	365	306	731	534	1,144
Upstream	2,498	2,493	4,144	5,204	8,004
Other and eliminations	(162)	44	(374)	284	238
Total	4,227	4,039	7,818	8,223	13,399
Investments [1]					
Downstream	304	288	746	435	3,515
Industrial	173	50	390	93	321
Upstream	1,207	930	1,956	1,488	3,941
Other and eliminations	71	40	112	87	206
Total	1,754	1,308	3,203	2,103	7,984
Total Assets [2]					
Downstream			29,195	23,750	26,884
Industrial			5,633	4,904	5,125
Upstream			51,543	48,201	49,479
Other and eliminations			5,811	7,546	7,113
Total			92,181	84,401	88,602

1) Investments in property, plant and equipment, intangible assets, equity-accounted investees and other equity investments.
2) Assets exclude internal cash accounts and accounts receivables related to group relief.
3) See note 10 for more information.

NOK millions, except percentages	2Q 2014	2Q 2013 Restated [3]	1H 2014	1H 2013 Restated [3]	2013 Restated [3]
CROGI (12-month rolling average)					
Yara [1]			11.6%	15.8%	12.6%
Downstream			17.0%	14.9%	14.5%
Industrial			17.2%	12.1%	15.4%
Upstream			9.0%	15.3%	10.8%
ROCE (12-month rolling average)					
Yara			11.0%	17.5%	12.6%
Downstream			18.1%	16.3%	15.2%
Industrial			22.2%	13.9%	19.5%
Upstream			6.8%	16.4%	9.7%
Reconciliation of EBITDA to Income before tax					
EBITDA	4,227	4,039	7,818	8,223	13,399
Depreciation, amortization and impairment loss [2]	(1,036)	(867)	(2,059)	(1,708)	(3,836)
Foreign exchange gain/(loss)	124	(408)	202	(626)	(949)
Interest expense and other financial items	(220)	(240)	(459)	(400)	(904)
Income before tax	3,095	2,525	5,502	5,489	7,711

1) Cash and other liquid assets are included in gross investments and capital employed when calculating CROGI and ROCE respectively for the segments, but not included for total Yara. In addition, actual Yara tax is used for calculating CROGI and ROCE for Yara while a standardized tax rate of 25% is used for the segments. These two effects explain the variance in CROGI and ROCE between Yara and the segments. See page 11 "Definitions and variance analysis" for more information.
2) Including amortization and impairment of excess value in equity-accounted investees.
3) See note 10 for more information.

RECONCILIATION OF OPERATING INCOME TO EBITDA

NOK millions	Operating income	Equity-accounted investees	Interest income and other financial income	EBIT	Depreciation, amortization and impairment loss [1]	EBITDA
2Q 2014						
Downstream	1,159	41	136	1,336	189	1,525
Industrial	280	23	2	305	60	365
Upstream	1,630	108	2	1,740	758	2,498
Other and eliminations	(220)	-	30	(190)	29	(162)
Total	2,849	171	170	3,191	1,036	4,227
2Q 2013 [2]						
Downstream	979	32	49	1,061	135	1,196
Industrial	237	23	-	260	46	306
Upstream	1,463	362	1	1,826	666	2,493
Other and eliminations	(28)	-	53	26	18	44
Total	2,651	417	104	3,172	867	4,039
1H 2014						
Downstream	2,675	40	226	2,941	377	3,317
Industrial	567	44	3	615	116	731
Upstream	2,347	278	4	2,630	1,515	4,144
Other and eliminations	(472)	-	46	(426)	52	(374)
Total	5,117	362	280	5,759	2,059	7,818
1H 2013 [2]						
Downstream	1,817	27	88	1,933	268	2,200
Industrial	405	35	-	441	93	534
Upstream	3,093	794	2	3,889	1,315	5,204
Other and eliminations	153	-	99	252	32	284
Total	5,469	857	189	6,515	1,708	8,223
2013 [2]						
Downstream	3,078	40	259	3,376	637	4,013
Industrial	841	83	5	929	215	1,144
Upstream	4,135	954	7	5,096	2,908	8,004
Other and eliminations	20	-	143	162	76	238
Total	8,074	1,076	414	9,563	3,836	13,399

1) Including amortization and impairment of excess value in equity-accounted investees.
2) See note 10 for more information

Note 4

Business *initiatives*

ACQUISITIONS

During second quarter, Yara acquired the Borealis' 52.15% stake in Le Havre urea plant, situated on the north-west coast of France. Yara held 47.85% prior to the acquisition. The production facilities produces 320,000 metric tons urea and 400,000 metric ton ammonia per annum. The transaction value is EUR 4 million. The Le Havre urea plant is included in the Upstream segment.

Yara signed an agreement to acquire a majority 63.33% stake in Green Tech Marine (GTM), a sulphur oxide (SO_X) scrubber supplier to the marine industry, on 22 March 2014. Closing of the deal took place in second quarter of 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 has acquired the German water sensor company ZIM Plant Technology GmbH. The company has developed technology to monitor the water status of the crop. Closing of the deal was 2 January 2014. The transaction value is EUR 3.5 million and the company is included in the Downstream segment.

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

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

Yara has consolidated the above mentioned acquisitions from the acquisition dates. See note 5 for further information.

OTHER BUSINESS INITIATIVES

In November 2013, Yara entered into an agreement to acquire OFD Holding Inc. from Ominex Resources Inc., for an enterprise value of USD 425 million. The share purchase agreement was signed in first quarter. Closing is expected to take place during third quarter 2014.

In May 2014, it was announced that BASF and Yara have made good progress with their plan to jointly build a world-scale ammonia plant on the U.S. Gulf Coast. The proposed plant would be located at the existing BASF site in Freeport, Texas, have an annual capacity of 750,000 metric tons, and be based on a hydrogen-synthesis process. Further details of the planned joint venture are currently under discussion between the parties.

On 17 July 2014, the Board of Yara International ASA approved an investment of approximately EUR 50 million to expand annual NPK capacity by 250,000 ton in Uusikaupunki, Finland. The project shall be completed by the end of 2015.

DISPOSALS

Yara has since 2008 held a 10% stake in three distribution and trading companies in the Baltic region. These shares were sold to the majority owner during second quarter for EUR 10 million. The transaction gave a gain of NOK 56 million recognized within "Interest income and other financial income" in Downstream segment. Fair value adjustments of NOK 16 million were recognized in other comprehensive income before the sale. The net effect on equity was therefore NOK 40 million.

Note 5

Business *combinations*

The following business combinations are included in the column "Total 2014":
- Le Havre urea plant
- Green Tech Marine
- ZIM Plant Technology GmbH
- H+H Umwelt- und Industrietechnik GmbH, now Yara Environmental Technologies GmbH
- Kynoch South (Cape)

More information regarding the business combinations can be found in note 4.

CONSIDERATIONS

NOK millions	Total 2014
Cash transferred [1) 2)]	404
Debt settled as part of the transaction [3)]	19
Deferred consideration and earn-out [2)]	20
Total considerations	443

1) Deferred consideration related to business combination of Yara Environmental Technologies AS was paid during second quarter 2014.
2) Earn-out related to Green Tech Marine, dependent on future results of the company. Deferred consideration related to Cape was partly paid during second quarter 2014.
3) Related to the business combination of Cape.

IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES RECOGNIZED AT THE DATE OF ACQUISITIONS (FAIR VALUE)

NOK millions	Total 2014
Assets	
Patents and technologies, part of intangible assets	43
Customer relationships, part of intangible assets	98
Property, plant and equipment	65
Other non-current assets	1
Inventories	124
Trade receivables	46
Prepaid expenses and other current assets	9
Cash and cash equivalents	30
Total assets	417
Liabilities	
Long-term provisions	14
Deferred tax liabilities	40
Trade and other payables	87
Current tax liabilities	1
Bank loans and other interest-bearing short-term debt	8
Other short-term liabilities	7
Total liabilities	156
Total identifiable net assets at fair value	261

The receivables acquired in all business combinations have a gross contractual amount equal to their fair value.

The initial accounting for the acquisitions has only been provisionally determined at the end of the reporting period. The tax values of Cape are impacted by the transaction.

GOODWILL ARISING ON ACQUISITIONS

NOK millions	Total 2014
Total consideration [1)]	443
Plus: Non-controlling interest [2)]	30
Less: Fair value of net identifiable assets acquired	(261)
Goodwill arising on acquisition	212

1) Includes deferred considerations related to Cape (NOK 23 million) and Yara Environmental Technologies AS that were paid during second quarter 2014.
2) Non-controlling interest is related to Green Tech Marine. Yara acquired a 63.33 % stake during second quarter 2014.

Goodwill arose on the acquisitions due to future economic benefits from the assembled workforce. For Cape it also reflects a willingness to pay for operational benefits in raw material sourcing and increased sale of premium offerings. The goodwill related to Green Tech Marine reflects the value of Yara being able to offer a complete portfolio of NO_X and SO_X technologies, as well as related supply of nitrogen based chemicals and services.

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

NET CASH OUTFLOW ON BUSINESS COMBINATIONS

NOK millions	Total 2014
Consideration paid in cash at date of acquisition	380
Deferred consideration paid in cash [1)]	25
Less: Cash and cash equivalent balances acquired	(30)
Net cash outflow on business combinations	375

1) Deferred consideration related to Cape (NOK 23 million) and Yara Environmental Technologies AS were paid during second quarter 2014.

"Pro-forma" figures have not been prepared as the business combinations would have had limited impact to the year-to-date figures of the Group.

Note 6

Inventory

NOK millions	30 Jun 2014	30 Jun 2013	31 Dec 2013
Finished goods	6,088	5,528	7,164
Work in progress	667	552	633
Raw materials	7,784	5,139	5,332
Total	14,539	11,219	13,129
Write-down			
Balance at 1 January	(103)	(96)	(96)
Reversal/(write-down), net	13	22	2
Foreign currency translation	-	(5)	(9)
Closing balance	(89)	(80)	(103)

Note 7

Long-term *debt*

An updated overview of the contractual payments on long-term debt is provided in the table below:

NOK millions	Debentures	Bank Loans	Capital lease and other long-term loans	Total
2015	-	48	9	57
2016	1,039	101	640	1,780
2017	-	101	23	124
2018	-	101	24	125
Thereafter	3,053	462	269	3,785
Total	4,092	813	965	5,871

There have been no significant changes in Yara's long-term interest-bearing debt profile during the second quarter.

Note 8

Employee *benefits*

By the end of second quarter, the defined benefit obligations and plan assets have been remeasured using revised financial assumptions, in order to capture developments in the financial markets. The remeasurement is recognized as an increase in net liability of NOK 514 million and a negative effect in other comprehensive income of NOK 394 million (after tax). Full actuarial valuations of all long-term employee benefit obligations will be recognized in the fourth quarter.

Note 9

Provisions *and contingencies*

Yara is party to a number of lawsuits, environmental laws and regulations in various jurisdictions arising out of the conduct of its business. There are no significant changes to the provisions disclosed in the annual report. Unrecognized contingent assets related to external insurance claims have however increased, mainly following the Tertre Ammonia fire in January 2014. At this stage, Yara estimates a total recovery of around NOK 250 million for incidents in 2013 and 2014. This amount may change and Yara will not recognize any receivables until the claims are virtually certain. If confirmed, Yara expects that a majority will be recognized in the statement of income.

Note 10

Restatement *effects*

Effective 1 January 2014, Yara adopted the new standards IFRS 10, 11, 12 and revised IAS 27 and 28 with retrospective application.

IMPACT OF IMPLEMENTATION OF IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS AND REVISED IAS 27 SEPARATE FINANCIAL STATEMENTS

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

IMPACT OF IMPLEMENTATION OF IFRS 11 JOINT ARRANGEMENTS

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. The classification should be joint operation or joint venture. Investments in joint ventures are accounted for using the equity method, while joint operations are accounted for by each joint operator accounting for its share of assets, liabilities, revenues and expenses. Yara's management assessed the classification of the Group's investments in joint arrangements in accordance with IFRS 11. Management concluded that two joint arrangements should be classified as joint operations and thus changing the accounting from equity method to the Group's share of assets, liabilities, revenues and expenses. The companies are Trinidad Nitrogen Company Ltd., where Yara owns 49%, and Yara Pilbara Nitrates, where Yara consolidates 55% (owned directly 35% by Yara and 20% through Yara Pilbara Holding where Yara has a ownership of 51%). The main reason why Tringen is classified as a joint operation is that Yara buys all products produced by the plant. Yara Pilbara Nitrates is classified as a joint operation as the products produced by the plant will be sold solely to the parties of the joint operation.

IMPACT OF IMPLEMENTATION OF IFRS 12 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

More extensive disclosures is required by IFRS 12 for entities having interests in subsidiaries, joint arrangements and associates. These requirements are not included in the interim consolidated financial statements, but will be assessed for the annual report 2014.

IMPACT OF IMPLEMENTATION OF REVISED IAS 28 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Yara sold 16% in Yara Praxair Holding AS in 2011 and joint control ceased over this entity. This transaction gave a remeasurement gain of remaining 34% ownership in the associate of NOK 661 million. Under the revised IAS 28 remeasurement of remaining ownership is not required. The effect has been restated. The restatement reduces the carrying value of the investment and Yara's equity. Also, the restatement gave a NOK 7 million positive impact on operating income due to reversal of amortization of excess values.

1 JANUARY 2013 - IMPLEMENTATION EFFECTS

	1 Jan 2013	IFRS 11		IAS 28	1 Jan 2013
NOK millions	As reported	Derecognized	Recognized	Change	Restated
Assets					
Non-current assets					
Deferred tax assets	1,376	-	37	(4)	1,409
Intangible assets	7,512	-	-	-	7,512
Property, plant and equipment	27,893	-	701	-	28,594
Equity-accounted investees	10,501	(784)	-	(648)	9,069
Other non-current assets	1,437	-	-	-	1,437
Total non-current assets	48,719	(784)	738	(652)	48,022
Current assets					
Inventories	11,927	-	76	-	12,003
Trade receivables	8,045	-	41	-	8,086
Prepaid expenses and other current assets	2,607	-	28	-	2,635
Cash and cash equivalents	9,941	-	74	-	10,015
Non-current assets classified as held-for-sale	11	-	-	-	11
Total current assets	32,530	-	220	-	32,750
Total assets	81,249	(784)	957	(652)	80,772
Equity and liabilities					
Equity					
Share capital reduced for treasury stock	477	-	-	-	477
Premium paid-in capital	117	-	-	-	117
Total paid-in capital	594	-	-	-	594
Other reserves	(2,886)	-	-	-	(2,886)
Retained earnings	50,538	(784)	784	(652)	49,886
Total equity attributable to shareholders of the parent	48,246	(784)	784	(652)	47,594
Non-controlling interests	1,745	-	-	-	1,745
Total equity	49,991	(784)	784	(652)	49,339
Non-current liabilities					
Employee benefits	2,350	-	78	-	2,427
Deferred tax liabilities	4,442	-	1	-	4,444
Other long-term liabilities	658	-	-	-	659
Long-term provisions	407	-	-	-	407
Long-term interest-bearing debt	9,287	-	-	-	9,287
Total non-current liabilities	17,144	-	80	-	17,224
Current liabilities					
Trade and other payables	9,665	-	172	-	9,838
Current tax liabilities	1,932	-	-	-	1,932
Short-term provisions	230	-	-	-	230
Other short-term liabilities	680	-	6	-	686
Bank loans and other interest-bearing short-term debt	604	-	(84)	-	520
Current portion of long-term debt	1,004	-	-	-	1,004
Total current liabilities	14,115	-	94	-	14,209
Total equity and liabilities	81,249	(784)	957	(652)	80,772

2013 - IFRS 11 AND IAS 28 RESTATEMENTS

NOK millions, except percentages and per share information	2Q 2013			1H 2013			2013		
	As reported	Restatement Effects	Restated	As reported	Restatement Effects	Restated	As reported	Restatement Effects	Restated
YARA									
Condensed consolidated statement of income									
Revenue and other income	23,190	19	23,209	43,879	26	43,906	85,052	40	85,092
Operating income	2,554	97	2,651	5,236	233	5,469	7,791	283	8,074
Share of net income equity-accounted investees	476	(59)	417	1,002	(145)	857	1,250	(174)	1,076
Income taxes	(509)	(37)	(546)	(1,067)	(84)	(1,151)	(1,506)	(97)	(1,602)
Net Income	1,977	2	1,979	4,334	4	4,338	6,097	11	6,108
Earnings per share	6.68	0.01	6.69	14.72	0.01	14.73	20.63	0.04	20.67
Condensed consolidated statement of comprehensive income									
Exchange differences on translation of foreign operations	1,932	-	1,932	3,459	-	3,459	4,856	(5)	4,851
Remeasurements of the net defined benefit pension liability	-	-	-	-	-	-	409	(10)	399
Remeasurements of the net defined benefit pension liability for equity-accounted investees	-	-	-	(6)	-	(6)	(101)	10	(90)
Total other comprehensive income, net of tax	1,863	-	1,863	3,263	-	3,263	4,984	(5)	4,979
Total comprehensive income	3,840	2	3,842	7,598	4	7,602	11,081	6	11,087
Total comprehensive income attributable to:									
Shareholders of the parent	3,664	2	3,666	7,238	4	7,242	10,567	6	10,572
Condensed consolidated statement of financial position									
Total non-current assets				51,183	(647)	50,536	56,459	(536)	55,923
Total current assets				33,714	150	33,864	32,521	158	32,679
Total equity				53,202	(648)	52,554	56,419	(646)	55,773
Total non-current liabilities				16,921	68	16,989	13,444	119	13,562
Total current liabilities				14,774	84	14,858	19,118	149	19,266
Condensed consolidated statement of cash flows									
Net cash from operating activities	2,304	34	2,338	6,272	83	6,355	12,174	126	12,300
Net cash from/ (used in) investing activities	(1,204)	41	(1,163)	(1,886)	(64)	(1,950)	(9,259)	(254)	(9,514)
Net cash from/ (used in) financing activities	(3,470)	(62)	(3,532)	(4,468)	(80)	(4,548)	(5,989)	45	(5,944)
Foreign currency effects on cash flows	(29)	7	(23)	19	14	33	(48)	14	(33)
Net increase (decrease) in cash and cash equivalents	(2,400)	20	(2,380)	(63)	(47)	(110)	(3,122)	(69)	(3,191)
Cash and cash equivalents at beginning of period	12,278	7	12,285	9,941	75	10,015	9,941	75	10,015
Cash and cash equivalents at end of period	9,878	27	9,905	9,878	27	9,905	6,819	5	6,824
Other key figures									
EBITDA	3,995	44	4,039	8,124	99	8,223	13,266	133	13,399
CROGI				15.8%		15.8%	12.6%		12.6%
ROCE				17.5%		17.5%	12.4%		12.6%

2013 - SEGMENT RESTATEMENTS

The restatement following the new and revised standards presented above impacted the Upstream and Industrial segments. In addition, Yara made changes to the segment structure effective from 1 January 2014. Comparative figures for 2013 are restated. The change in reporting structure is related to:

- Transfer of business unit Feed Phosphates from Upstream to Industrial
- Transfer of unit Yara Pilbara Nitrates, which is currently constructing a TAN plant in Australia, from Industrial to Upstream

The table below provides the restatement effects on segment level, both for the change in accounting standards and for the change in the segment structure:

	2Q 2013				1H 2013				2013			
NOK millions, except percentages	As reported	Effects of new and revised standards	Effects of change in segment structure	Restated	As reported	Effects of new and revised standards	Effects of change in segment structure	Restated	As reported	Effects of new and revised standards	Effects of change in segment structure	Restated
Upstream segment												
Revenue and other income	10,577	19	(203)	10,393	21,798	26	(399)	21,425	40,267	40	(812)	39,495
Operating income	1,375	97	(9)	1,463	2,860	233	-	3,093	3,886	283	(34)	4,135
EBITDA	2,468	44	(18)	2,493	5,117	100	(13)	5,204	7,919	133	(48)	8,004
Total Assets [1)]	-	-	-	-	47,529	441	231	48,201	48,246	1,019	214	49,479
CROGI					15.2%			15.3%	11.0%			10.8%
ROCE					16.2%			16.4%	9.8%			9.7%
Industrial segment												
Revenue and other income	3,173	-	364	3,537	6,251	-	735	6,986	12,397	-	1,466	13,864
Operating income	228	-	9	237	405	-	-	405	807	-	34	841
EBITDA	288	-	18	306	523	(1)	13	534	1,096	-	48	1,144
Total Assets [1)]	-	-	-	-	5,875	(760)	(211)	4,904	6,692	(1,397)	(169)	5,125
CROGI					12.3%			12.1%	12.2%			15.4%
ROCE					14.0%			13.9%	13.7%			19.5%
Other and eliminations												
Revenue and other income	(8,305)	-	(161)	(8,466)	(16,872)	-	(336)	(17,208)	(31,472)	-	(655)	(32,127)
Total Assets [1)]	-	-	-	-	7,742	(177)	(20)	7,546	7,159	-	(45)	7,113

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

Quarterly *historical information*

EBITDA

NOK millions	2Q 2014	1Q 2014	4Q 2013 2)	3Q 2013 2)	2Q 2013 2)	1Q 2013 2)
Downstream	1,525	1,792	718	1,094	1,196	1,004
Industrial	365	365	306	304	306	228
Upstream	2,498	1,646	1,002	1,797	2,493	2,711
Other and eliminations	(162)	(213)	(168)	123	44	240
Total	4,227	3,591	1,858	3,318	4,039	4,184

RESULTS

NOK millions, except per share information	2Q 2014	1Q 2014	4Q 2013 2)	3Q 2013 2)	2Q 2013 2)	1Q 2013 2)
Revenue and other income	23,309	21,709	20,573	20,613	23,209	20,697
Operating income	2,849	2,268	583	2,022	2,651	2,817
EBITDA	4,227	3,591	1,858	3,318	4,039	4,184
Net income after non-controlling interests	2,285	1,773	63	1,571	1,867	2,257
Earnings per share (NOK)	8.26	6.40	0.23	5.66	6.69	8.04

USD 1) millions, except per share information	2Q 2014	1Q 2014	4Q 2013 2)	3Q 2013 2)	2Q 2013 2)	1Q 2013 2)
Revenue and other income	3,898	3,565	3,400	3,457	3,985	3,678
Operating income	477	373	98	339	455	501
EBITDA	708	590	308	556	694	744
Net income after non-controlling interests	383	292	5	263	321	401
Earnings per share (USD)	1.38	1.05	0.02	0.95	1.15	1.43

1) USD numbers are calculated monthly based on average NOK/USD per month.
2) 2013 figures have been restated. See note 10 for more information.

Responsibility *statement*

We confirm to the best of our knowledge, that the condensed set of interim consolidated financial statements at 30 June 2014 and for the six-month period 1 January to 30 June 2014 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and give a true and fair view of the Group's assets, liabilities, financial position and the result for the period viewed in their entirety, and that the interim management report in accordance with the Norwegian Securities Trading Act section 5-6 fourth paragraph includes a fair review of any significant events that arose during the six-month period and their effect on the half-year financial report, any significant related parties transactions, and a description of the principal risks and uncertainties for the remaining six months this year.

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 17 July 2014

Leif Teksum
Chairperson

Hilde Merete Aasheim
Vice chair

Hilde Bakken
Board member

Geir Isaksen
Board member

John Thuestad
Board member

Rune Bratteberg
Board member

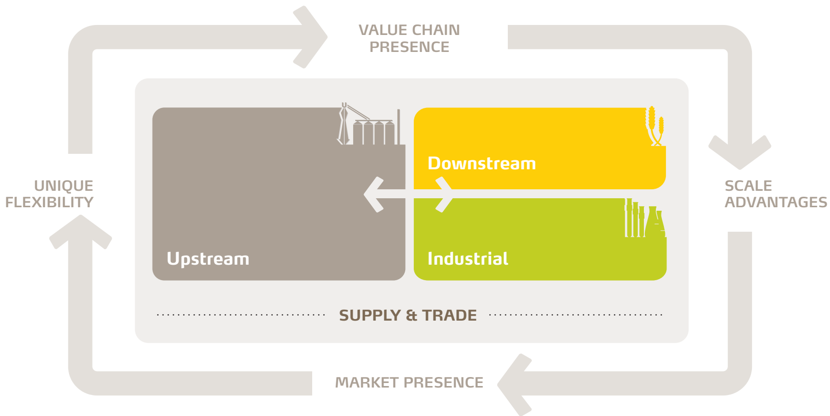
Guro Mauset
Board member

Geir O. Sundbø
Board member

Jørgen Ole Haslestad
President and CEO

Yara International ASA
Drammensveien 131
P.O. Box 343, Skøyen
N-0213 Oslo
Norway
Tel: +47 24 15 70 00
Fax: +47 24 15 70 01

www.yara.com



YARA HAS A STRONG platform building on its global presence, its vast knowledge base and unique business model. With a presence from sourcing of resources to dissemination of knowledge in the field, Yara is positioned to yield margins throughout the value chain.

YARA ACTIVELY RESPONDS to global challenges – and is positioned to make a difference. We succeed by pursuing a strategy that creates value for owners, customers and society at large – Creating Impact by using economic success as a lever for change, positioning the company.

PILLARS OF STRENGTH

Global #1
in ammonia

LEADERSHIP position in the ammonia value chain, producing ammonia/urea at scales from base in low-cost natural gas regions.

Global #1
in nitrates

LEADERSHIP position in nitrate markets, benefiting from a favorable cost position in the European market.

Global #1
in NPK

LEADING position in production and application of NPK, adding value to farmers through balanced fertilization.

Global #1
in specialty fertilizers

LEADING position in specialty fertilizers, targeting high-margin cash crop segments in fast growing markets.

European #1
in nitrogen applications

LEADING position in nitrogen applications, developing higher margin industrial applications from existing production base.

Global #1
in marketing and distribution

LEADING position in global marketing and distribution, delivering expertise on all continents through network offering economies of scale.