Second quarter and half year report 2015

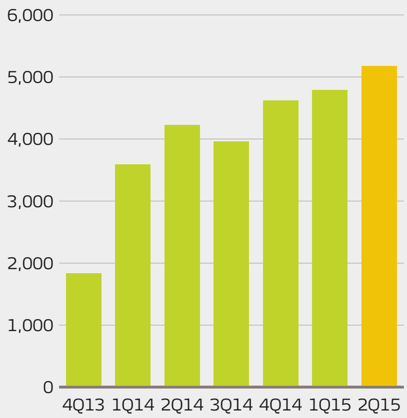
Yara International ASA

Knowledge grows

- Strong result driven by increased deliveries
- Continued benefit from lower gas prices and stronger US dollar
- Positive start to the new fertilizer season in Europe
- Continued growth for premium fertilizer products in Latin America and Asia
- Industrial deliveries up 9% driven by AdBlue and process chemicals in Europe

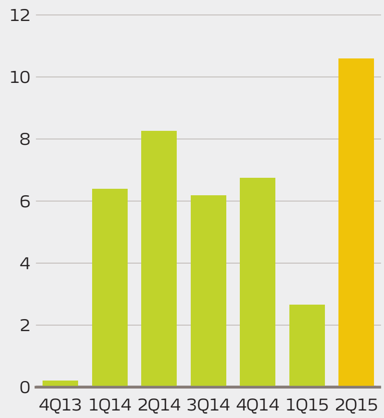
EBITDA

NOK millions



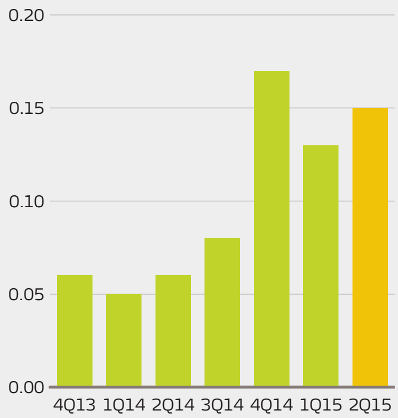
Earnings per share

NOK



Debt/equity ratio

Percent



Second quarter 2015

Financial highlights

NOK millions, except where indicated otherwise	2Q 2015	2Q 2014	1H 2015	1H 2014
Revenue and other income	27,929	23,309	55,697	45,018
Operating income	3,556	2,849	7,546	5,117
Share net income equity-accounted investees	152	171	(487)	362
EBITDA	5,179	4,227	9,973	7,818
EBITDA excl. special items	5,055	4,185	10,797	8,015
Net income after non-controlling interests	2,916	2,285	3,645	4,058
Earnings per share 1)	10.59	8.26	13.24	14.66
Earnings per share excl. currency 1)	9.83	7.91	16.95	14.16
Earnings per share excl. currency and special items 1)	9.58	7.74	20.08	14.77
Average number of shares outstanding (millions)	275.3	276.5	275.4	276.8
CROGI (12-month rolling average) 2)			13.2 %	11.6 %
ROCE (12-month rolling average)			12.8 %	11.0 %

1) NOK per share. Yara currently has no share-based compensation programs that result in a dilutive effect on EPS.
2) Second-quarter 2015 CROGI excl. special items annualized 13.4%.

Key statistics

Average prices		2Q 2015	2Q 2014	1H 2015	1H 2014
Urea prilled (fob Black Sea)	USD per ton	277	299	286	319
CAN (cif Germany)	USD per ton	273	354	284	349
Ammonia (fob Black Sea)	USD per ton	393	485	403	462
DAP (fob US Gulf)	USD per ton	469	461	476	468
Phosphate rock (fob Morocco)	USD per ton	122	120	123	117
European gas (TTF)	USD per MMBtu	6.8	7.6	6.9	8.7
US gas (Henry Hub)	USD per MMBtu	2.7	4.6	2.8	4.9
Yara's gas & oil cost (weighted average) 1)	USD per MMBtu	5.7	6.9	5.9	7.5
Yara's European gas & oil cost (weighted average) 1)	USD per MMBtu	7.5	9.2	7.5	10.3
USD/NOK currency rate		7.75	5.98	7.75	6.04
Production (Thousand tons) 1)					
Ammonia		1,817	1,774	3,817	3,495
Finished fertilizer and industrial products, excl. bulk blends		4,791	4,529	9,980	9,189
Total		6,609	6,303	13,798	12,684
Sales (Thousand tons)					
Ammonia trade		547	622	1,149	1,069
Fertilizer		6,894	6,496	13,456	12,884
Industrial products		1,818	1,665	3,518	3,202
Total		9,259	8,783	18,123	17,156

1) Including Yara's share in equity-accounted investees.

Yara's second-quarter net income after non-controlling interests was NOK 2,916 million, compared with NOK 2,285 million a year earlier. Excluding net foreign exchange gain/(loss) and special items, the result was NOK 2,637 million, compared with NOK 2,142 million in second quarter 2014. The corresponding earnings per share were NOK 9.58 compared with NOK 7.74 a year earlier.

"Yara reports strong second-quarter results with higher deliveries and improved margins, reflecting continued lower natural gas cost in Europe and a stronger US dollar," said Torgeir Kvidal, acting Chief Executive Officer of Yara.

"Sales of our premium products continue to grow in Latin America and Asia, reflecting both the acquisition of OFD and continued organic growth" said Torgeir Kvidal.

FERTILIZER MARKET CONDITIONS

A third consecutive strong grain harvest is expected for the 2015/16 agricultural year (July-June), but global grain ending stocks are still expected to decrease by 2 days of consumption, to 78 days, according to the latest US Department of Agriculture (USDA) forecast, as consumption continues to grow. The strong harvests have resulted in lower prices for several key crops, when measured in US dollars. The Food and Agriculture Organization of the United Nations (FAO) food price index was down 21% on second quarter 2014 (19% below the five-year average), while its cereal price index was down 21% (24% below the five-year average). In July, grain prices have increased, due to increased supply concerns, linked to growing conditions in some key agricultural areas.

As the US dollar has strengthened against most relevant currencies, the price developments have been significantly less negative in many key producing regions outside the US, including Europe and Brazil. On average for the second quarter compared with a year earlier, the Euro depreciated 19% versus the US dollar, while the Brazilian Real has depreciated by 38%.

Although US dollar denominated crop prices are lower than a year ago, they are still supportive for fertilizer use, and global fertilizer demand is growing. Demand for higher quality fertilizers like nitrates and NPK compounds remains strong.

Prilled urea prices fob Black Sea averaged USD 277 per ton for the quarter, down 7% on the same quarter last year, but with increasing prices through the quarter. Global nitrogen demand remains strong, but the market has not been fully able to absorb the significant increases in Chinese urea exports. For July through May, China exported 15.5 million tons urea, up from 10.8 million tons last season. The price rebound during the quarter is also largely explained by China, as the domestic market tightened due to the surge in exports, and export prices increased as a consequence of higher domestic prices. During April and May, China exported 1.7 million tons urea, down from 1.9 million tons same months last year. Production losses in Ukraine and Egypt continued due to political turmoil and gas supply problems, but were not sufficient to offset the year-to-date increase in Chinese exports.

Global ammonia demand has been slow during the quarter, with prices stable at just below USD 400 per ton fob Black Sea, almost 20% lower than second quarter last year.

The global phosphate market remained tight, with stable prices from first quarter, supported by strong import demand from India. The average DAP price fob US Gulf was USD 469 per ton, similar to a year earlier, as well as first quarter this year.

Phosphate rock prices were stable as well. Upgrading margins from rock to DAP were higher than same quarter last year, due to lower ammonia prices.

REGIONAL MARKET DEVELOPMENTS

Second-quarter nitrogen fertilizer deliveries in Western Europe were down 5% on a year earlier, with imports down 6%. Season-to-date deliveries were down 2%, but in line with the five-year average. Granular urea premiums were lower than second quarter last year, explaining the relatively stronger drop in nitrate prices than for prilled urea.

Second-quarter US nitrogen deliveries are estimated to be similar to last year. Season-to-date deliveries are estimated to be 5% higher than the previous season, driven primarily by increased urea imports. Some of the additional nitrogen was consumed already last summer, due to the late season last year. Roughly two-thirds of the additional nitrogen was supplied during third quarter 2014.

In India, urea sales at the start of this season (April through June) were 9% higher than a year earlier, with a strong start to the monsoon. Given a marginal increase in urea production, the need for imported urea has increased.

For April and May, urea production in China was 6% higher than a year earlier, with season-to-date production only 2% higher. Despite improved domestic urea prices in May and June due to the surge in exports, poor margins for the highest cost anthracite-based producers resulted in continued production curtailments, and natural gas based producers were unable to run at capacity due to supply limitations and increasing prices. Stable production and stronger exports this season have tightened the Chinese market, reducing urea inventories and increasing prices. The average domestic urea price for second quarter was 8% higher than a year earlier.

In Brazil, second-quarter fertilizer deliveries were 6.1 million tons, 14% lower than a year earlier. Year-to-date deliveries are down 10% on last year. Year-to-date imports of all fertilizer dropped by 13%, as in addition to lower sales, domestic production was up 5%, and industry stocks at the end of December was 13% higher than a year earlier. Second-quarter urea imports were 0.5 million tons, down from 0.9 million tons a year earlier. Year-to-date imports were 1.2 million tons, down from 1.8 million tons last year.

Variance analysis second quarter

NOK millions		2Q 2015
EBITDA 2015		5,179
EBITDA 2014		4,227
Variance EBITDA		952
Volume & mix		429
Price/margin		(294)
of which gas & oil costs in Europe	588	
Special items		83
Other		(516)
Translation NOK vs. USD [1]		1,251
Total variance explained		952

1) Based on average NOK per USD for the quarter 2015: 7.75 (2014: 5.98)

Yara delivered strong second-quarter results, with EBITDA excluding special items up 21% compared with a year earlier, mainly driven by a stronger US dollar and higher sales volumes as a result of the OFD and Galvani acquisitions.

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 19 million compared with second quarter 2014, mainly reflecting less ammonia sales in Lifeco.

Volume development

Global Yara fertilizer deliveries were up 6% from second quarter 2014, mainly due to the acquisition of OFD in Latin America and Galvani in Brazil. Excluding OFD and Galvani, deliveries were down 2%.

In Europe, fertilizer deliveries were in line with last year, with strong nitrate volumes offsetting lower NPK deliveries. Nitrate deliveries were up 14% driven by higher June deliveries compared with last year.

The Brazil fertilizer market was slow during second quarter, and Yara deliveries were 24% lower compared with last year, excluding the new volumes from the Galvani acquisition. While the commodity product sales decreased, compound NPK and nitrate deliveries improved compared with last year. Yara deliveries in the rest of Latin America were 587 kilotons compared with 296 kilotons in second quarter 2014, mainly due to the OFD acquisition.

Fertilizer deliveries in Asia, North America and Africa were up 22%.

Industrial sales volumes increased 9% compared with second quarter 2014. AdBlue deliveries (automotive NO_X abatement) were up 30% due to strong sales in most regions, particularly in the US and France. Process chemical deliveries were up 14% resulting from increased ammonia and nitric acid sales in Europe, and additional volumes following the Galvani acquisition in Brazil. Industrial nitrate deliveries were 3% ahead of last year. Technical ammonium nitrate (TAN) sales volumes were 6% lower due to lower demand from the mining industry.

Ammonia production was up 2% on last year reflecting higher production in the Porsgrunn plant and the inclusion of the Cartagena plant (OFD) in Colombia. The Brunsbüttel plant is currently out of operation following a fire on 10 June, with production expected to resume late July and reach full capacity in August. The Lifeco plant in Libya continued to produce at less than 50% capacity due to gas supply curtailment.

Finished fertilizer production was 6% above second quarter 2014, with the inclusion of the Cartagena plant and the Galvani plants in Brazil contributing 5 percentage points of the increase. CN production increased 19% mainly as a result of de-bottlenecking of the Porsgrunn plant. Urea production increased 10%, with the Sluiskil plant as a main contributor. Nitrate production increased 2%, while NPK production was in line with last year.

Yara stocks are up 20% compared with last year, excluding OFD and Galvani stocks increased 6% compared to 2014.

Margin development

Yara's average European gas and oil-linked cost was 19% below second quarter 2014 on a USD per MMBtu basis, slightly above Yara's guiding. The decrease reflected the lower spot prices for gas and particularly for oil-linked prices. Yara's global average gas and oil cost decreased 17%.

Ammonia market prices decreased by 19%, while Yara's average realized urea prices decreased 12%. Realized nitrate prices were down 20% compared to second quarter 2014 when new season prices came into effect later in the quarter. Compound NPK prices decreased on average 8%. NPK blend margins were 10% down in Brazil but this was more than compansated by higher blend margins in other markets.

Industrial margins were down compared with second quarter 2014, with technical ammonium nitrate (TAN) margins significantly lower due to the continued slow-down in the mining sector. Margins for other industrial applications sold in the European markets were impacted by a stronger US dollar, while elsewhere an increasing share of applications are sold in US dollars. Industrial nitrates and CO_2 margins increased due to customer portfolio improvements.

Other Items

Net special items were a positive NOK 124 million, mainly reflecting the sale of energy efficiency certificates in Italy and an insurance compensation related to the Tertre plant. OFD integration costs amounted to NOK 33 million, and a further NOK 30 million is expected in the third quarter. Second-quarter 2014 special items were a net positive NOK 42 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 OFD in Latin America and Galvani in Brazil and other growth related activities.

The US dollar was approximately 30% stronger versus the Norwegian krone compared with second quarter 2014, resulting in a NOK 1,251 million positive translation effect in Yara's results.

Yara variance analysis first half

NOK millions		1H 2015
EBITDA 2015		9,973
EBITDA 2014		7,818
Variance EBITDA		2,156
Volume & mix		745
Price/margin		795
of which gas & oil costs in Europe	1,902	
Special items		(627)
Other		(1,031)
Translation NOK vs. USD [1]		2,274
Total variance explained		2,156

1) Based on quarterly average NOK per USD rates as detailed in Yara 2015 reports.

Yara delivered strong first-half results, with EBITDA excluding special items up 35% compared with a year earlier.

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 849 million compared with first half 2014, mainly reflecting the write-down of the value of the Lifeco investment in first-quarter 2015.

Volume development

Global Yara fertilizer deliveries were up 4% from first half 2014, mainly due to the acquisition of OFD in Latin America and Galvani in Brazil. Excluding OFD and Galvani, deliveries were down 2%.

In Europe, fertilizer deliveries were slightly below last year, with strong nitrate deliveries partly offsetting lower NPK sales. Nitrate deliveries were up 7% with dry weather favoring nitrate application, while last year Yara experienced nitrate supply constraints in the first half.

First half 2015 was slow in Brazil and Yara deliveries declined 16% excluding Galvani. Lower commodity product deliveries were partly offset by higher sales of nitrate and compound NPKs compared to a year earlier. Yara deliveries in the rest of Latin America were 1,025 kilotons compared with 501 kilotons in 2014, mainly due to the OFD acquisition.

Fertilizer deliveries in Asia, North America and Africa were up 12%.

Industrial sales volumes increased by 10% compared with first half 2014. AdBlue deliveries were 34% ahead of last year, with significant growth in the US and a continued increase also in Europe. Process chemicals deliveries were up 15% with increased ammonia and technical urea sales in Europe and new volumes from the Galvani acquisition in Brazil. Stationary NO_X abatement and industrial nitrate deliveries were both 2% ahead of last year. Technical ammonium nitrate (TAN) sales volumes were 8% lower due to lower consumption by the mining industry.

Yara's ammonia production increased 9% compared with first half 2014 mainly due to improved reliability, but also due to production losses last year linked to a fire in the Tertre plant and a militia group blockade in Lifeco.

Finished fertilizer production saw a 9% increase compared with a year earlier. The inclusion of the acquired Cartagena plant (OFD) in Colombia and the Galvani plants in Brazil contributed 5 percentage points of the increase. The main improvements were in urea and nitrate production which increased 11% and 5%, respectively.

Compound NPK production was up 4%, while CN production saw a 15% increase, due to de-bottlenecking in Porsgrunn and the inclusion of OFD volumes.

Margin development

Yara's average European gas and oil-linked cost decreased by 27% compared with first half 2014, reflecting lower spot prices for gas and in particular oil-linked products in Europe. The 22% decrease in Yara's global average gas and oil cost reflects decreases in both European spot prices and ammonia-linked gas costs outside Europe.

Ammonia market prices were 13% lower compared with 2014, while Yara's average realized urea prices were 11% lower. Realized nitrate prices were 12% lower and NPK compound prices decreased 5%. Blend margins were 16% below last year due to a slow market in Brazil.

Industrial margins were slightly lower compared with first half 2014. Technical ammonium nitrate (TAN) margins were significantly lower due to the slow-down in the mining sector. AdBlue, technical ammonia and urea margins in Europe were slightly lower than last year due the stronger US dollar. Margins for stationary NO_X abatement, CO_2 and industrial nitrates products improved due to targeting of higher value segments. Technology margins improved due to portfolio mix as a result of acquisitions last year.

Other Items

Net special items for first half 2015 were a negative NOK 824 million, mainly reflecting the NOK 929 million write-down related to the Lifeco plant. Net special items for first half 2014 were a negative NOK 197 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 OFD in Latin America and Galvani in Brazil and other growth related activities.

The US dollar was on average approximately 28% stronger versus the Norwegian krone compared with first half 2014, resulting in a positive translation effect of NOK 2,274 million in Yara's results.

Production volumes [1)]

Thousand tons	2Q 2015	2Q 2014	1H 2015	1H 2014
Ammonia	1,817	1,774	3,817	3,495
of which equity-accounted investees	353	306	710	614
Urea	1,321	1,205	2,629	2,373
of which equity-accounted investees	409	328	783	659
Nitrate	1,496	1,465	3,134	2,985
of which equity-accounted investees	70	74	199	175
NPK	1,120	1,117	2,455	2,365
of which equity-accounted investees	26	62	83	125
CN	373	312	737	642
UAN	223	227	498	485
SSP-based fertilizer	259	202	529	339
Total production [1)]	6,609	6,303	13,798	12,684

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

Sales volumes

Thousand tons	2Q 2015	2Q 2014	1H 2015	1H 2014
Ammonia	732	827	1,545	1,382
of which industrial products [1)]	165	167	365	338
Urea	1,960	1,758	3,773	3,381
of which fertilizer	1,473	1,331	2,847	2,577
of which Yara-produced fertilizer	571	544	1,091	1,083
of which Yara-produced industrial products [2)]	401	328	780	618
of which equity-accounted investees	636	647	1,178	1,219
Nitrate	1,417	1,304	3,180	3,059
of which fertilizer	1,240	1,119	2,835	2,688
of which Yara-produced fertilizer	1,108	1,040	2,555	2,497
of which Yara-produced industrial products	137	147	257	295
NPK	2,127	2,475	4,309	4,795
of which Yara-produced compounds	1,059	1,022	2,325	2,373
of which Yara-produced blends	986	1,360	1,754	2,218
CN	408	377	763	734
of which fertilizer	327	295	604	574
of which Yara-produced fertilizer	320	287	593	563
of which Yara-produced industrial products	75	75	146	147
UAN	438	407	856	825
of which Yara-produced fertilizer	331	342	662	736
DAP/MAP	355	186	550	334
MOP/SOP	333	313	482	435
Other products	1,490	1,137	2,665	2,117
of which industrial products	907	803	1,723	1,529
Total sales	9,259	8,783	18,123	17,156

1) 82% ammonia equivalents.
2) 46% urea equivalents.

Fertilizer volumes by region

Thousand tons	2Q 2015	2Q 2014	1H 2015	1H 2014
Europe	2,203	2,183	5,211	5,293
Latin America	2,462	2,492	4,310	4,077
North America	1,031	954	1,932	1,880
Asia	683	537	1,103	1,019
Africa	515	329	900	615
Total	6,894	6,496	13,456	12,884

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

Financial items

NOK millions	2Q 2015	2Q 2014	1H 2015	1H 2014
Interest income from customers	92	72	203	145
Interest income, other	26	32	40	69
Dividends and net gain/(loss) on securities	9	66	9	66
Interest income and other financial income	128	170	252	280
Interest expense	(178)	(182)	(421)	(373)
Net interest expense on net pension liability	(19)	(16)	(39)	(33)
Net foreign exchange gain/(loss)	342	124	(1,490)	202
Other	(29)	(21)	(114)	(53)
Interest expense and foreign exchange gain/(loss)	115	(96)	(2,065)	(257)
Net financial income/(expense)	243	74	(1,813)	22

Second-quarter net financial income was NOK 243 million compared with NOK 74 million in 2014. The variance primarily reflects a net foreign exchange gain of NOK 342 million this quarter, compared with NOK 124 million in the same quarter last year.

Interest income from customers increased with NOK 20 million compared with second quarter 2014, while other interest income decreased with NOK 6 million. Average cash deposits were NOK 2 billion lower than last year.

Interest expense was around the same level as last year. The effect of the gross debt level being NOK 3.8 billion higher was offset by lower interest rates compared with last year's portfolio and by capitalization of interest attributed to expansion projects.

The net foreign exchange gain this quarter was NOK 342 million as the US dollar depreciated 4% against the euro and 3% against both the Norwegian krone and the Brazilian real.

Yara's US dollar debt generating currency effects in the income statement was approximately USD 1,500 million at the start of the third quarter 2015, with the exposure mainly towards the Brazilian real and other emerging market currencies.

First-half net financial expense was NOK 1,813 million compared with a net financial income of NOK 22 million last year. The variance is primarily explained by the foreign exchange loss this year as the USD has appreciated around 8% against the euro and 17% against the Brazilian real. The loss this year also includes NOK 142 million related to internal currency positions, while last year's figure included a gain of NOK 115 million related to such positions.

Tax

Second-quarter provisions for current and deferred taxes were NOK 943 million, approximately 24% of income before tax.

Net interest-bearing debt

NOK millions	2Q 2015	1H 2015
Net interest-bearing debt at beginning of period	(8,985)	(11,808)
Cash earnings [1]	3,651	8,544
Dividends received from equity-accounted investees	11	459
Net operating capital change	(186)	(820)
Investments (net)	(1,765)	(3,760)
Yara dividend	(3,396)	(3,396)
Foreign exchange gain/(loss)	342	(1,490)
Other	(142)	1,800
of which foreign exchange adjustment [2]	(176)	1,119
Net interest-bearing debt at end of period	(10,471)	(10,471)

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

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 10,471 million in the second quarter, compared with NOK 8,985 million at the end of the first quarter 2015. Strong cash earnings were more than consumed by cash outflows from investments and payment of Yara dividend of NOK 3,396 million.

The investment activity for the quarter mainly reflects planned maintenance programs and growth investments, including investment in Yara Pilbara Nitrates joint venture TAN plant construction of NOK 161 million, Freeport ammonia plant (joint venture with BASF) of NOK 147 million and expansion of Yara's plant in Porsgrunn of NOK 108 million.

The debt/equity ratio at the end of second quarter 2015, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.15 compared with 0.13 at the end of first quarter 2015.

First-half net interest-bearing debt decreased by NOK 1,337 million, mainly reflecting cash earnings and positive currency effect, offset by Yara dividend payment and investments.

Outlook

Despite a third consecutive strong grain harvest, the US Department of Agriculture forecast global grain stocks to decrease as consumption continues to grow. Furthermore, incentives for fertilizer application have recently improved as grain prices increased on concerns about adverse growing conditions in key producing regions. Medium term, key producing regions like Europe and Brazil will also benefit from the strong US dollar.

The European season has started well, supported by higher commodity nitrogen prices and competitive new season nitrate prices. Producers have been able to increase nitrate prices several times, and Yara enters the third quarter with a healthy European order book, especially for nitrates.

In Brazil, year-to-date June sales are 10% lower than last year, however a significant part of the drop is linked to delayed purchasing, partially due to lack of credit. A pickup in deliveries is therefore expected in the second half of 2015, which is the main application period in Brazil.

Demand for higher quality fertilizers like nitrates and NPK continue to grow in Asia and Latin America where Yara targets higher value crop segments.

With continued strong global nitrogen demand and supply reductions in traditional key export markets like Ukraine and Egypt, the dependence on Chinese urea exports has increased significantly the last year. The planned capacity additions outside China over the next years will not fully displace Chinese urea exports, indicating that the latter will continue to be key to global nitrogen pricing also going forward.

Poor margins for the highest cost anthracite-based producers in China has resulted in significant production curtailments offsetting the impact of capacity additions. While production has been stable, higher exports have reduced domestic availability as inventories have been taken down supporting both domestic prices in China and global pricing. Going forward, production costs in China and the Chinese currency will be key for global pricing of commodity nitrogen.

Closing of the sale of Yara's 50% stake in GrowHow UK will be on 31 July 2015 and will result in a tax free gain of approximately NOK 3 billion.

A weaker euro and lower gas prices have improved the relative competitiveness of European fertilizer capacity. Based on current forward markets for oil products and natural gas (13 July) Yara's European energy costs for the third and fourth quarter 2015 are expected to be NOK 50 million and NOK 350 million lower respectively than a year earlier. The estimates may change considerably depending on future energy prices.

Risk and uncertainty

As described in Yara's Annual Report for 2014 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 34 in the annual report for 2014 provides details of related parties. During the first half of 2015 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, 20 July 2015

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

Torgeir Kvidal
President and CEO (acting)

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 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

NOK millions	EBITDA effect				Operating income effect			
	2Q 2015	2Q 2014	1H 2015	1H 2014	2Q 2015	2Q 2014	1H 2015	1H 2014
OFD integration costs	(33)	(23)	(58)	(41)	(33)	(23)	(58)	(41)
Bunge intregation costs	-	(12)	-	(42)	-	(12)	-	(42)
Partner settlement provision	-	2	-	(46)	-	2	-	(46)
Sale of minority shares Baltic	-	56	-	56	-	-	-	-
Total Downstream	(33)	23	(58)	(73)	(33)	(33)	(58)	(129)
Total Industrial	-	-	-	-	-	-	-	-
Costs related to flooding Ravenna plant	(2)	-	(39)	-	(2)	-	(39)	-
Impairment Lifeco plant	-	-	(929)	-	-	-	(36)	-
Lifeco results during shut-down	-	-	-	(90)	-	-	-	-
Tertre insurance compensation	55	-	55	-	55	-	55	-
Sale of energy efficiency certificates in Italy	89	-	89	-	89	-	89	-
Impairment Trinidad plant	-	-	-	-	(31)	-	(31)	-
Contract derivatives	15	19	57	(34)	15	19	57	(34)
Total Upstream	157	19	(766)	(124)	126	19	96	(34)
Total Other and eliminations	-	-	-	-	-	-	-	-
Total Yara	124	42	(824)	(197)	93	(14)	38	(163)

Condensed consolidated interim statement of income

NOK millions, except share information	Notes	2Q 2015	2Q 2014	1H 2015	1H 2014	2014
Revenue		27,723	23,264	55,407	45,027	95,047
Other income	5	218	17	253	22	293
Commodity based derivatives gain/(loss)		(11)	28	37	(31)	2
Revenue and other income	3	27,929	23,309	55,697	45,018	95,343
Raw materials, energy costs and freight expenses		(20,162)	(17,127)	(39,934)	(33,340)	(70,557)
Payroll and related costs		(2,024)	(1,595)	(3,913)	(3,113)	(6,616)
Depreciation, amortization and impairment loss	5	(1,334)	(1,035)	(2,653)	(2,058)	(4,678)
Other operating expenses		(853)	(702)	(1,650)	(1,390)	(3,186)
Operating costs and expenses		(24,373)	(20,459)	(48,151)	(39,901)	(85,037)
Operating income	3	3,556	2,849	7,546	5,117	10,305
Share of net income in equity-accounted investees	4,6	152	171	(487)	362	786
Interest income and other financial income		128	170	252	280	550
Earnings before interest expense and tax (EBIT)		3,836	3,191	7,311	5,759	11,642
Foreign exchange gain/(loss)		342	124	(1,490)	202	(698)
Interest expense and other financial items		(226)	(220)	(575)	(459)	(909)
Income before tax		3,952	3,095	5,246	5,502	10,035
Income tax expense		(943)	(717)	(1,389)	(1,241)	(2,092)
Net income		3,009	2,378	3,857	4,260	7,944
Net income attributable to						
Shareholders of the parent		2,916	2,285	3,645	4,058	7,625
Non-controlling interests		93	93	212	202	319
Net income		3,009	2,378	3,857	4,260	7,944
Earnings per share [1]		10.59	8.26	13.24	14.66	27.59
Weighted average number of shares outstanding [2]	2	275,270,079	276,544,365	275,373,298	276,796,238	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 the second and third quarter 2014 and second quarter 2015 due to the share buy-back program.

Condensed consolidated interim statement of comprehensive income

NOK millions	Notes	2Q 2015	2Q 2014	1H 2015	1H 2014	2014
Net income		3,009	2,378	3,857	4,260	7,944
Other comprehensive income that may be reclassified to statement of income in subsequent periods:						
Exchange differences on translation of foreign operations		(976)	1,653	1,392	734	8,057
Available-for-sale financial assets - change in fair value		(17)	9	(26)	(22)	(12)
Cash flow hedges		78	-	18	-	(20)
Hedge of net investments		153	(90)	(257)	(42)	(682)
Share of other comprehensive income of equity-accounted investees, excluding remeasurements		21	11	14	20	52
Net other comprehensive income that may be reclassified to statement of income in subsequent periods		(740)	1,582	1,141	690	7,395
Other comprehensive income that will not be reclassified to statement of income in subsequent periods:						
Remeasurements of the net defined benefit pension liability	9	918	(394)	726	(394)	(1,026)
Remeasurements of the net defined benefit pension liability for equity-accounted investees		6	3	11	(2)	(160)
Net other comprehensive income that will not be reclassified to statement of income in subsequent periods		924	(391)	737	(396)	(1,186)
Reclassification adjustments of the period:						
- cash flow hedges		1	3	2	7	13
- fair value adjustments on available-for-sale financial assets disposed of in the year		-	(16)	-	(16)	(16)
- exchange differences on foreign operations disposed of in the year		-	-	-	-	8
Net reclassification adjustments of the period		1	(12)	3	(9)	4
Total other comprehensive income, net of tax		185	1,178	1,880	285	6,214
Total comprehensive income		3,193	3,556	5,737	4,545	14,157
Total comprehensive income attributable to						
Shareholders of the parent		3,203	3,402	5,462	4,313	13,325
Non-controlling interests		(9)	155	275	231	832
Total		3,193	3,556	5,737	4,545	14,157

Condensed consolidated interim statement of changes in equity

NOK millions	Share Capital [1]	Premium paid-in capital	Translation of foreign operations [3]	Available for sale financial assets	Cash flow hedges	Hedge of net invest-ments	Total other reserves	Retained earnings	Attri-butable to share-holders of the parent	Non-controlling interests	Total equity
Balance at 1 January 2014	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 [2]	(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)	2,265	52,092	54,944	2,424	57,368
Net income	-	-	-	-	-	-	-	3,567	3,567	117	3,683
Other comprehensive income, net of tax	-	-	6,846	10	(14)	(640)	6,202	(633)	5,570	484	6,054
Share of other comprehensive income of equity-accounted investees	-	-	7	-	25	-	31	(157)	(125)	-	(125)
Total other comprehensive income, net of tax	-	-	6,853	10	11	(640)	6,234	(789)	5,445	484	5,929
Long term incentive plan	-	-	-	-	-	-	-	(8)	(8)	-	(8)
Transactions with non-controlling interests	-	-	-	-	-	-	-	47	47	1,004	1,051
Treasury shares	(1)	-	-	-	-	-	-	(229)	(230)	-	(230)
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	-	-	-	-	180	180
Dividends distributed	-	-	-	-	-	-	-	-	-	(13)	(13)
Balance at 31 December 2014	468	117	9,445	3	(145)	(804)	8,499	54,681	63,765	4,196	67,962
Net income	-	-	-	-	-	-	-	3,645	3,645	212	3,857
Other comprehensive income, net of tax	-	-	1,329	(26)	20	(257)	1,066	726	1,792	63	1,855
Share of other comprehensive income of equity-accounted investees	-	-	-	-	14	-	14	11	25	-	25
Total other comprehensive income, net of tax	-	-	1,329	(26)	35	(257)	1,080	737	1,817	63	1,880
Long term incentive plan	-	-	-	-	-	-	-	7	7	-	7
Transactions with non-controlling interests	-	-	-	-	-	-	-	(8)	(8)	(59)	(67)
Redeemed shares, Norwegian State [4]	(1)	-	-	-	-	-	-	(127)	(127)	-	(127)
Dividends distributed	-	-	-	-	-	-	-	(3,581)	(3,581)	(239)	(3,821)
Balance at 30 June 2015	468	117	10,774	(23)	(110)	(1,062)	9,579	55,354	65,518	4,172	69,690

1) Par value 1.70.
2) As approved by the General Meeting 5 May 2014.
3) Hereof NOK 248 million cumulative translation of foreign operation classified as non-current assets held-for-sale as of 30 June 2015.
4) As approved by the General Meeting 11 May 2015.

Condensed consolidated interim statement of financial position

NOK millions	Notes	30 Jun 2015	30 Jun 2014	31 Dec 2014
Assets				
Non-current assets				
Deferred tax assets		2,415	2,086	2,804
Intangible assets		11,673	8,739	12,008
Property, plant and equipment		45,114	35,972	44,584
Equity-accounted investees	4,6	9,207	9,676	10,926
Other non-current assets		2,831	1,473	2,737
Total non-current assets		71,240	57,945	73,059
Current assets				
Inventories	7	19,512	14,539	18,639
Trade receivables		12,738	9,746	12,100
Prepaid expenses and other current assets		3,381	3,764	4,196
Cash and cash equivalents		2,960	6,179	3,591
Non-current assets classified as held-for-sale	4	1,957	8	47
Total current assets		40,547	34,236	38,573
Total assets		111,787	92,181	111,632

Condensed consolidated interim statement of financial position

NOK millions, except share information	Notes	30 Jun 2015	30 Jun 2014	31 Dec 2014
Equity and liabilities				
Equity				
Share capital reduced for treasury stock		468	470	468
Premium paid-in capital		117	117	117
Total paid-in capital		585	587	586
Other reserves		9,579	2,265	8,499
Retained earnings		55,354	52,092	54,681
Total equity attributable to shareholders of the parent		65,518	54,944	63,765
Non-controlling interests		4,172	2,424	4,196
Total equity	2	69,690	57,368	67,962
Non-current liabilities				
Employee benefits	9	3,013	2,659	3,897
Deferred tax liabilities		5,689	4,430	5,767
Other long-term liabilities		1,198	600	989
Long-term provisions		755	409	725
Long-term interest-bearing debt	8	9,577	5,871	10,609
Total non-current liabilities		20,232	13,969	21,987
Current liabilities				
Trade and other payables		15,426	14,279	14,628
Current tax liabilities		1,379	1,502	1,060
Short-term provisions		316	347	348
Other short-term liabilities		885	1,060	843
Bank loans and other interest-bearing short-term debt		2,616	446	4,460
Current portion of long-term debt		1,243	3,211	345
Total current liabilities		21,865	20,845	21,683
Total equity and liabilities		111,787	92,181	111,632
Number of shares outstanding [1)]	2	275,083,369	276,227,775	275,497,775

1) Weighted average number of shares outstanding was reduced in the second and third quarter 2014 and second quarter 2015 due to the share buy-back program.

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 20 July 2015

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

Torgeir Kvidal
President and CEO (acting)

Condensed consolidated interim statement of cash flows

NOK millions	Notes	2Q 2015	2Q 2014	1H 2015	1H 2014	2014
Operating activities						
Operating income	3	3,556	2,849	7,546	5,117	10,305
Adjustments to reconcile operating income to net cash provided by operating activities						
Depreciation, amortization and impairment loss		1,334	1,035	2,653	2,058	4,678
Write-down and reversals, net		72	(3)	181	13	53
Tax paid [1)]		(865)	(972)	(1,495)	(1,789)	(2,378)
Dividend from equity-accounted investees	4	11	26	459	578	1,322
Change in net operating capital [2)]		(258)	1,385	(1,001)	862	(3,827)
Other		(131)	(741)	789	(865)	(1,546)
Net cash from operating activities		3,719	3,579	9,132	5,974	8,607
Investing activities						
Purchases of property, plant and equipment		(1,704)	(1,531)	(3,637)	(2,953)	(7,020)
Cash outflow on business combinations		(56)	(82)	(56)	(375)	(2,280)
Purchases of other long-term investments		(188)	(65)	(275)	(125)	(524)
Proceeds from sales of property, plant and equipment		61	4	67	7	26
Proceeds from sales of other long-term investments		122	94	141	95	98
Net cash from/(used in) investing activities		(1,765)	(1,580)	(3,760)	(3,352)	(9,700)
Financing activities						
Loan proceeds/(repayments), net		754	(35)	(2,338)	(707)	662
Purchase of treasury shares		-	-	-	-	(230)
Redeemed shares Norwegian State		-	-	-	-	(211)
Dividend	2	(3,396)	(2,606)	(3,396)	(2,606)	(2,771)
Net cash transfers (to)/from non-controlling interests		(240)	(5)	(290)	(5)	163
Net cash from/(used in) financing activities		(2,882)	(2,645)	(6,025)	(3,318)	(2,387)
Foreign currency effects on cash flows		(92)	56	21	50	246
Net increase (decrease) in cash and cash equivalents		(1,020)	(591)	(632)	(645)	(3,233)
Cash and cash equivalents at beginning of period		3,980	6,770	3,591	6,824	6,824
Cash and cash equivalents at end of period		2,960	6,179	2,960	6,179	3,591
Bank deposits not available for the use of other group companies				395	514	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 second quarter 2015 (NOK 349 million in second quarter 2014).
2) Operating capital consists of trade receivable, inventories and trade payable.

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 as at and for the year ended 31 December 2014 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 as at and for the year ended 31 December 2014. These condensed consolidated interim financial statements are unaudited.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014.

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 2014. Yara performed a significant impairment write-down in first quarter 2015 and further information is provided in note 6.

Note 2 Shares, dividend and share buy-back program

The Annual General Meeting in May 2015 approved a dividend for 2014 of NOK 3,581 million (NOK 13 per share). During second quarter 2015, Yara has paid out NOK 3,396 million. Remaining amount is expected to be paid out in third quarter 2015.

In May 2014, the Annual General Meeting authorized the Board of Directors to acquire up to 5% (13,811,388 shares) 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. Within this frame, the Company has acquired 730,000 shares with a total nominal value of NOK 229,6 million. In May 2015, the Annual General Meeting approved the cancellation of 730,000 of the Company's own shares and the redemption of 414,406 shares owned by the Norwegian State for a consideration of NOK 130 million. The payment to the Norwegian State will take place in the third quarter 2015. The number of shares in the company is consequently reduced to 275,083,369.

In May 2015, 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% (13,754,168 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 2015.

	Ordinary shares	Own shares [1]
Total at 31 December 2013	278,500,910	(1,450,000)
Redeemed shares Norwegian State [2]	(823,135)	
Shares cancelled [2]	(1,450,000)	1,450,000
Treasury shares - share buy-back program [2]		(730,000)
Total at 31 December 2014	276,227,775	(730,000)
Redeemed shares Norwegian State [3]	(414,406)	
Shares cancelled [3]	(730,000)	730,000
Total at 30 June 2015	275,083,369	-

1) Including employee trust.
2) As approved by the General Meeting 5 May 2014
3) As approved by the General Meeting 11 May 2015

Note 3 Operating segment information

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

Plants transferred from Downstream 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 Upstream is NOK 2,974 million, of which NOK 2,466 million transferred from Downstream and NOK 508 million 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.

NOK millions	New segment structure 2Q 2015	Previous segment structure 2Q 2015 [1]	Previous segment structure 2Q 2014	New segment structure 1H 2015	Previous segment structure 1H 2015 [1]	Previous segment structure 1H 2014	Previous segment structure 2014
External revenue and other income							
Downstream	20,912	20,921	17,245	41,443	41,511	33,993	71,494
Industrial	4,177	4,214	3,619	8,465	8,560	7,024	14,928
Upstream	2,821	2,775	2,446	5,735	5,623	3,990	8,874
Other and eliminations	19	19	(1)	53	3	11	46
Total	27,929	27,929	23,309	55,697	55,697	45,018	95,343
Internal revenue and other income							
Downstream	276	481	415	506	890	833	1,724
Industrial	32	50	28	55	93	66	164
Upstream	10,144	8,934	7,582	22,530	19,163	15,241	31,976
Other and eliminations	(10,452)	(9,465)	(8,025)	(23,091)	(20,145)	(16,139)	(33,864)
Total	-	-	-	-	-	-	-
Revenue and other income							
Downstream	21,188	21,402	17,659	41,950	42,401	34,826	73,219
Industrial	4,209	4,264	3,648	8,520	8,652	7,090	15,092
Upstream	12,965	11,709	10,028	28,266	24,786	19,231	40,850
Other and eliminations	(10,433)	(9,446)	(8,026)	(23,038)	(20,143)	(16,129)	(33,819)
Total	27,929	27,929	23,309	55,697	55,697	45,018	95,343
Operating income							
Downstream	1,276	1,239	1,159	2,854	2,508	2,675	4,488
Industrial	259	272	280	602	589	567	973
Upstream	1,921	1,973	1,630	4,364	4,823	2,347	5,856
Other and eliminations	100	72	(220)	(274)	(374)	(472)	(1,011)
Total	3,556	3,556	2,849	7,546	7,546	5,117	10,305
EBITDA							
Downstream	1,572	1,629	1,525	3,415	3,258	3,317	5,991
Industrial	335	367	365	749	776	731	1,385
Upstream	3,133	3,071	2,498	6,017	6,247	4,144	9,871
Other and eliminations	139	112	(162)	(208)	(308)	(374)	(840)
Total	5,179	5,179	4,227	9,973	9,973	7,818	16,407
Investments [2]							
Downstream	239		304	(1,160)		746	3,143
Industrial	57		173	(395)		390	766
Upstream	1,535		1,207	4,996		1,956	9,326
Other and eliminations	73		71	74		112	176
Total	1,905		1,754	3,514		3,203	13,411
Total Assets [3]							
Downstream	35,870			35,870		29,195	37,551
Industrial	6,053			6,053		5,633	6,860
Upstream	69,724			69,724		51,543	64,897
Other and eliminations	140			140		5,811	2,323
Total	111,787			111,787		92,181	111,632

1) With effect from 1 January 2015, Yara has moved plants in France, Germany, Italy and Sweden from the Downstream and Industrial segments to the Upstream segment. Figures for Q2 2015 and 1H 2015 in the table are presented both according to the new segment structure and the previous segment structure. The figures presented as previous segment structure Q2 2015 and 1H 2015 are directly comparable to Q2 2014 and 1H 2014 figures respectively.

2) Investments comprise property, plant and equipment, intangible assets, equity-accounted investees and other equity investments. The figures presented are capitalized amounts, and may deviate from cash flow from investing activities due to timing of cash outflows.

3) Assets exclude internal cash accounts and accounts receivables related to group relief.

NOK millions	New segment structure 2Q 2015	Previous segment structure 2Q 2015 [1]	Previous segment structure 2Q 2014	New segment structure 1H 2015	Previous segment structure 1H 2015 [1]	Previous segment structure 1H 2014	Previous segment structure 2014
CROGI (12-month rolling average)							
Yara [2]				13.2%	13.2%	11.6%	13.3%
Downstream				17.9%	15.6%	17.0%	18.1%
Industrial				18.8%	16.3%	17.2%	16.9%
Upstream				11.4%	12.1%	9.0%	11.5%
ROCE (12-month rolling average)							
Yara [2]				12.8%	12.8%	11.0%	13.3%
Downstream				17.2%	15.1%	18.1%	18.5%
Industrial				21.2%	19.1%	22.2%	20.2%
Upstream				10.5%	11.5%	6.8%	10.8%
Reconciliation of EBITDA to Income before tax							
EBITDA	5,179	5,179	4,227	9,973	9,973	7,818	16,407
Depreciation, amortization and impairment loss [3]	(1,343)	(1,343)	(1,036)	(2,663)	(2,663)	(2,059)	(4,766)
Foreign exchange gain/(loss)	342	342	124	(1,490)	(1,490)	202	(698)
Interest expense and other financial items	(226)	(226)	(220)	(575)	(575)	(459)	(909)
Income before tax	3,952	3,952	3,095	5,246	5,246	5,502	(10,035)

1) With effect from 1 January 2015, Yara has moved plants in France, Germany, Italy and Sweden from the Downstream and Industrial segments to the Upstream segment. Figures for Q2 2015 and 1H 2015 in the table are presented both according to the new segment structure and the previous segment structure. The figures presented as previous segment structure Q2 2015 and 1H 2015 are directly comparable to Q2 2014 and 1H 2014 figures respectively.

2) 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 effect explain the variance in CROGI and ROCE between Yara and the segments. See page 11 "Definitions and variance analysis" for more information.

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

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
New segment structure 2Q 2015 2)						
Downstream	1,276	40	86	1,402	170	1,572
Industrial	259	26	1	286	49	335
Upstream	1,921	87	23	2,031	1,102	3,133
Other and eliminations	100	-	17	117	22	139
Total	3,556	152	128	3,836	1,343	5,179
Previous segment structure 2Q 2015						
Downstream	1,239	40	86	1,365	264	1,629
Industrial	272	26	1	299	68	367
Upstream	1,973	87	23	2,083	989	3,071
Other and eliminations	72	-	17	90	22	112
Total	3,556	152	128	3,836	1,343	5,179
Previous segment structure 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
New segment structure 1H 2015 2)						
Downstream	2,854	33	190	3,077	338	3,415
Industrial	602	45	3	651	98	749
Upstream	4,364	(566)	40	3,838	2,179	6,017
Other and eliminations	(274)	-	19	(255)	47	(208)
Total	7,546	(487)	252	7,311	2,663	9,973
Previous segment structure 1H 2015						
Downstream	2,508	33	190	2,731	528	3,258
Industrial	589	45	3	637	138	776
Upstream	4,823	(566)	40	4,297	1,950	6,247
Other and eliminations	(374)	-	19	(355)	47	(308)
Total	7,546	(487)	252	7,311	2,663	9,973
Previous segment structure 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
Previous segment structure 2014						
Downstream	4,488	53	457	4,998	993	5,991
Industrial	973	96	8	1,076	309	1,385
Upstream	5,856	638	16	6,510	3,361	9,871
Other and eliminations	(1,011)	-	69	(942)	102	(840)
Total	10,305	786	550	11,642	4,766	16,407

1) Including amortization of excess value in equity-accounted investees.
2) With effect from 1 January 2015, Yara has moved plants in France, Germany, Italy and Sweden from the Downstream and Industrial segments to the Upstream segment. Figures for Q2 2015 and 1H 2015 in the table are presented both according to the new segment structure and the previous segment structure. The figures presented as previous segment structure Q2 2015 and 1H 2015 are directly comparable to Q2 2014 and 1H 2014 figures respectively.

Note 4 Business initiatives

SALE OF YARA'S STAKE IN GROWHOW UK

Yara announced on 1 July 2015 that it has agreed with CF Industries to sell its stake in GrowHow UK Group Limited ("GrowHow UK") for a total enterprise value (50% basis) of USD 648 million, of which USD 68 million relates to an unfunded pension liability. 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. At the end of second quarter 2015, Yara reclassified the investment to non-current asset held-for-sale where it will be held at the lowest of carrying value and fair value until closing.

The sale is expected to generate a tax free gain to be reported as "other income" within operating income of approximately NOK 3 billion, calculated based on June figures. This includes a cumulative foreign exchange gain of NOK 248 million recognized in other comprehensive income during the ownership period which will be recognized in the statement of income at closing. The gain will be impacted by changes to the net debt, net working capital and currency rates until closing. The completion of the transaction will be effective 31 July 2015.

GrowHow UK is included in Yara's statements with the following amounts

NOK millions	2Q 2015	2Q 2014	1H 2015	1H 2014	2014
Statement of income:					
Share of net income in equity-accounted investees	7	22	131	74	232
Statement of other comprehensive income					
Exchange differences on translation of foreign operations	50	80	116	69	248
Remeasurements of the net defined benefit pension liability for equity-accounted investees	6	3	11	(2)	(157)
Statement of changes in equity					
Translation of foreign operations (cumulative closing balance)			248	(48)	131
Statement of financial position:					
Equity-accounted investees			-	1,687	1,583
Non-current assets held-for-sale			1,842	-	-
Statement of cash flows:					
Dividend from equity-accounted investees	-	-	-	-	285

OTHER INITIATIVE

On 19 February 2015, Yara announced that it has agreed with BASF to build a world scale ammonia plant in Texas. The ammonia plant will be 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 will build an ammonia tank at the BASF terminal bringing Yara's total investments to USD 490 million. BASF will upgrade its current terminal and pipeline assets. KBR, Inc., Houston, Texas, has been awarded a fixed price turnkey contract for the engineering, procurement and construction. The plant is expected to be completed by the end of 2017. Yara will manage construction of the plant while BASF will operate the plant and the export terminal. The entity is classified as a joint operation and Yara accounts for the assets, liabilities, revenues and expenses relating to its 68% interest in the investment.

Note 5 Specifications to the condensed consolidated interim statement of income

Other income

During the second quarter 2015, Yara sold energy efficiency certificates in Italy with a gain of NOK 89 million and recognized an insurance compensation related to the Tertre plant of NOK 55 million. Remaining amount of other income is mainly related to gain from sale of property, plant and equipment and various insurance settlements.

Depreciation, amortization and impairment loss

NOK millions	2Q 2015	2Q 2014	1H 2015	1H 2014	2014
Depreciation of property, plant and equipment	(1,096)	(887)	(2,201)	(1,767)	(3,738)
Impairment loss property, plant and equipment	(54)	-	(58)	(1)	(222)
Reversal of impairment loss property, plant and equipment	12	-	12	-	12
Total depreciation and impairment loss property, plant and equipment	(1,138)	(886)	(2,246)	(1,767)	(3,948)
Amortization of intangible assets	(198)	(149)	(408)	(290)	(622)
Impairment loss intangible assets	1	-	1	(1)	(107)
Total amortization and impairment loss intangible assets	(196)	(149)	(407)	(291)	(729)
Total depreciation, amortization and impairment loss	(1,334)	(1,035)	(2,653)	(2,058)	(4,678)

Included in impairment loss on property plant and equipment for second quarter 2015 is a NOK 31 million impairment of Yara's plant in Trinidad.

Note 6 Impairment write-down of Lifeco

At the end of the first quarter 2015, Yara made an impairment write-down of its investment in the equity-accounted investee Lifeco of NOK 893 million and impaired its receivables against the same company of NOK 36 million, all reported within the Upstream segment. The impairments were triggered by the worsening security outlook in Libya and that Yara sees a high likelihood of a further deterioration in 2015 of Lifeco's operating ability. Yara is evaluating the operation of the plants on an on-going basis in cooperation with the other partners, in order to protect the employees as well as the assets. Lifeco produced at less than 50% capacity during the quarter and Yara's share of net income was a negative NOK 49 million in second quarter and NOK 111 million on a year-to-date basis. The impairment of the investment is reported under "Share of net income in equity-accounted investees" in the interim statement of income and Yara's remaining carrying value is NOK 88 million at the end of second quarter 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.

Note 7 Inventories

NOK millions	30 Jun 2015	30 Jun 2014	31 Dec 2014
Finished goods	9,253	6,088	10,085
Work in progress	745	667	707
Raw materials	9,513	7,784	7,847
Total	19,512	14,539	18,639
Write-down			
Balance at 1 January	(92)	(103)	(103)
Reversal/(write-down), net	(7)	13	18
Foreign currency translation	2	-	(7)
Closing balance	(98)	(89)	(92)

Note 8 Long-term debt

Contractual payments on long-term debt

NOK millions	Debentures	Bank Loans	Capital lease and other LT loans	Total
2016	-	102	813	915
2017	-	138	51	189
2018	-	137	42	180
2019	6,101	122	41	6,263
Thereafter	1,269	471	290	2,030
Total	7,370	969	1,237	9,577

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

Note 9 Employee benefits

By the end of the second quarter 2015, the defined benefit obligations and plan assets have been remeasured using revised financial assumptions in order to capture the main developments in the financial markets. The net remeasurement gain in second quarter is recognized as a reduction to the employee benefit liability with NOK 1,218 million. The corresponding positive effect in other comprehensive income is NOK 918 million (after tax).

Year-to-date reduction to the employee benefit liability is NOK 944 million and the positive effect in other comprehensive is NOK 726 million (after tax). The main reason for the reduced obligation is increased discount rates in the Euro zone and in the UK of approximately 0.5% points on a year-to-date basis. Full actuarial valuations of all long-term employee benefit obligations will be recognized in the fourth quarter 2015.

Note 10 Post balance sheet event

Yara has agreed with CF Industries to sell its stake in GrowHow UK with closing on 31 July 2015. See note 4 for more information.

Quarterly historical information

EBITDA

NOK millions	New segment structure 2Q 2015	Previous segment structure 2Q 2015 [1]	New segment structure 1Q 2015	Previous segment structure 1Q 2015 [1]	Previous segment structure 4Q 2014	Previous segment structure 3Q 2014	Previous segment structure 2Q 2014	Previous segment structure 1Q 2014
Downstream	1,572	1,629	1,843	1,629	1,211	1,463	1,525	1,792
Industrial	335	367	414	409	235	420	365	365
Upstream	3,133	3,071	2,884	3,176	3,434	2,293	2,498	1,646
Other and eliminations	139	112	(347)	(419)	(254)	(212)	(162)	(213)
Total	5,179	5,179	4,794	4,794	4,625	3,964	4,227	3,591

1) As of 1 January 2015, Yara has moved plants in France, Germany, Italy and Sweden from the Downstream and Industrial segments to the Upstream segment. Figures for Q1 and Q2 2015 in the table are presented both according to the new segment structure and the previous segment structure. The figures presented as previous segment structure Q1 and Q2 2015 are comparable to Q1 and Q2 2014 figures.

RESULTS

NOK millions, except per share information	2Q 2015		1Q 2015		4Q 2014	3Q 2014	2Q 2014	1Q 2014
Revenue and other income	27,929		27,767		26,230	24,095	23,309	21,709
Operating income	3,556		3,990		2,688	2,501	2,849	2,268
EBITDA	5,179		4,794		4,625	3,964	4,227	3,591
Net income after non-controlling interests	2,916		729		1,860	1,707	2,285	1,773
Earnings per share (NOK)	10.59		2.65		6.74	6.18	8.26	6.40

USD [1] millions, except per share information	2Q 2015		1Q 2015		4Q 2014	3Q 2014	2Q 2014	1Q 2014
Revenue and other income	3,602		3,583		3,817	3,859	3,898	3,565
Operating income	458		514		392	401	477	373
EBITDA	667		622		671	635	708	590
Net income after non-controlling interests	373		99		233	274	383	292
Earnings per share (USD)	1.36		0.36		0.85	0.99	1.38	1.05

1) USD numbers are calculated monthly based on average NOK/USD per month.

Responsibility statement

We confirm to the best of our knowledge, that the condensed set of interim consolidated financial statements at 30 June 2015 and for the six-month period 1 January to 30 June 2015 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, 20 July 2015

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

Torgeir Kvidal
President and CEO (acting)

Notes

Notes

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Design: Artbox AS, Print: Printbox AS