

# Financial statements

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## Consolidated financial statements

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

# Consolidated *statement of income*

<i>NOK millions, except share information</i>	<b>Notes</b>	<b>2010</b>	<b>2009</b>
Revenue	4	64,006	60,867
Other income	2,11	1,429	401
Commodity based derivatives gain/(loss)	1,27,28	(61)	151
Revenue and other income	4	65,374	61,418
Raw materials, energy cost and freight expenses	30	(49,247)	(47,366)
Change in inventories of own production		104	(3,710)
Payroll and related cost	5,6,22	(4,579)	(4,602)
Depreciation, amortization and impairment loss	4,9,11	(2,440)	(2,425)
Other operating expenses	5,16,31,32,33	(1,746)	(2,044)
Operating cost and expenses	4	(57,908)	(60,147)
Operating income	4	7,467	1,271
Share of net income in equity accounted investees	4,12	1,515	1,412
Interest income and other financial income	7,27,28	3,822	376
Earnings before interest expense and tax (EBIT)	4	12,804	3,058
Foreign exchange gain/(loss)	7,27,28	(676)	1,364
Interest expense and other financial items	7,22,27,28	(948)	(945)
Income before tax		11,179	3,477
Income tax expense	8	(2,386)	337
Net income		8,793	3,814
<b>Attributable to</b>			
Shareholders of the parent		8,729	3,782
Non-controlling interests	21	64	32
Net income		8,793	3,814
Earnings per share <sup>1)</sup>	20	30.24	13.08
Weighted average number of shares outstanding <sup>2)</sup>	19,20	288,680,758	289,167,113

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 and fourth quarter 2009 and third and fourth quarter 2010, due to share buy-back program.

# Consolidated *statement of comprehensive income*

<i>NOK millions</i>	<b>Notes</b>	<b>2010</b>	<b>2009</b>
Net income		8,793	3,814
Exchange differences on translation of foreign operations	27	517	(3,979)
Actuarial gain/(loss) on defined benefit pension plans	22	105	1
Available-for-sale investments - change in fair value	13,28	(30)	809
Hedge of net investments	28	(13)	275
Share of other comprehensive income of equity accounted investees		(66)	29
Reclassification adjustments related to:			
- cash flow hedges	7,28	10	(46)
- exchange differences on foreign operations disposed of in the year		(119)	-
- available-for-sale investments disposed of in the year	13,28	(1,244)	(121)
Total other comprehensive income, net of tax		(839)	(3,033)
<b>Total comprehensive income</b>		<b>7,955</b>	<b>781</b>
<b>Total comprehensive income attributable to</b>			
Shareholders of the parent		7,895	776
Non-controlling interests		59	5
<b>Total</b>		<b>7,955</b>	<b>781</b>

# Consolidated *statement of changes in equity*

<i>NOK millions</i>	Share Capital <sup>1)</sup>	Premium paid-in capital	Translation of foreign operations	Available-for-sale financial assets	Cash flow hedges	Hedge of net investments	Total other reserves	Retained earnings	Attributable to shareholders of the parent	Non-controlling interests	Total equity
Balance at 1 January 2009	493	1,092	3,531	589	(249)	(173)	3,697	24,192	29,474	164	29,638
Net income	-	-	-	-	-	-	-	3,782	3,782	32	3,814
Other comprehensive income, net of tax	-	-	(3,956)	689	(46)	275	(3,036)	1	(3,035)	(27)	(3,062)
Share of other comprehensive income of equity accounted investees	-	-	2	-	140	-	142	(113)	29	-	29
Total other comprehensive income, net of tax	-	-	(3,954)	689	94	275	(2,894)	(112)	(3,006)	(27)	(3,033)
Companies purchased/sold	-	-	-	-	-	-	-	(2)	(2)	4	2
Treasury shares	-	-	-	-	-	-	-	1	1	-	1
Redeemed treasury shares	-	(419)	-	-	-	-	-	419	-	-	-
Redeemed shares, Norwegian State	(2)	(238)	-	-	-	-	-	-	(240)	-	(240)
Dividends distributed	-	-	-	-	-	-	-	(1,304)	(1,304)	(15)	(1,319)
Balance at 31 December 2009	491	435	(423)	1,278	(155)	103	803	26,976	28,705	158	28,863
Net income	-	-	-	-	-	-	-	8,729	8,729	64	8,793
Other comprehensive income, net of tax	-	-	404	(1,274)	10	(13)	(873)	105	(768)	(5)	(773)
Share of other comprehensive income of equity accounted investees	-	-	(7)	-	(75)	-	(82)	16	(66)	-	(66)
Total other comprehensive income, net of tax	-	-	397	(1,274)	(66)	(13)	(955)	121	(833)	(5)	(839)
Companies purchased/sold <sup>2)</sup>	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Treasury shares <sup>3)</sup>	(1)	-	-	-	-	-	(1)	(114)	(115)	-	(115)
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	-	-	-	-	4	4
Dividends distributed	-	-	-	-	-	-	-	(1,300)	(1,300)	(71)	(1,371)
Balance at 31 December 2010	490	435	(26)	4	(221)	90	(152)	34,411	35,185	149	35,334

1) Par value 1.70.

2) Related to purchase of remaining 30 percent of shares in Yara Servicios Logísticos

3) As approved by General Meeting 11 May 2010

# Consolidated *statement of financial position*

31 DECEMBER

<i>NOK millions</i>	Notes	2010	2009
<b>ASSETS</b>			
<b>Non-current assets</b>			
Deferred tax assets	1,8	1,650	1,920
Intangible assets	1,3,9,10	4,937	3,591
Property, plant and equipment	1,3,11,29	23,470	22,121
Equity accounted investees	4,12,34	10,223	10,083
Other non-current assets	1,13,14,22,28	2,269	5,577
Total non-current assets	4	42,549	43,292
<b>Current assets</b>			
Inventories	1,15	9,644	7,853
Trade receivables	1,16,28	6,644	5,934
Prepaid expenses and other current assets	17,28	2,866	3,610
Other liquid assets	18,28	802	2
Cash and cash equivalents	18,28	2,946	974
Non-current assets classified as held-for-sale		12	-
Total current assets	4	22,915	18,372
Total assets	4	65,464	61,665

# Consolidated *statement of financial position*

31 DECEMBER

NOK millions, except number of shares	Notes	2010	2009
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital reduced for treasury stock	19	490	491
Premium paid-in capital		435	435
Total paid-in capital		926	926
Other reserves		(152)	803
Retained earnings	19	34,411	26,976
Total equity attributable to shareholders of the parent		35,185	28,705
Non-controlling interests	21	149	158
Total equity		35,334	28,863
<b>Non-current liabilities</b>			
Employee benefits	1,22,32	2,254	2,358
Deferred tax liabilities	1,8	3,660	4,062
Other long-term liabilities	6,28	283	311
Long-term provisions	1,23	430	300
Long-term interest-bearing debt	24,28	11,139	13,936
Total non-current liabilities		17,766	20,966
<b>Current liabilities</b>			
Trade and other payables	4,25,28	8,111	6,883
Current tax liabilities		1,019	551
Short-term provisions	1,4,23	321	360
Other short-term liabilities	4,28	763	774
Bank loans and other interest-bearing short-term debt	26,28	1,968	3,185
Current portion of long-term debt	24,28	180	82
Total current liabilities		12,363	11,836
Total equity and liabilities		65,464	61,665
Number of shares outstanding	19	288,381,903	288,831,251

The Board of Directors of Yara International ASA  
Oslo, 22 March 2011



Øivind Lund  
Chairperson



Elisabeth Harstad  
Board member



Leiv L. Nérgaard  
Board member



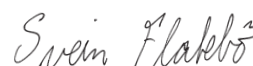
Hilde Merete Aasheim  
Board member




Bernt Reitan  
Board member



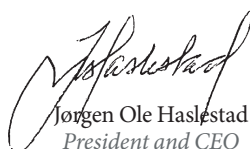
Kristine Haukalid  
Board member



Svein Flatebø  
Board member



Geir O. Sundbø  
Board member



Jørgen Ole Haslestad  
President and CEO

# Consolidated *statement of cash flows*

<i>NOK millions</i>	<b>Notes</b>	<b>2010</b>	<b>2009</b>
<b>Operating activities</b>			
Operating income	4	7,467	1,271
<b>Adjustments to reconcile operating income to net cash provided by operating activities</b>			
Depreciation and amortization	4,9,11	2,440	2,425
Impairment loss and write-down		(193)	(1,603)
Tax paid		(727)	(2,178)
Dividend from equity accounted investees	12	827	409
Interest and bank charges received/(paid)		(615)	(926)
Gain/(loss) on sale of non-current assets		(567)	(41)
Other		(304)	(698)
<b>Working capital changes that provided/(used) cash</b>			
Receivables		(631)	2,753
Inventories		(1,621)	12,604
Prepaid expenses and other current assets		879	857
Payable		547	(547)
Other interest-free liabilities		(407)	(2,403)
Net cash provided by operating activities		7,093	11,925
<b>Investing activities</b>			
Purchases of property, plant and equipment	4,11	(3,090)	(4,260)
Net cash outflow on acquisition of subsidiary	3	(560)	-
Purchases of other long-term investments	2,3,4	(147)	(1,824)
Net sales/(purchases) of short-term investments	18	(800)	-
Proceeds from sales of property, plant and equipment	11	84	319
Net cash inflow on disposal of subsidiary	2	44	-
Proceeds from sales of other long-term investments	2	4,993	298
Net cash used in investing activities		524	(5,467)
<b>Financing activities</b>			
Loan proceeds		15,835	29,547
Principal payments		(20,178)	(36,736)
Purchase of treasury shares	19	(115)	(240)
Dividend		(1,300)	(1,304)
Net cash transfers (to)/from non-controlling interests	21	(67)	(15)
Net cash used in financing activities		(5,825)	(8,747)
<b>Foreign currency effects on cash flows</b>			
		180	69
Net increase/(decrease) in cash and cash equivalents		1,972	(2,221)
Cash and cash equivalents at 1 January		974	3,195
Cash and cash equivalents at 31 December	18	2,946	974
Bank deposits not available for the use of other group companies	18	196	154

# Accounting *policies*

## GENERAL

Yara (the Group) consists of Yara International ASA and its subsidiaries. Yara International ASA is a public limited company incorporated in Norway. The Company's registered office is at Bygdøy Allé 2, Oslo, Norway.

The consolidated financial statements consist of the Group and the Group's interests in associated companies and jointly controlled entities. The principal activities of the Group are described in note 4 and note 12.

## STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB) and approved by the European Union (EU).

## BASIS OF PREPARATION

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

## BASIS OF CONSOLIDATION

The consolidated financial statements include Yara International ASA and entities controlled by Yara International ASA (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Controlling interest is usually achieved when Yara has more than 50 percent of voting rights. In some situations de facto control of an entity may be achieved through other means than voting rights, such as through contractual agreements.

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

All intra group transactions, balances, income and expenses are eliminated in full on consolidation. Profit or losses from transactions with associated companies and jointly controlled entities are recognized in the Group's consolidated financial statements only to the extent of interest in the associate or jointly controlled entity that is not related to the Group.

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

## FOREIGN CURRENCIES

### Translation to Norwegian krone (NOK) of foreign companies

The individual financial statements of a subsidiary company are prepared in the company's functional currency, normally the currency of the country where the company is located. Yara International ASA uses NOK as its

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

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

### Assets and liabilities in foreign currency

Gains and losses arising on transactions, assets and liabilities other than the translation gains/losses, are recognized in the statement of income, except for gains and losses on transactions designated and effective as hedge accounting.

### Foreign exchange hedges

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

## BUSINESS COMBINATIONS

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

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

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

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

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

### GOODWILL

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

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

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

The Group's accounting policy for goodwill arising on the acquisition of an associate or jointly controlled entity is described under associated companies.

### REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for products provided in the normal course of business, net of discounts and sales related taxes.

#### Sale of goods

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

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

Yara's rebate arrangements include fixed-rate rebates or variable rate rebates increasing with higher volumes. For variable rate rebates, the estimated rebate is accrued at each revenue transaction, and the accrual is adjusted at the end of each rebate period, which typically is the end of a fertilizer season.

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

#### Government grants

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

#### Dividends received

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

#### Interest income

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

#### TAX

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

#### Current tax

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

#### Deferred tax

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

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

#### Current and deferred tax for the period

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

#### INTANGIBLE ASSETS

Separately acquired intangible assets are recognized at fair value at the time

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

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

Intangible assets are amortized on a straight-line basis over their expected useful life. If the asset life is indefinite and useful life cannot be estimated, the asset is not amortized but tested for impairment annually.

### PROPERTY, PLANT AND EQUIPMENT

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

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

Property, plant and equipment are depreciated on a straight-line basis over their expected useful life. If individual parts of property, plant and equipment have different useful lives they are accounted for and depreciated separately. Expected useful life and residual value is, unless immaterial, reassessed annually. An asset's carrying amount is written down to its recoverable amount if the assets carrying amount is higher than its estimated recoverable amount. Gain or loss due to sale or retirement of property, plant and equipment is calculated as the difference between sales proceeds and carrying value and is recognized in the statement of income.

Interest is capitalized as part of the historical cost of major assets constructed.

### ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

Associated companies are investments in companies where the Group has significant influence, but not control. Significant influence normally exists when the Group controls between 20 percent and 50 percent of the voting rights. Yara has currently no investments with ownership level less than 20 percent classified as an associate.

A jointly controlled entity is a contractual arrangement whereby the Group and one or more parties undertake an economic activity that is subject to joint control, which is when the strategic, financial and operating policy decisions relating to the activities of the jointly controlled entity require the unanimous consent of the parties sharing control. A jointly controlled entity is a jointly controlled entity that involves the establishment of a corporation, partnership or other entity in which each venture has an interest.

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

The consolidated statement of income reflects the Group's share of the results after tax of the associated companies and jointly controlled entities.

The consolidated statement of comprehensive income reflects the Group's share of any income and expense recognized by the associate or jointly controlled entity outside the statement of income. Any excess of the cost of acquisition of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Yara reviews the carrying amount of equity accounted investments for impairment if indications of loss in value are identified. Impairment indicators may be operating losses or adverse markets conditions. As Yara's associated companies and jointly controlled entities are generally not listed on a stock exchange or regularly traded, the impairment review for such investments can rarely be based on observable market prices. Fair value of the investment is estimated based on valuation model techniques. If it is considered probable that the fair value is below Yara's carrying value, an impairment loss is recognized. In preparing their individual financial statements, the accounting policies of some associated companies and jointly controlled entities do not conform with the accounting policies of Yara. Where appropriate, adjustments are therefore made in order to present the consolidated financial statements on a consistent basis.

### INVENTORY

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

### IMPAIRMENT OF NON-CURRENT ASSETS OTHER THAN GOODWILL

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

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

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

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

### OWN SHARES

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

### DIVIDENDS PAID

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

## EMPLOYEE BENEFITS

### Defined benefit plans

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

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in statement of income as an expense on a straight-line basis over the average period until the benefits become vested. To the extent benefits vest immediately, the expense is recognized immediately in the statement of income. Gains or losses arising from curtailments and settlements of pension plans are recognized immediately in the statement of income. Actuarial gains and losses in the period are recognized as other comprehensive income.

### Defined contribution plans

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

### Other long-term benefits

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

### Share-based compensation

The Group's cash-settled share-based incentive program Share Incentive Rights (SIRs) is recognized as an expense at fair value. Fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to the payments. The fair value of the SIRs is measured based on the Black Scholes Merton option pricing model, taking into account the terms and conditions upon which the instruments were granted. The liability is re-measured at each balance sheet date and at settlement date. Any changes in fair value are recognized in the statement of income.

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

## PROVISIONS

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

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

### Restructuring

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The

measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

### Onerous contracts

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

### Site restoration

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

### Guarantees

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

### Environmental expenditures

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

### Emission rights

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

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

## FINANCIAL INSTRUMENTS

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

### Cash and cash equivalents

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

### Other liquid assets

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

### Trade receivables and other short-term receivables

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

### Available-for-sale financial assets

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

### Impairment of financial assets

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

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

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

### Trade payables and other short-term liabilities

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

### Interest-bearing borrowings

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

### Derivative financial instruments

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

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

ing of the recognition in the consolidated statement of income depends on the nature of the hedge relationship.

Derivatives are classified as short- or long-term subject to the same assessments as other items in the statement of financial position.

### Embedded derivatives

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

### Hedge accounting

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

The fair value of hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months.

### Cash flow hedges

Changes in fair value of financial instruments used as hedging instrument in a cash flow hedge are recognized in equity until the hedged transaction is recognized. The ineffective part of the hedge is recognized in the statement of income.

### Fair value hedges

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

### Hedge of net investment

Changes in fair value of financial instruments used as hedges of net investment in foreign operations are recognized as other comprehensive income. The ineffective part of the hedge is recognized in the consolidated statement of income.

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

### LEASING

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

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

### NEW AND REVISED STANDARDS - ADOPTED

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2010:

#### IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

*Including consequential amendments to IFRS 2, IFRS 5 IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39*

IFRS 3 (revised) introduces significant changes in the accounting for busi-

ness combinations occurring after 1 January 2010. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results. IAS 27 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Yara had one business combination during 2010, and the accounting treatment was significantly affected by the new requirements for business combination achieved in stages. Yara recognized a gain in the consolidated statement of income of NOK 185 million related to remeasurement of the ownership held before it gained control over the entity. Under the previous policies, no gain would have been recognized in this transaction and the goodwill would have been correspondingly lower. See note 3 for further information. Yara has, under the new and revised policies, recognized non-controlling interest's share of loss in subsidiaries of NOK 10 million. Under the previous policies, this share of loss would have been allocated to the shareholders of the parent.

**Other new and revised standards that has had minor or no impact on Yara's accounting policies and presentation requirements:**

- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- IFRIC 12 Service Concession Arrangements
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation.
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfer of Assets from Customers
- Improvements to IFRSs (May 2008)
- Improvements to IFRSs (April 2009)

**NEW AND REVISED STANDARDS – NOT YET EFFECTIVE**

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

- IAS 24 Related Party Disclosures (as revised in 2009). Adoption 1 January 2011.
- IAS 32 Financial Instrument: Presentation – Classification of Rights Issues (as amended in 2009). Adoption 1 January 2011.
- IFRIC 14 Prepayments of a Minimum Funding Requirement (as amended in 2009). Adoption 1 January 2011.
- IFRIC 19 Extinguishing Financial Liabilities. Adoption 1 January 2011.
- Improvements to IFRSs (issued in May 2010). Adoption 1 January 2011.
- IFRS 7 Financial Instruments: Disclosures — Amendments enhancing disclosures about transfers of financial assets (issued in October 2010). Estimated adoption 1 January 2012.
- IAS 12 Income Taxes – Limited scope amendment, recovery of underlying assets (issued December 2010). Estimated adoption 1 January 2012.
- IFRS 9 Financial Instruments (issued 2009). Estimated adoption 1 January 2013.

The directors anticipate that all of the above Standards and Interpretations will be adopted in the Group's financial statements in the relevant period commencing and that the adoption of those Interpretations will have no material impact on the financial statements of the Group in the period of initial application.

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

**EU-DIRECTIVE 83/349**

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

# Notes to the accounts

## Note 1

### Key sources of estimation uncertainty, judgements and assumptions

#### GENERAL

The preparation of consolidated financial statements in accordance with IFRSs and applying the chosen accounting policies requires management to make judgements, 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. The accounting policies applied by Yara in which judgements, estimates and assumptions may significantly differ from actual results are discussed below.

#### IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Yara has significant carrying amounts related to property, plant and equipment recognized in the consolidated statement of financial position. The value in use of some of these assets could be influenced by changes in market conditions where Yara carries out its business. Significant and prolonged adverse market condition related for example to increases in natural gas cost and/or lower market prices for products sold could lead to temporary or permanent closures of production facilities. Such closures will be considered as an impairment indicator and an impairment test will be carried out. The outcome of such impairment tests may be that significant impairment losses are recognized in the statement of income. Yara has recognized impairment write-down of NOK 88 million in 2010, mainly related to decommissioning. In addition, Yara has carried out impairment tests for several production facilities during 2010, mainly due to adverse energy costs. None of these were temporary or permanent closed at the end of 2010. The testing has determined that there is no need to recognize additional impairment loss. The carrying amount of property, plant and equipment at 31 December 2010 is NOK 23,470 million. See note 11.

#### IMPAIRMENT OF EQUITY ACCOUNTED INVESTEEES

Yara has a number of associated entities and jointly controlled entities. These are recognized in the financial statements based on the equity method. In addition to being influenced by changes in market conditions, for example increases in natural gas costs and/or lower market prices for products sold, the carrying value will to some degree be subject to partner risk. Yara carries out impairment testing if and when there are impairment indicators. At the end of 2010, Yara tested the Burrup investment of NOK 1,676 million for impairment. The uncertainties are further explained in note 12. The test determined that there is no need to recognize additional impairment loss. Total carrying value of equity accounted investees at 31 December 2010 is NOK 10,223 million. Post balance sheet uncertainties related to Yara's investment in Lifeco following the recent unrest in Libya are described in note 34.

#### IMPAIRMENT OF GOODWILL

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at 31 December 2010 is NOK 3,989 million. Details of recognized goodwill are provided in note 9 and the impairment loss calculation, including sensitivity disclosures, are provided in note 10.

#### BUSINESS COMBINATIONS

Yara is required to allocate the purchase price of acquired companies to the assets acquired and liabilities assumed based on their estimated fair values. In case of business combination achieved in stages, Yara must also estimate the fair value of the existing ownership interest when it gains control. The change in fair value is recognized in the consolidated statement of income. For our larger acquisitions, we engage independent third-party firms to assist us in determining the fair values of the assets acquired and liabilities assumed. Such valuations require management to make judgements in selecting valuation methods, estimates and assumptions. Management's estimates of fair value and useful lives are based upon assumptions believed to be reasonable, but which are inherently uncertain and, as a result, actual results may differ from estimates. Yara had one business combination in 2010. Control was achieved in stages, resulting in a gain in the consolidated statement of income of NOK 185 million. Further details are provided in note 3.

#### SITE RESTORATION AND OTHER ENVIRONMENTAL EXPENDITURES

Yara's future environmental cost depends on a number of uncertain factors, such as the extent and type of remediation required. Due to uncertainties inherent in the estimation process, it is possible that such estimates could be revised in the near term. In addition, conditions that could require future expenditures may exist for various sites, including Yara's major production facilities and product storage terminals. Such future costs are not determinable due to the unknown timing and extent of corrective actions that may be required. Yara's operations are subject to environmental laws and regulations. These laws and regulations are subject to change, and such changes may require that the Group makes investments and/or incurs costs to meet more stringent emissions standards or to take remedial action related to e.g. soil contamination. The carrying amount of provisions for environmental issues at 31 December 2010 is NOK 181 million. See note 23.

#### DEFERRED TAX

Judgement is required in determining the Group's deferred tax assets and liabilities. Yara recognizes deferred tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management has considered future taxable income in assessing whether deferred income tax assets as well as the outcome of tax cases should be recognized. The carrying amounts of deferred tax assets and deferred tax liabilities are NOK 1,650 million and NOK 3,660 million, respectively, at 31 December 2010. See note 8.

#### PENSION LIABILITIES

The fair value of pension liabilities is calculated based on several actuarial and economic assumptions. Any changes in the assumptions used would affect on the estimated pension obligation. Changes in the discount rate have the most significant impact. The discount rate is determined locally for each individual pension plan, based on the economic environment in which the plan is established. The discount rate and other assumptions are normally reviewed annually when the actuarial calculation is carried out, unless there are significant changes during the year. The carrying amount of the net pension liabilities at 31 December 2010 is NOK 1,797 million. Detailed information, including sensitivity disclosures, are provided in note 22.

**DERIVATIVES**

Commodity-based derivatives and certain embedded derivatives in normal purchase and sales contracts require fair value recognition in the consolidated financial statement. Some of these fair values are subject to uncertainty due to non-quoted market prices and the use of valuation models. In these models Yara uses information based on external sources to the greatest possible extent. The most significant assumptions incorporated in the valuation techniques used are forward prices for commodity products like ammonia, natural gas and naphtha. For natural gas and gas related prices further liberalization of the European gas market could also impact on the valuation. Detailed information, including sensitivity disclosures, are provided in note 27 and 28.

**AVAILABLE-FOR-SALE FINANCIAL ASSETS**

Where the fair value of available-for-sale financial assets recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows

model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Total fair value of available-for-sale financial assets based on unobservable market data inputs (level 3) at 31 December 2010 is NOK 337 million. Detailed information, including sensitivity disclosures, are provided in note 28.

**INVENTORY**

Yara has significant carrying amounts related to inventory recognized in the consolidated statement of financial position. As most of Yara's products are traded in markets where there are limited observable market references available this required judgement in setting net realizable value. Management has used its best estimate in setting net realizable value for inventory. The carrying amount of inventory at 31 December 2010 is NOK 9,644 million and write-down at year-end is NOK 98 million. See note 15 for more information.

**Note 2****Business initiatives****ACQUISITIONS AND OTHER RELATED INITIATIVES**

In January 2010, Yara acquired the remaining 51 percent ownership in the Geneva-based Balderton Fertilisers SA. See Note 3 for further information.

Yara signed a cash merger agreement with Terra Industries Inc. (Terra) in February 2010. Terra terminated this agreement in March 2010 after receiving a superior bid from CF Industries Inc. In accordance with the cash merger agreement, Yara International ASA received a break fee of NOK 717 million. Directly related transaction costs amounted to NOK 51 million. The net break fee of NOK 666 million after transaction costs is presented as part of other income in the consolidated statement of income and as part of operating activities in the consolidated statement of cash flows.

**DISPOSALS AND OTHER RELATED INITIATIVES**

In January 2010, Yara sold its shares in Carbonor, a jointly controlled entity. The investment was recognized based on the equity method until the date of de-recognition. The sale gave Yara a gain of NOK 69 million, presented as part of other income in the consolidated statement of income. The cash consideration received was NOK 99 million and is presented as part of investing activities in the consolidated statement of cash flows.

In May 2010, Yara sold its shares in the Brazilian phosphate producer Fosfertil. Yara's direct and indirect ownership in Fosfertil was 15.5 percent. At the same time, Yara also sold its 50 percent stake in the Anitapolis phosphate rock project. The gain from the Fosfertil sale of NOK 3,578 million before tax was presented as part of interest income and other financial income in the consolidated statement of income. The gain from the sale of Yara's stake in Anitapolis of NOK 122 million before tax was presented as part of other income. The available-for-sale shares in Fosfertil have been recognized at estimated fair value in prior reported periods, with changes in fair value recognized directly in equity as other comprehensive income. The cumulative gain previously recognized directly in equity was reclassified to profit or loss when the shares were sold. The cash inflows after tax paid from the sales of Fosfertil of NOK 4,383 million and Anitapolis of NOK 164 million are presented as part of investing activities in the consolidated statement of cash flows.

During second quarter 2010, Yara sold two subsidiaries, Nuova Terni Industrie Chimiche S.p.A (Italy) and Peremartoni Fertilizers Kft (Hungary). The total gain of NOK 109 million before tax was presented as part of other income in the consolidated statement of income, including cumulative exchange gains of NOK 12 million reclassified from equity. The total assets of subsidiaries sold were NOK 8 million and total liabilities NOK 61 million, mainly related to short-term provisions. The net cash inflows on disposals were NOK 44 million and are presented as part of investing activities in the consolidated statement of cash flows.

During third quarter 2010, Yara sold its shares in the equity-accounted investee Agrico Canada Ltd. The transaction gave Yara a gain of NOK 8 million, mainly related to cumulative exchange gains reclassified from equity. The net cash inflow on disposal was NOK 63 million and is presented as part of investing activities in the consolidated statement of cash flows.

In May 2010, Yara announced an agreement to sell its fertilizer retail assets in South Africa and its 50 percent ownership in the South African retail company Sidi Parani. Sidi Parani was sold during third quarter with a loss of NOK 4 million, mainly related to cumulative currency translation loss reclassified from equity. This sale had minor impact on the consolidated statement of cash flows. Yara completed the sale of fertilizer retail assets in South Africa during fourth quarter 2010. The transaction had minor impact on the consolidated statement of income as the agreed sales prices were mainly equal to the carrying amounts. Yara will continue to sell fertilizer delivered to harbor South Africa after the divestment. Proceeds from sale of non-current assets had minor impact on the consolidated statement of cash flows.

During fourth quarter 2010, Yara sold its 20 percent ownership in the equity-accounted investee Baria Serece. The transaction gave Yara a gain of NOK 38 million presented as part of other income in the consolidated statement of income. The net cash in-flow on disposal was NOK 68 million and is presented as part of investing activities in the consolidated statement of cash flows.

## Note 3

## Business combinations

### BUSINESS COMBINATIONS 2010

On 27 January 2010, Yara acquired the remaining 51 percent ownership interest of the holding company to Balderton Fertilisers SA (Balderton). Balderton is an unlisted ammonia and fertilizer trading company based in Geneva, Switzerland. The holding company, Yara Swiss Investment BV, is based in the Netherlands. After the transaction, Yara owns and controls all shares of Balderton. Yara Swiss Investment BV holds no other assets or liabilities.

The primary reason for the business combination is that full ownership will simplify and increase the integration and optimization of Balderton in Yara, and support further growth through improved sourcing capabilities and position taking.

The acquisition has been accounted for using the purchase method of

accounting. The purchase price allocation of the tangible and intangible assets is preliminary and may be adjusted as a result of obtaining additional information regarding the preliminary estimates of fair values made at the date of purchase. The condensed consolidated financial statements include the results of Balderton for the period from the acquisition date.

Balderton was an associated entity to Yara before the acquisition in January 2010. The ownership was incorporated using the equity method. According to IFRS 3 (revised), the previously held equity interest in the acquiree at acquisition date shall be re-measured at its fair value with resulting gain or loss in statement of income. The fair value of the previously held 49 percent equity interest has been derived from the consideration paid per share for the 51 percent ownership interest, reduced with a 30 percent discount for lack of control.

NOK millions	Opening balance 27 Jan 2010	Fair value adjustment	Adjusted balance 27 Jan 2010
<b>Assets</b>			
Customer relationships, part of intangible assets	-	473	473
Property, plant and equipment	4	-	4
Trade receivables	155	-	155
Prepaid expenses and other current assets	446	-	446
Cash and cash equivalents	560	-	560
<b>Total assets</b>	<b>1,166</b>	<b>473</b>	<b>1,639</b>
<b>Liabilities</b>			
Deferred tax liabilities	-	60	60
Trade and other payables	430	-	430
Current tax liabilities	12	-	12
Other short-term liabilities	71	-	71
<b>Total liabilities</b>	<b>513</b>	<b>60</b>	<b>573</b>
<b>Total identifiable net assets at fair value</b>			<b>1,066</b>
Goodwill arising on acquisition			813
Fair value of previously held 49% equity interest in Balderton			(760)
Purchase consideration transferred for 51% ownership interest			1,119

The table above sets out carrying amounts and the amounts recognized at the acquisition date for each class of Balderton's assets, liabilities and contingent liabilities.

The goodwill comprises the value of synergies arising from the acquisition, in addition to assembled workforce and relations with suppliers which does not meet the criteria for recognition as intangible assets under IAS 38

Intangible assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

The gross amount of receivables is equal to carrying value. None of the trade receivables have been impaired and it is expected that the full contractual amount can be collected.

NOK millions	2010
<b>Analysis of cash flows on acquisition</b>	
Cash consideration for 51 percent ownership interest (included in cash flows from investing activities)	(1,119)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	560
Transaction costs of the acquisition (included in cash flows from operating activities)	-
<b>Net cash flow on acquisition</b>	<b>(560)</b>
<b>Gain recognized on previously held 49 percent ownership interest</b>	
Estimated fair value	760
Carrying value	(597)
Currency translation gain of foreign operation, previously recognized as other comprehensive income	22
<b>Gain recognized as other income</b>	<b>185</b>

From the date of acquisition, Balderton has contributed NOK 2,118 million of revenue and NOK 54 million to the income before tax of the Group. If the business combination had taken place at the beginning of the year, Yara's consolidated revenue and income before tax would have been NOK 64,102 million and NOK 11,180 million, respectively.

For Business Combinations after the balance sheet date, please see note 34

#### **BUSINESS COMBINATIONS 2009**

During 2009 Yara had no business combinations with material impact, neither individually nor collectively.

#### **Note 4**

## **Segment information**

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

#### **SEGMENT STRUCTURE**

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

#### **DOWNSTREAM**

The Downstream segment consists of Yara's worldwide marketing organization and global distribution network for fertilizer products and agronomic solutions. With a global network of sales offices, terminals and warehouses, Downstream is present in about 50 countries and sells to more than 120 countries. The segment also includes smaller production facilities upgrading intermediate products to finished fertilizers, which are primarily marketed in the regions where production takes place. While approximately ¼ of the sales volume is sourced from own production plants in Downstream, the remaining sales volume is purchased on an arm's-length basis from the Upstream segment or third parties. The Downstream segment is mainly a margin business, which over time provides additional and more stable margins and reduces volatility in earnings. With a relatively lower investment in chemical manufacturing capacity, the downstream operation, particularly outside of Europe, is more focused on distribution margins and operating capital management than on manufacturing margins. The segment is characterized by a high capital turnover, a low ratio of property, plant and equipment to total assets compared to a traditional, production-oriented fertilizer operation, and by a relatively low EBITDA margin in relation to revenues.

#### **INDUSTRIAL**

The Industrial segment creates value by developing and selling chemical products and industrial gases to non-fertilizer market segments. Industrial offers nitrogen chemicals, including ammonia derived products, as well as industrial explosives and environmental applications which are growing strongly. Sales of nitrogen chemicals to the European process industry and the global industrial explosives industry constitute the segments main markets, while sales of chemicals for environmental applications is the main growth segment.

#### **UPSTREAM**

The Upstream segment comprises ammonia and urea production in different parts of the world, phosphate mining, the global trade and shipping of ammonia, as well as nitrate and NPK fertilizer production co-located with ammonia production and is serving both the domestic and international markets. The Upstream segment includes our large equity accounted investees (e.g., Qafco, Tringen, Grow How UK, Burrup, Lifeco and Rossosh). Because of the level of ownership in these companies, their operating results are not reflected in our operating income, but Yara's share of the net income in the equity accounted investees, are included in EBITDA and net income. The Upstream segment's operating results are, to a great degree, based on the segment's production margins, which are primarily affected by the price levels for ammonia, urea, nitrates, NPK and phosphoric acid and the price level of energy and raw materials such as phosphate rock and potash. In addition, operating results can be greatly influenced by movements in currency exchange rates. The fluctuation of the Upstream segment's operating results is typical of that of traditional fertilizer producers and is normally less stable than the operating results of Yara's Downstream and Industrial segments.

#### **OPERATING SEGMENT INFORMATION**

Yara's steering model reflects management's focus on cash flow-based performance indicators, before and after taxes. EBITDA is an approximation of cash flows from operating activities before tax and is considered an important measure of performance for the company's operating segments. Yara defines EBITDA as operating income plus interest income, other financial income and results from associated companies and jointly controlled entities. It excludes depreciation, write-downs and amortization as well as amortization of excess value in associated companies and jointly controlled entities. In addition the segments are followed up on CROGI (defined as gross cash flow after tax divided by gross investment). ROCE (Return on capital employed) has been included as an additional performance measure to CROGI to simplify benchmarking with other companies. ROCE is defined as EBIT minus tax divided by average capital employed. See also page 148 - 149 for more information.

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

## OPERATING SEGMENT INFORMATION, CONSOLIDATED STATEMENT OF INCOME

NOK millions	Notes	2010	2009
<b>External revenues and other income</b>			
Downstream		46,569	45,061
Industrial		9,216	8,465
Upstream		8,791	7,884
Other and eliminations		798	8
Total		65,374	61,418
<b>Internal revenues and other income</b>			
Downstream		1,680	508
Industrial		150	150
Upstream		22,871	18,015
Other and eliminations		(24,701)	(18,673)
Total		-	-
<b>Revenues and other income</b>			
Downstream		48,249	45,569
Industrial		9,366	8,615
Upstream		31,663	25,899
Other and eliminations		(23,903)	(18,665)
Total		65,374	61,418
<b>Operating expenses excl depreciation and amortization</b>			
Downstream		(44,330)	(44,834)
Industrial		(8,321)	(7,442)
Upstream		(27,071)	(23,360)
Other and eliminations		24,255	17,914
Total		(55,467)	(57,722)
<b>Depreciation and amortization</b>			
Downstream		(495)	(473)
Industrial		(195)	(234)
Upstream		(1,707)	(1,683)
Other and eliminations		(43)	(36)
Total	9,11	(2,440)	(2,425)
<b>Operating Income</b>			
Downstream		3,424	262
Industrial		850	940
Upstream		2,884	856
Other and eliminations		308	(787)
Total		7,467	1,271
<b>Share of net income in equity accounted investees</b>			
Downstream		92	37
Industrial		89	67
Upstream		1,335	1,308
Other and eliminations		(1)	-
Total	12	1,515	1,412
<b>Interest income and other financial income</b>			
Downstream		3,757	175
Industrial		1	2
Upstream		5	123
Other and eliminations		59	75
Total	7	3,822	376
<b>EBITDA</b>			
Downstream		7,796	963
Industrial		1,135	1,248
Upstream		5,975	4,013
Other and eliminations		410	(676)
Total		15,315	5,549

## OPERATING SEGMENT INFORMATION, OTHER

NOK millions	Notes	2010	2009
<b>Reconciliation of EBITDA to Income before tax</b>			
EBITDA		15,315	5,549
Depreciation and amortization <sup>1)</sup>		(2,511)	(2,490)
Foreign exchange gain/(loss)		(676)	1,364
Interest expense and other financial items		(948)	(945)
Income before tax		11,179	3,477
<b>EBIT</b>			
Downstream		7,273	473
Industrial		941	1,009
Upstream		4,224	2,287
Other and eliminations		367	(711)
Total		12,804	3,058
<b>Investments <sup>2)</sup></b>			
Downstream		1,095	869
Industrial		197	443
Upstream		2,998	4,812
Other and eliminations		83	68
Total		4,373	6,192

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

2) Investments include the acquisition cost for property, plant and equipment, goodwill, intangible assets, and investments in subsidiaries and equity accounted investees.

## OPERATING SEGMENT INFORMATION, CONSOLIDATED STATEMENT OF CASH FLOWS AND OTHER NON-GAAP MEASURES

NOK millions, except percentages	Notes	2010	2009
<b>Gross cash flow after tax <sup>1)</sup></b>			
Downstream		5,642	832
Industrial		880	965
Upstream		5,108	3,721
Other and Eliminations		1,086	783
Total		12,716	6,302
<b>Gross investment <sup>2)</sup></b>			
Downstream		17,593	20,427
Industrial		4,943	4,946
Upstream		50,202	47,778
Other and eliminations		536	1,207
Total		73,274	74,358
<b>Cash Return on Gross Investment (CROGI)</b>			
Downstream		32.1%	4.1%
Industrial		17.8%	19.5%
Upstream		10.2%	7.8%
Total		17.4%	8.5%

1) Defined as EBITDA less total tax expense, excluding tax on net foreign exchange gain/(loss)

2) 12 month average

<i>NOK millions, except percentages</i>	Notes	2010	2009
<b>Earnings before interest, after tax</b>			
Downstream		5,119	342
Industrial		685	727
Upstream		3,357	1,995
Other and eliminations		1,043	747
<b>Total</b>		<b>10,204</b>	<b>3,812</b>
<b>Capital employed <sup>1)</sup></b>			
Downstream		13,102	15,914
Industrial		3,000	3,110
Upstream		33,257	31,230
Other and eliminations		265	954
<b>Total</b>		<b>49,624</b>	<b>51,208</b>
<b>Return on capital employed (ROCE)</b>			
Downstream		39.1%	2.2%
Industrial		22.8%	23.4%
Upstream		10.1%	6.4%
<b>Total</b>		<b>20.6%</b>	<b>7.4%</b>

1) Capital employed is defined as total assets adjusted for deferred tax assets minus other current liabilities, and is calculated on a 12-month rolling average basis.

#### OPERATING SEGMENT INFORMATION, CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>NOK millions</i>	Notes	2010	2009
<b>Assets <sup>1)</sup></b>			
Downstream		19,018	19,157
Industrial		3,853	3,734
Upstream		37,558	35,178
Other and eliminations		5,034	3,595
<b>Total</b>		<b>65,464</b>	<b>61,665</b>
<b>Current assets <sup>1)</sup></b>			
Downstream		12,838	10,122
Industrial		2,297	2,202
Upstream		5,797	5,740
Other and eliminations		1,982	309
<b>Total</b>		<b>22,915</b>	<b>18,372</b>
<b>Non-current assets</b>			
Downstream		6,180	9,036
Industrial		1,555	1,533
Upstream		31,762	29,438
Other and eliminations		3,052	3,286
<b>Total</b>		<b>42,549</b>	<b>43,292</b>
<b>Equity accounted investees</b>			
Downstream		447	1,098
Industrial		92	13
Upstream		9,699	8,983
Other and eliminations		(15)	(11)
<b>Total</b>	12	<b>10,223</b>	<b>10,083</b>
<b>Debt <sup>2)</sup></b>			
Downstream		6,063	5,731
Industrial		978	933
Upstream		4,073	3,970
Other and eliminations		(1,919)	(2,616)
<b>Total</b>		<b>9,196</b>	<b>8,018</b>

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

2) Segment debt is defined as short-term interest-free liabilities excluding income taxes payable and short-term deferred tax liabilities.

**INFORMATION ABOUT PRODUCTS AND MAJOR CUSTOMERS**

Revenues by product group:

<i>NOK millions</i>	2010	2009
Ammonia	6,535	4,886
Nitrate	8,946	9,163
NPK	16,796	16,738
Urea	9,425	8,642
CN	1,822	1,739
UAN	1,310	1,549
Other fertilizer products	6,026	6,731
Industrial products	9,176	8,460
Feed phosphates	1,129	1,194
Other products	2,841	1,765
<b>Total</b>	<b>64,006</b>	<b>60,867</b>

Yara serves a large number of customers. No revenues from transactions with any single customer amount to 10 per cent or more of Yara's total revenues.

**INFORMATION ABOUT GEOGRAPHICAL AREAS, REVENUES <sup>1)</sup>**

<i>NOK millions</i>	2010	2009
Belgium	1,338	1,152
Denmark	1,025	1,316
Finland	1,687	1,724
France	5,825	5,130
Germany	3,568	3,396
Great Britain	4,116	4,089
Italy	2,945	2,862
Spain	1,529	1,558
Sweden	1,561	1,173
The Netherlands	1,473	1,424
Other	2,442	2,637
<b>Total EU</b>	<b>27,510</b>	<b>26,461</b>
Norway	1,314	1,309
Other Europe	1,840	2,801
<b>Total Europe</b>	<b>30,664</b>	<b>30,571</b>
Africa	4,950	5,714
Asia	6,983	5,609
Australia and New Zealand	1,201	623
North America	8,811	7,714
South and Central America	11,397	10,637
<b>Total outside Europe</b>	<b>33,342</b>	<b>30,297</b>
<b>Total</b>	<b>64,006</b>	<b>60,867</b>

1) Revenues are identified by customer location

## INFORMATION ABOUT GEOGRAPHICAL AREAS, CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK millions	Assets <sup>1)</sup>		Long-lived assets <sup>1)</sup>		Investments <sup>1)</sup>	
	2010	2009	2010	2009	2010	2009
Belgium	2,139	2,691	1,010	820	520	269
Denmark	399	388	183	199	1	45
Finland	5,228	5,726	3,320	3,264	268	716
France	2,864	2,955	1,043	1,123	219	233
Germany	2,523	2,087	1,344	1,167	433	274
Great Britain	3,476	3,149	2,072	1,767	159	203
Italy	2,428	2,257	889	921	154	97
Spain	728	512	34	44	2	5
Sweden	1,115	1,073	481	453	57	69
The Netherlands	6,028	5,216	4,686	4,103	1,303	1,160
Other	727	699	-	-	2	4
<b>Total EU</b>	<b>27,653</b>	<b>26,751</b>	<b>15,061</b>	<b>13,860</b>	<b>3,119</b>	<b>3,076</b>
Norway	5,764	4,985	2,104	1,832	319	547
Other Europe	3,901	2,490	770	1,336	539	-
<b>Total Europe</b>	<b>37,317</b>	<b>34,226</b>	<b>17,936</b>	<b>17,029</b>	<b>3,977</b>	<b>3,623</b>
Africa	2,744	3,127	1,590	1,479	7	1,595
Asia	5,908	4,761	4,052	3,673	2	73
Australia and New Zealand	1,791	1,742	1,724	1,617	-	2
North America	13,339	12,917	9,201	9,123	128	721
South and Central America	5,639	7,904	1,460	4,860	258	178
<b>Total outside Europe</b>	<b>29,420</b>	<b>30,452</b>	<b>18,026</b>	<b>20,752</b>	<b>396</b>	<b>2,569</b>
Eliminations	(1,274)	(3,014)	-	-	-	-
<b>Total</b>	<b>65,464</b>	<b>61,665</b>	<b>35,962</b>	<b>37,781</b>	<b>4,373</b>	<b>6,192</b>

1) The identification of assets, long-lived assets and investments is based upon location of operation. Included in long-lived assets are investments in equity accounted investees; property, plant and equipment (net of accumulated depreciation) and non-current financial assets. Eliminations are related to internal transactions between geographical areas. Investments include the acquisition cost for property, plant and equipment, goodwill, intangible assets, and investments in subsidiaries and equity accounted investees.

## Note 5

## Operating *expense*

NOK millions	Notes	2010	2009
<b>Payroll and related costs</b>			
Salaries		(3,519)	(3,466)
Social security costs		(635)	(650)
Social benefits		(59)	(54)
Net periodic pension cost	22	(366)	(433)
<b>Total</b>		<b>(4,579)</b>	<b>(4,602)</b>
<b>Other operating expenses</b>			
Selling and administrative expense		(966)	(1,317)
Rental of buildings etc.		(166)	(180)
Travel expense		(189)	(50)
Loss on trade receivables	16	(2)	(144)
Fees auditors, lawyers, consultants		(191)	(193)
Other expenses		(231)	(159)
<b>Total</b>		<b>(1,746)</b>	<b>(2,044)</b>
Research and development <sup>1)</sup>		(102)	(88)

1) Over the last few years, Yara has focused on orienting research and development resources towards commercial activities, both with respect to process and product improvements and agronomical activities. It is impracticable to give a fair estimate of possible future financial returns of these activities.

## Note 6

## Stock-based compensation

### LONG-TERM INCENTIVE PROGRAM

A long-term incentive program (LTIP) were approved by the board in 2008 for Yara Management and Top Executives to increase the alignment between Executives and Shareholder's interests, to ensure retention of key talent in the company. The program provides a fixed LTIP cash amount to the eligible top executive, who is required to invest the net amount, after tax, in Yara shares within a period of one month. The employee holds all shareholder rights during the vesting period of three years, or limited by certain events occurring during the three year lock-in period. After this period, the executive is free to keep or sell their owned discretion, observing possible limitations set by internal policies and/or legal restriction. The program plans for annual grants but it remains the CEO's decision to apply the program in any given year and to make the final decision on each individual grant.

As of 31 December 2010, 58 top executives are part of the program. The total cost under this program recognized in 2010, amount to approximately NOK 29 million (2009: NOK 20 million).

### SHARE INCENTIVE PROGRAM

A one-time cash-settled share-based incentive program was established in 2004 and nine persons in Yara's Executive Management were granted

2,055,000 share incentive rights (SIRs) for a period covering 6 years. The SIRs vesting schedule is based on the performance of the Yara share on the Oslo Stock Exchange (OSE). Under the share-based incentive program the employees will receive a payment if certain market performance criteria are met. Executive Management who are eligible for the share-based incentive program must remain in service for the whole vesting period. The SIRs vests after two and three years, with 1/3 (grant A) and 2/3 (grant B) respectively, the exercise period was 8 May 2007 to 8 May 2010. To participate in the SIRs, it was mandatory for the Executive Management to hold a certain number of Yara shares throughout the period of the program. The Executive Management has consented to invest half of the payment net of taxes in the company's shares and not sell the shares within one year from the exercise date. Number of shares held by Executive Management 31 December 2010 is disclosed below.

### SHARE INCENTIVE RIGHTS

During 2010, no major change in the expense has been recognized in the income statement in relation to the incentive program (2009: income NOK 18 million). The estimated fair values of grant A and B were at the time of granting NOK 12-17 per right. At 31 December 2010, there are no outstanding rights under this program.

<i>Executive Management</i>	Number of SIRs outstanding 1 Jan 2010	Granted 2010	Exercised 2010 <sup>2)</sup>	Forfeited 2010	Expired 2010	Number of SIRs outstanding 31 Dec 2010	Strike per share NOK	Fair Value NOK 31 Dec 2010 <sup>1)</sup>
Jørgen Ole Haslestad	-	-	-	-	-	-	-	-
Hallgeir Storvik	119,241	-	(19,616)	-	(99,625)	-	46.16	-
Tor Holba	119,241	-	(19,616)	-	(99,625)	-	46.16	-
Egil Hogna	-	-	-	-	-	-	-	-
Yves Bonte	-	-	-	-	-	-	-	-
Terje Bakken	89,431	-	(14,712)	-	(74,719)	-	46.16	-
Håkan Hallén	-	-	-	-	-	-	-	-
Bente Slåtten	-	-	-	-	-	-	-	-
Trygve Faksvaag	-	-	-	-	-	-	-	-

<i>Not part of Executive Management</i>	Number of SIRs outstanding 1 Jan 2010	Granted 2010	Exercised 2010 <sup>3)</sup>	Forfeited 2010	Expired 2010	Number of SIRs outstanding 31 Dec 2010	Strike per share NOK	Fair Value NOK 31 Dec 2010 <sup>1)</sup>
Total	490,966	-	(80,347)	-	(410,619)	-	46.16	-

1) All of the Executive Management group had annual payout' caps in their SIRs agreement. The total cap is the maximum annual payout the employee is entitled to under the SIRs program. During 2010 the caps were fully exploited and the remaining SIRs are expired.

2) The Share Incentive Rights were exercised in February at the closing share price of NOK 235.80 with a strike price of NOK 46.16 per right.

3) The Share Incentive Rights were exercised in January and February at the closing share price of NOK 235.80, 273.40 and 262.40 with a strike price of NOK 46.16 per right.

## The Yara Executive Management ownership of shares at 31 December 2010

	Number of shares
Jørgen Ole Haslestad	11,598
Hallgeir Storvik	17,359
Tor Holba	15,000
Egil Hogna	8,603
Yves Bonte	1,467
Terje Bakken <sup>1)</sup>	27,758
Håkan Hallén	1,852
Bente Slåtten	1,375
Trygve Faksvaag	3,883

1) Includes shares owned directly and through fully owned companies.

**SIMPLIFIED SHARE INCENTIVE PROGRAM**

Within the scope of the program approved by the Board of Directors in 2004, a simplified share incentive program was introduced in 2005 for some managers who have signed an employment contract with Yara International Employment Company, to make themselves fully mobile on the request of the company. The fair value of the share incentive rights at 31 December 2010 is NOK 2.5 million (2009: NOK 4.2 million). The calculation of fair value of these is based on the Black Schools Merton option pricing model. The strike prices are NOK 76.50 and expected life of 0.1 year. In 2008 an

individual cap was introduced limiting the aggregate maximum payout, at 31 December 2010 this was amounting to NOK 2.9 million.

During 2010 14.750 share incentive rights under this program was exercised at a share price of NOK 277.30 strike price NOK 76.50.

**Note 7****Financial income and expense**

NOK millions	Notes	2010	2009
Interest income on customer credits	4,27	112	130
Interest income, other	4,27	130	121
Dividends and net gain/(loss) on securities <sup>1)</sup>	2	3,580	124
Interest income and other financial income		3,822	376
Net foreign exchange gain/(loss)	27	(676)	1,364
Interest expense	27	(707)	(757)
Capitalized interest	11,27	54	37
Return on pension plan assets	22	419	377
Interest expense re. pension liabilities	22	(486)	(494)
Reversal of value of interest rate swap <sup>2)</sup>	27	(14)	(21)
Other financial expense	27	(214)	(89)
Interest expense and other financial expense		(948)	(945)
Net financial income/(expense)		2,197	794

1) Mainly gain on sale of shares in Fosfertil of NOK 3,578 million. See note 2.

2) Interest rate swap designated as cash flow hedge transferred from equity.

## Note 8

## Income taxes

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

## CONSOLIDATED INCOME STATEMENT

NOK millions	2010	2009
<b>Current taxes</b>		
Current year	(1,989)	(271)
Prior years adjustment	(29)	160
Total	(2,018)	(111)
<b>Deferred taxes</b>		
Deferred tax expense recognized in the current year	(536)	318
Adjustments to deferred tax attributable to changes in tax rates and laws	(19)	(11)
Write-downs (reversal of previous write-downs) of deferred tax assets	188	141
Total	(368)	448
Total income tax expense	(2,386)	337

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK millions	2010	2009
<b>Current tax</b>		
Hedge of net investment	(5)	107
Intercompany currency effect on debt treated as part of net investment	190	180
Total current tax	185	287
<b>Deferred tax</b>		
Pensions	40	(8)
Other non-current liabilities and accruals	-	11
Available-for-sale financial assets	(18)	377
Total	22	380
<b>Transfers to profit and loss</b>		
Available-for-sale financial assets <sup>1)</sup>	(717)	-
Cash flow hedges	4	3
Total	(713)	3
Total tax recognized directly in other comprehensive income	(506)	664

1) Yara sold its ownership in Fosfertil in 2010. See note 2 for more information.

## RECONCILIATION OF NORWEGIAN NOMINAL STATUTORY TAX RATE TO EFFECTIVE TAX RATE

NOK millions	2010	2010	2009
Income before taxes and non-controlling interests		11,179	3,477
Expected income taxes at statutory tax rate <sup>1)</sup>	28.0%	(3,130)	(974)
Tax law changes	0.2%	(19)	(3)
Foreign tax rate differences	0.0%	5	39
Effect of unused tax losses and tax offsets not recognized as deferred tax assets	2.0%	(222)	(530)
Effect of previously unrecognized and unused tax losses and deductible temporary differences now recognized as deferred tax assets	(3.1%)	342	650
Non-deductible expenses	0.6%	(69)	(94)
Tax free income equity accounted investees	(3.8%)	424	675
Tax free income miscellaneous	(1.5%)	170	250
Tax free gain sale of investments	(1.3%)	142	33
Prior year assessment	0.3%	(28)	160
Withholding and capital tax	0.8%	(93)	(34)
Other, net	(0.8%)	92	164
Total income tax expense		(2,386)	337
Effective tax rate		21.3%	(9.7%)

1) Calculated as Norwegian nominal statutory tax rate of 28 percent applied to income before taxes and non-controlling interests.

## SPECIFICATION OF DEFERRED TAX ASSETS/(LIABILITIES)

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

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

## 2010

NOK millions	Opening balance	Charged to income	Recognized in other comprehensive income	Reclassified from equity to profit or loss	Acquisitions/disposals	Changes in tax rate	Other	Exchange differences	Closing balance
<b>Non-current items</b>									
Property, plant & equipment	(2,423)	(170)	-	-	(8)	(2)	-	(101)	(2,705)
Pensions	487	(36)	(40)	-	-	(6)	-	(7)	397
Equity securities available-for-sale	(709)	-	18	717	-	-	-	(31)	(5)
Other non-current assets	81	152	-	-	(62)	1	-	(4)	168
Other non-current liabilities and accruals	(352)	226	-	(4)	-	4	-	6	(120)
Total	(2,916)	172	(22)	713	(70)	(3)	-	(137)	(2,264)
<b>Current items</b>									
Inventory valuation	(34)	(57)	-	-	-	(6)	-	12	(86)
Accrued expenses	189	(85)	-	-	(18)	(4)	-	(2)	80
Total	155	(142)	-	-	(18)	(10)	-	10	(6)
Tax loss carry forwards	1,580	(553)	-	-	(18)	(6)	-	34	1,038
Unused tax credits	-	30	-	-	-	-	-	(1)	29
Valuation allowance	(961)	144	-	-	44	1	-	(37)	(809)
Net deferred tax asset/(liability)	(2,142)	(348)	(22)	713	(62)	(19)	-	(131)	(2,010)

## 2009

<i>NOK millions</i>	Opening balance	Charged to income	Recognized in other comprehensive income	Reclassified from equity to profit or loss	Acquisitions/disposals	Changes in tax rate	Other <sup>1)</sup>	Exchange differences	Closing balance
<b>Non-current items</b>									
Property, Plant & Equipment	(2,428)	(135)	-	-	-	(12)	-	152	(2,423)
Pensions	663	(177)	8	-	-	5	-	(12)	487
Available-for-sale financial assets	(287)	-	(377)	-	-	2	-	(47)	(709)
Other non-current assets	(326)	410	-	-	(2)	(5)	-	3	81
Other non-current liabilities and accruals	(157)	(229)	-	(11)	-	(1)	-	47	(352)
Total	(2,534)	(132)	(369)	(11)	(2)	(11)	-	143	(2,916)
<b>Current items</b>									
Inventory valuation	376	(393)	-	-	-	2	-	(20)	(34)
Accrued expenses	622	(340)	-	-	(73)	1	-	(19)	189
Total	998	(733)	-	-	(73)	3	-	(39)	155
Tax loss carry forwards	1,074	855	-	-	(45)	7	(209)	(102)	1,580
Valuation allowance	(1,672)	469	-	-	119	(10)	-	133	(961)
Net deferred tax asset/(liability)	(2,134)	459	(369)	(11)	(1)	(11)	(209)	135	(2,142)

1) Other changes in 2009 is related to a court ruling, making it possible to settle a non-income tax liability with tax loss carry forward.

## UNRECOGNIZED DEDUCTIBLE TEMPORARY DIFFERENCES, UNUSED TAX LOSSES AND UNUSED TAX CREDITS

<i>NOK millions</i>	2010	2009
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:		
Tax losses	562	873
Deductible temporary differences	248	87
Total	809	961

## NET DEFERRED TAX IS PRESENTED IN THE STATEMENT OF FINANCIAL POSITION

<i>NOK millions</i>	2010	2009
<b>Net deferred tax is presented in the balance sheet</b>		
Deferred tax assets	1,650	1,920
Deferred tax liabilities	(3,660)	(4,062)
Net deferred tax asset/(liability)	(2,010)	(2,142)

Undistributed earnings of foreign subsidiaries and in foreign non-consolidated investees is amounting to approximately NOK 39 billion that for the main part can be distributed as tax-free dividends.

## SPECIFICATION OF EXPIRATION OF TAX LOSS CARRY FORWARDS AND UNUSED TAX CREDITS

<i>NOK millions</i>	
2011	8
2012	66
2013	18
2014	708
2015	123
After 2015	386
Without expiration	2,366
Total tax loss carry forwards	3,674
Deferred tax effect of tax loss carry forwards	1,038
Valuation allowance	(562)
Deferred tax assets recognized in statement of financial position	476

Yara's recognized tax losses carried forwards primarily relates to the business in Belgium, Italy and Brasil.

## Note 9

Intangible *assets*

<i>NOK millions, except percentages and years</i>	Goodwill	Indefinite intangibles	Patents/ trademarks	Software	Other intangibles	Total
<b>Cost</b>						
Balance at 1 January 2010	3,138	-	167	316	445	4,066
Addition at cost	-	-	12	83	6	101
Disposal	-	-	-	(2)	(5)	(8)
Acquisition new companies <sup>1)</sup>	813	-	-	-	473	1,286
Transfer	-	-	-	10	38	48
Foreign currency translation	81	-	(3)	2	(3)	77
Balance at 31 December 2010	4,031	-	176	408	954	5,570
<b>Amortization/impairment</b>						
Balance at 1 January 2010	(39)	-	(115)	(170)	(151)	(475)
Amortization	-	-	(7)	(66)	(92)	(165)
Impairment loss <sup>2)</sup>	(5)	-	-	-	-	(5)
Disposal	1	-	-	2	5	8
Foreign currency translation	-	-	-	(3)	6	4
Balance at 31 December 2010	(43)	-	(122)	(236)	(232)	(634)
<b>Carrying value</b>						
Balance at 1 January 2010	3,100	-	51	146	294	3,591
Balance at 31 December 2010	3,989	-	54	172	722	4,937
Useful life in years			3 - 15	3 - 15	3 - 15	
Depreciation rate			5 - 35%	5 - 35%	5 - 35%	
<b>Cost</b>						
Balance at 1 January 2009	3,341	-	293	291	471	4,395
Addition at cost	45	-	-	59	7	111
Disposal	-	-	(98)	(1)	(27)	(126)
Transfer	-	-	(4)	(29)	42	9
Foreign currency translation	(248)	-	(24)	(5)	(47)	(324)
Balance at 31 December 2009	3,138	-	167	316	445	4,066
<b>Amortization/impairment</b>						
Balance at 1 January 2009	(32)	(6)	(197)	(126)	(127)	(488)
Amortization	-	-	(28)	(49)	(43)	(121)
Impairment loss <sup>2)</sup>	(7)	5	(16)	-	2	(16)
Disposal	-	-	108	-	15	124
Transfer	-	-	2	6	(17)	(10)
Foreign currency translation	-	1	16	(1)	19	35
Balance at 31 December 2009	(39)	-	(115)	(170)	(151)	(475)
<b>Carrying value</b>						
Balance at 1 January 2009	3,309	(6)	95	165	344	3,907
Balance at 31 December 2009	3,100	-	51	146	294	3,591
Useful life in years			3 - 15	3 - 15	3 - 15	
Depreciation rate			5 - 35%	5 - 35%	5 - 35%	

1) Additions to goodwill and other intangibles as a result of acquisition of new companies is related to the purchase of the remaining 51 percent of Balderton. See note 3 for more information.

2) Impairment of goodwill is related to the cash generating unit Kaltenbach. See note 10 for more information.

## Note 10

## Impairment testing of goodwill

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

	Carrying value NOK millions		Discount rate after tax (WACC)		Discount rate before tax	
	2010	2009	2010	2009	2010	2009
<b>Yara Belle Plaine (Saskferco) acquisition:</b>						
Upstream Yara Belle Plaine	2,059	1,934	7.9%	8.2%	10.0%	10.0%
Downstream Yara Belle Plaine	116	109	8.7%	9.2%	11.6%	13.1%
<b>Kemira GrowHow acquisition:</b>						
Upstream Finland	619	658	8.3%	8.4%	11.0%	10.6%
Industrial Belgium	58	62	7.8%	8.2%	10.3%	11.5%
Upstream Belgium	46	49	8.0%	8.2%	11.6%	11.5%
Downstream Northern Europe	41	43	6.7%	6.7%	8.8%	8.8%
Downstream Continental Europe	32	35	6.7%	6.8%	8.8%	9.3%
<b>Balderton acquisition:</b>						
Downstream Balderton, other trade	484		10.3%		11.6%	
Downstream Ammonia Trade	323		10.3%		11.6%	
<b>Others</b>						
Downstream Yara Brasil	113	106	10.6%	10.7%	17.0%	14.7%
Downstream Yara Ghana	43	44	13.6%	13.1%	16.4%	16.9%
Downstream Yara Mexico	19	17	9.1%	9.5%	12.3%	13.8%
Downstream Yara Phosyn	11	12	9.1%	8.9%	12.0%	11.9%
Kaltenbach	-	4		8.1%		9.6%
Other	26	28				
<b>Total</b>	<b>3,989</b>	<b>3,100</b>				

### DETERMINATION OF RECOVERABLE AMOUNT:

Yara has used "value in use" to determine the recoverable amounts of all cash generating units. Key assumptions used in the calculation of value in use are:

- EBITDA
- Growth rates
- Capital expenditures
- Discount rate

### EBITDA

EBITDA represents the operating margin before depreciation and amortization and is estimated based on the expected future development in the market. Committed operational efficiency programs are taken into consideration. Changes in the outcome of these initiatives may affect future estimated EBITDA margin. EBITDA for the first year is based on the most recent business plan for the CGU. For most Downstream CGUs, a steady growth of 2.5 percent have been used for years 2 to 5. For other CGUs, mainly Upstream units, management projections based on available forecasts for volumes, sales prices, energy and other cost components have been used for the same period.

### GROWTH RATES

Yara uses a growth rate of 1.5 percent for all cash generating units after year 5. This rate is estimated not to exceed the growth rate for the industry.

### CAPITAL EXPENDITURE

Capital expenditure necessary to meet the expected growth in output levels is taken into consideration. To the best of management's judgment, estimated capital expenditures do not include capital expenditures that enhance the current performance of assets and related cash flows have been treated consistently.

### DISCOUNT RATE

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

**CGU INFORMATION****Yara Belle Plaine**

Goodwill arising from the Saskferco acquisition in 2008 was allocated to two CGUs. Changes in carrying values of goodwill are only related to currency translation effects (CAD/NOK). It has been concluded that the future cash flows are sufficient to support the carrying values of recognized goodwill.

**Kemira GrowHow**

Goodwill arising from the Kemira GrowHow acquisition in 2007 was allocated to five CGUs. Changes in carrying values of goodwill are only related to currency translation effects (EUR/NOK). It has been concluded that the future cash flows are sufficient to support the carrying values.

**Balderton**

Goodwill arising from the Balderton transaction in 2010 is allocated to two CGUs. The former ammonia trade activity of Balderton has been integrated in Yara's existing activity from 2010. See note 3 for more information related to the business combination. Goodwill has decreased from the time of acquisition to year end due to currency translation effects (USD/NOK). It has been concluded that the future cash flows are sufficient to support the carrying values.

**Yara Brasil**

Goodwill arising from the Fertibras acquisition in 2006 and 2007 was allocated to Yara's Brazilian business. The change from last year is related to

currency translation (BRL/NOK). It has been concluded that the future cash flows are sufficient to support the carrying value.

**Others**

During 2010, it was concluded that the future cash flows of Kaltenbach did not support the remaining carrying value. An impairment write-down of NOK 4 million is recognized in the 2010 consolidated statement of income. Management did not identify any impairment of goodwill related to other CGUs.

**SENSITIVITY TO CHANGES IN ASSUMPTIONS**

Overall, there is significant headroom between the recoverable amounts of goodwill and the carrying amounts.

As a basis for the sensitivity evaluation, Yara has used the following changed assumptions for all CGUs:

- Increase of discount rate by 1.0 percent points (after tax)
- Reduction of management projected EBITDA by 10 percent each year, in the period years 1 to 5
- No growth after year 5 (in stead of 1.5 percent steady growth)

A change of one of the assumptions in accordance with the percentages above would not create impairment for any of the CGUs. A combined change to all three assumptions would create a total impairment of around NOK 100 million.

## Note 11

## Property, plant and equipment

2010

NOK millions, except percentages and year	Land	Machinery and Equipment <sup>2)</sup>	Buildings <sup>3)</sup>	Plant under construction	Other	Total
<b>Cost</b>						
Balance at 1 January 2010	666	35,451	4,829	3,101	426	44,473
Addition at cost	-	1,691	116	1,869	12	3,688
Disposal	(9)	(783)	(109)	(7)	(5)	(913)
Acquisition new companies	-	4	-	-	-	4
Transfer <sup>1)</sup>	(4)	880	516	(1,467)	-	(75)
Foreign currency translation	(21)	(469)	(56)	(140)	(17)	(703)
Balance at 31 December 2010	632	36,774	5,296	3,356	417	46,474
<b>Depreciation and impairment</b>						
Balance at 1 January 2010	(29)	(19,667)	(2,504)	-	(152)	(22,352)
Depreciation	-	(1,982)	(190)	-	(22)	(2,194)
Impairment loss	1	(30)	(60)	-	-	(88)
Reversed impairment	-	2	10	-	-	12
Disposal	2	783	91	-	5	881
Transfer	-	2	9	-	-	11
Foreign currency translation	1	672	51	-	2	726
Balance at 31 December 2010	(24)	(20,220)	(2,594)	-	(166)	(23,005)
<b>Carrying value</b>						
Balance at 1 January 2010	637	15,784	2,324	3,101	275	22,121
Balance at 31 December 2010	607	16,554	2,702	3,356	251	23,470
Useful life in years		4 - 20	20 - 50		5 - 10	
Depreciation rate		5 - 25%	2 - 5%		10 - 20%	

2009

NOK millions, except percentages and year	Land	Machinery and Equipment <sup>2)</sup>	Buildings <sup>3)</sup>	Plant under construction	Other	Total
<b>Cost</b>						
Balance at 1 January 2009	993	37,137	5,430	1,760	475	45,794
Addition at cost	-	1,551	138	2,715	7	4,411
Disposal	(207)	(663)	(136)	(2)	(3)	(1,012)
Transfer	-	1,144	(145)	(1,060)	-	(61)
Foreign currency translation	(120)	(3,718)	(458)	(311)	(52)	(4,659)
Balance at 31 December 2009	666	35,451	4,829	3,101	426	44,473
<b>Depreciation and impairment</b>						
Balance at 1 January 2009	(30)	(20,502)	(2,600)	-	(139)	(23,271)
Depreciation	-	(1,987)	(197)	-	(21)	(2,205)
Impairment loss	(4)	(62)	(46)	-	-	(112)
Reversed impairment	-	29	-	-	-	29
Disposal	-	504	103	-	3	610
Transfer	-	4	2	-	-	6
Foreign currency translation	5	2,347	234	-	4	2,590
Balance at 31 December 2009	(29)	(19,667)	(2,504)	-	(152)	(22,352)
<b>Carrying value</b>						
Balance at 1 January 2009	963	16,635	2,829	1,760	336	22,524
Balance at 31 December 2009	637	15,784	2,324	3,101	275	22,121
Useful life in years		4 - 20	20 - 50		5 - 10	
Depreciation rate		5 - 25%	2 - 5%		10 - 20%	

1) Transfer is mainly related to transfer from plant under construction to machinery and equipment.

2) Includes net carrying value related to finance leases of NOK 180 million and NOK 216 million as of 31 December 2010 and 2009, respectively.

3) Includes net carrying value related to finance leases of NOK 10 million and NOK 11 million as of 31 December 2010 and 2009, respectively.

Property, plant and equipment pledged as security were 188 NOK million at 31 December 2010 and NOK 225 million at 31 December 2009.

Government grants related to assets have been recognized as deduction to the carrying value of plant under construction by reducing "Addition at cost" with NOK 0 million in 2010 and NOK 136 million in 2009.

The amount of contractual commitment for the acquisition of property, plant and equipment was NOK 527 million at 31 December 2010 and NOK 636 million at 31 December 2009.

Asset impairment is mainly related to operations in the Netherlands NOK 39 million and Brazil NOK 28 million. Total impairment related to property, plant and equipment amounted to NOK 88 million.

The amount of borrowing cost capitalized amounted to NOK 54 million in 2010 and NOK 37 million in 2009. The average rate for the borrowing cost capitalized was 4.04 percent in 2010.

Compensations from insurance companies recognized in the consolidated income statement amounted to NOK 39 million in 2010 and NOK 236 million in 2009.

## Note 12

# Associated companies *and jointly controlled entities*

## 2010

NOK millions	Balance at 1 January	Investments / (sale), net and long-term loans	Transfers to/from subsidiary	Yara's share of net income/ (loss)	Amortization, depreciation and write-down	Total share of net income in equity accounted investees	Dividends received	Posted directly in equity	Foreign currency translation and other	Balance at 31 December
Qafco	3,525	-	-	729	-	729	(295)	(75)	38	3,923
Burrup	1,584	75	-	(116)	(40)	(156)	(56)	-	229	1,676
GrowHow UK	1,401	-	-	221	-	221	-	28	(50)	1,600
Lifeco	1,413	-	-	179	-	179	(72)	-	18	1,539
Yaibera	769	-	-	138	-	137	(154)	-	4	756
Tringen	179	(88)	-	227	-	227	(193)	(9)	4	120
NU3	88	-	-	16	-	16	(8)	-	(5)	90
Synagri	45	-	-	12	-	12	-	-	2	59
Yara Praxair Holding	(41)	-	-	71	-	71	-	(6)	-	23
Carbonor <sup>1)</sup>	28	(28)	-	-	-	-	-	-	(1)	-
Balderton <sup>1)</sup>	577	-	(574)	4	(1)	3	-	-	(6)	-
Agrico <sup>1)</sup>	67	(63)	-	10	(20)	(10)	-	-	6	-
Other	448	(61)	-	95	(10)	85	(49)	3	10	437
<b>Total</b>	<b>10,083</b>	<b>(164)</b>	<b>(574)</b>	<b>1,587</b>	<b>(71)</b>	<b>1,515</b>	<b>(827)</b>	<b>(61)</b>	<b>250</b>	<b>10,223</b>

1) Yara acquired all the remaining shares of Balderton, sold shares Carbonor and sold shares Agrico in 2010. Further details are shown in note 2.

## 2009

NOK millions	Balance at 1 January	Investments / (sale), net and long-term loans	Transfers to/from subsidiary	Yara's share of net income/ (loss)	Amortization, depreciation and write-down	Total share of net income in equity accounted investees	Dividends received	Posted directly in equity	Foreign currency translation and other	Balance at 31 December
Qafco	3,573	-	-	561	-	561	(77)	137	(669)	3,525
Burrup	1,263	-	-	347	(35)	311	(85)	-	95	1,584
Lifeco	-	1,528	-	124	-	124	-	-	(238)	1,413
GrowHow UK <sup>1)</sup>	1,525	-	-	112	-	112	-	(110)	(126)	1,401
Yaibera	1,016	-	-	82	-	81	(131)	-	(197)	769
Balderton	615	-	-	87	(14)	73	-	-	(111)	577
Tringen	156	-	-	118	-	118	(56)	(7)	(32)	179
NU3	108	-	-	1	-	1	(4)	-	(16)	88
Agrico	54	23	-	(4)	(3)	(7)	-	-	(3)	67
Synagri	78	-	-	(25)	-	(25)	-	-	(8)	45
Carbonor	35	-	-	(2)	-	(2)	1	-	(5)	28
Yara Praxair Holding	(105)	-	-	59	-	59	-	5	-	(41)
Other	511	61	35	17	(13)	5	(69)	1	(96)	448
<b>Total</b>	<b>8,827</b>	<b>1,611</b>	<b>35</b>	<b>1,477</b>	<b>(65)</b>	<b>1,412</b>	<b>(422)</b>	<b>26</b>	<b>(1,406)</b>	<b>10,083</b>

1) Yara acquired all the remaining shares of Balderton in 2010.

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

## OWNERSHIP, SALES AND RECEIVABLES/PAYABLES

NOK millions, except ownership	Place of incorporation and operation	Percentage owned by Yara (equals voting rights)	Sales from Investees to Yara Group <sup>1)</sup>		Yara's current receivable/ (payable) net with investees	
			2010	2009	2010	2009
Qafco	Qatar	25.0%	(2,797)	(2,502)	(36)	(406)
Burrup	Australia	35.0%	(1,816)	(1,044)	(60)	(2)
GrowHow UK Ltd	Great Britain	50.0%	(723)	(458)	(62)	-
Lifeco	Libya	50.0%	(1,523)	(975)	-	(102)
Yaibera	Cyprus	37.7%	(1,894)	(1,425)	(81)	(53)
Tringen	Trinidad and Tobago	49.0%	(2,125)	(1,272)	(377)	(158)
NU3	Belgium	50.0%	(352)	(356)	-	-
Synagri	Canada	50.0%	-	-	(37)	(55)
Yara Praxair Holding	Norway	50.0%	(6)	(12)	(6)	7
Other			(92)	(1,056)	49	174
Total			(11,328)	(9,099)	(612)	(594)

1) Included in raw materials, energy cost and freight expenses.

## BUSINESS IN EQUITY-ACCOUNTED INVESTEEES

### Qafco

Qatar Fertiliser Company (S.A.Q.), ("Qafco"), owns and operates a fertilizer complex for which Yara provides marketing support and technical assistance. Yara has 25 percent ownership stake in Qafco, the remaining 75 percent of Qafco is owned by Industries Qatar, a Doha Stock Market listed company, owned 70 percent by Qatar Petroleum and 30 percent by general public. Qafco operates 4 ammonia plants and 4 urea plants. Qafco has under construction two ammonia plants and one urea plant which will commence production in 2011 and one additional urea plant with planned start-up in 2012. QAFCO has ownership interests in Gulf Formaldehyde Company (70 percent), which produces and sell Urea Formaldehyde Concentrate, mainly used in the urea production process, and in Qatar Melamine Company (60 percent) having under construction at the Qafco site a melamine plant with a capacity of 60 000 tons per year. This new plant is expected to commence production in first quarter 2011.

### Burrup

Yara has a 35 percent ownership interest in Burrup Holdings Ltd (Burrup). Burrup is an Australian company based in Burrup Peninsula in Western Australia. The ammonia plant is world scale with a capacity of 760,000 tons per year and started production in 2006. The natural gas supply to the plant is provided by an undersea field off the north-western coast of Australia. In addition to its ownership interest, Yara markets the entire output of the plant pursuant to a long-term exclusive marketing agreement. During 2010, Yara initiated legal action against the associate and its wholly-owned subsidiary Burrup Fertilisers Pty Ltd. (BFL), after those companies blocked attempts to allow an independent auditor to undertake a full inspection of their accounts. Yara believed the inspection was necessary to address a number of concerns, including high cost levels, a persistent lack of transparency and adherence to corporate governance principles and serious allegations raised by the media of misuse of Burrup funds. In December 2010, the main financier of BFL appointed receivers and managers to the assets of, and shares in, BFL. Receivers and managers have also been appointed over certain shares in Burrup Holdings Limited owned by Pankaj and Radhika Oswal. Receivers and managers have not been appointed to any of Yara's shares in Burrup. Included in Yara's share of net loss in 2010 is NOK 165 million share of impaired balance sheet items in BHL's accounts following the Yara-initiated investigations. Yara has tested the carrying value of the investment for impairment at the end of 2010 and determined that there was no need to recognize additional charges. Yara will continue to take into consideration all new relevant information from the ongoing investigations. The carrying value is highly sensitive to adverse changes in estimated future cash flows of Burrup. The most important assumptions used in the calculation are future ammonia selling prices and future natural gas costs. BFL is in litigation in Australia against its contract partners to the long-term gas contract.

### GrowHow UK

Yara has a 50 percent interest in GrowHow UK Group Limited a jointly controlled entity with CF Industries Inc. with a turnover in excess of 500 million euros. The company is based in Ince and is the UK's leading manufacturer of ammonium nitrate and compound fertilizers, and a major supplier for process chemicals and utilities. GrowHow UK Group Ltd operates production sites in Billingham and Ince. The company is responsible for the sales of the jointly controlled entities' fertilizer and associated process chemical products in the UK.

### Lifeco

Libyan Norwegian Fertiliser Company (Lifeco) started its operations in 2009. Yara owns 50 percent of the fertilizer jointly controlled entity, with Oil Corporation of Libya (NOC) and the Libyan Investment Authority (LIA) each holding a 25 percent stake. NOC transferred to Lifeco the existing Marsa El Brega fertilizers assets in 2009, valued at USD 225 million, while Yara contributed to Lifeco the corresponding value in cash. NOC supplies natural gas to Lifeco under a long-term agreement, with the gas price linked to fertilizer product prices. Yara handles all urea and ammonia exports from Lifeco. In 2011, Lifeco's operations have been temporarily suspended following the recent unrest in Libya. See note 34 for more information.

### Yaibera

Yara owns 30 percent of OAO Minudobreniya ("Yaibera"), a Russian nitrogen fertilizer producer based in Rossosh in the Voronezh region. The position is owned through a 37.692 percent interest in Yaibera Holdings Limited, a company registered in Cyprus, which owns 79.59 percent in OAO Minudobreniya. The minority position is combined with a marketing agreement for NPK fertilizers to be exported from the Russian plant.

### Tringen

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

**NU3**

NU3 owns and operates two specialty fertilizers production facilities, one in the Netherlands and one in Belgium. NU3, which is a 50/50 jointly controlled entity between Yara and NutriSi (owned by SQM of Chile and Rotem, an Israeli company), is part of a worldwide alliance between Yara and SQM. NU3 sells specialty fertilizers through the Yara - SQM sales and marketing network.

**Synagri**

Synagri LP provides products and services to the retail agricultural sector. Yara has a 50 percent ownership in Synagri and Cargill Limited owns the remaining 50 percent. The jointly controlled entity sells in the Canadian provinces of Eastern Ontario and Quebec.

**Yara Praxair Holding**

Yara has a 50 percent interest in Yara Praxair Holding AS, a jointly controlled entity with Praxair, Inc. Yara Praxair is one of the leading industrial gases com-

panies in Scandinavia. The company supplies atmospheric, process and specialty gases to a wide variety of industries: Food and beverages, healthcare, fish farming, chemicals, refining, primary metals and metal fabrication as well as other areas of general industry. The jointly controlled entity comprises Yara's previous industrial gases business located in Norway, Denmark and Sweden.

Carrying value and share of net income by segment for associated companies and jointly controlled entities is disclosed in note 4.

**ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES - 100 PERCENT BASIS**

The following table sets forth summarized unaudited financial information of Yara's associated companies and jointly controlled entities on a 100 percent combined basis. Yara's share of these investments, which is also specified above, is accounted for using the equity method.

<i>NOK millions (unaudited)</i>	<b>2010</b>	<b>2009</b>
Current assets	11,923	13,611
Non-current assets	35,132	29,801
Current liabilities	(7,384)	(5,211)
Non-current liabilities	(12,087)	(11,716)
Net assets	27,584	26,484
Yara's share of total equity	8,795	8,587
Operating revenues	26,227	20,531
Operating expenses	(21,123)	(15,822)
Net income	5,104	4,709
Yara's share of net income	1,587	1,477

**Note 13****Equity securities**

<i>NOK millions</i>	<b>Notes</b>	<b>2010</b>	<b>2009</b>
1 January		3,885	2,794
Foreign currency translation		161	236
Additions		24	23
Disposals <sup>1)</sup>		(3,660)	(157)
Reclassification		(23)	-
Net gain/(loss) transferred to equity		(48)	988
Total at 31 December		340	3,885
Listed securities			
Fosfertil <sup>1)</sup>	2	-	3,540
Other		3	3
Unlisted equity securities	28	337	340
Total at 31 December		340	3,885

1) The disposal is related to the sale of directly and indirectly owned shares in Fosfertil. Amount includes accumulated unrealized gain from ownership of shares in Fosfertil of NOK 2,129 million before tax that was transferred from equity at disposal of shares. See note 2 for more information.

## Note 14

Other non-current *assets*

<i>NOK millions, except percentages</i>	Notes	2010	2009
Prepayments for defined benefit plans	22	457	195
Equity investments available-for-sale	2,13,28	340	3,885
Interest rate swap designated as hedging instrument	27,28	66	48
Freestanding interest rate swap	27,28	64	28
Long-term loans and receivables	28	1,341	1,422
Total		2,269	5,577
<b>Long-term loans and receivables</b>			
Effective interest rate, interest-bearing loans and receivables		2.2%	3.0%

The long-term loans and receivables bear interest at variable rates with minimum annual repricing.

## Note 15

## Inventories

<i>NOK millions</i>	2010	2009
Finished goods	5,617	4,933
Work in progress	395	260
Raw materials	3,632	2,660
Total	9,644	7,853
<b>Write-down</b>		
Balance at 1 January	(291)	(2,336)
Write-down	(112)	(1,415)
Products sold (previously written down)	245	3,027
Reversal	60	149
Foreign currency translation	(1)	284
Closing Balance 31 December	(98)	(291)

## Note 16

Trade *receivables*

<i>NOK millions</i>	Notes	2010	2009
Trade receivables		7,278	6,663
Allowance for impairment loss		(634)	(729)
Total	28	6,644	5,934

## MOVEMENT IN THE ALLOWANCE FOR IMPAIRMENT LOSS

<i>NOK millions</i>	Notes	2010	2009
Balance at 1 January		(729)	(1,079)
Impairment reversal / (loss) recognized this year		93	53
Currency translation effects		(2)	58
Other changes (including disposal of companies)		3	238
Balance at 31 December		(634)	(729)

Total impairment loss on trade receivables recognized in the statement of income amounts to NOK 2 million (loss of NOK 144 million in 2009).

## AGEING ANALYSIS OF TRADE RECEIVABLES AT 31 DECEMBER

## Gross trade receivables

NOK millions	Total	Not past due gross trade receivables	Past due gross trade receivables			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2010	7,278	5,664	678	254	81	602
2009	6,663	5,149	468	240	78	729

## Net trade receivables

NOK millions	Total	Neither past due nor impaired	Past due but not impaired			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2010	6,644	5,601	666	239	65	74
2009	5,934	5,119	449	226	60	80

## Impairment of trade receivables

NOK millions	Total	Impairment on not past due receivables	Impairment on past due receivables			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2010	(634)	(63)	(11)	(16)	(16)	(528)
2009	(729)	(29)	(19)	(14)	(18)	(649)

## Note 17

## Prepaid expenses and other current assets

NOK millions	Notes	2010	2009
VAT and sales related taxes	28	625	621
Financial derivatives	28	81	50
Commodity derivatives and embedded derivatives	28	139	171
Prepaid income taxes		762	976
Prepaid expenses		732	803
Other current assets	28	526	989
Total		2,866	3,610

## Note 18

## Cash, cash equivalents and other liquid assets

NOK millions	Notes	2010	2009
Cash and cash equivalents	28	2,946	974
Other liquid assets	28	802	2

Cash and cash equivalents have maturity of three months or less. External bank deposits in subsidiaries that are not available for the use of the Group at 31 December 2010 are NOK 196 million (NOK 154 million at 31 December 2009).

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

The average interest rate for liquid assets is approximately 2.9 percent as of 31 December 2010 (0.5 percent as of 31 December 2009).

## Note 19

## Share information

On 11 May 2010, the General Meeting of Yara approved a share buy-back program, authorizing the Board of Directors for a period of 12 months to let the Company acquire up to 5 percent of total shares in the open market and from the Norwegian State. The purchase price shall not be less than NOK 10 nor more than NOK 1,000. Shares acquired can be used for cancellation, or, according to decision by the Board of Directors, as consideration in commercial transactions. The 2010 buy-back program is similar to previous years programs.

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

During 2010, Yara purchased 450,000 shares for a total consideration of

NOK 115.4 million under the current share-buy back program. Yara also purchased own shares that were reissued to employees. At 31 December 2010, 15 shares were still with the employee trust which was established for this special purpose. The trust is included in the consolidated financial statements.

Information related to shares buy-back transactions in 2011 is provided in note 34.

In 2009, Yara purchased 993,439 shares from the Norwegian State for a total consideration of NOK 240 million. These and other treasury shares under the 2008 buy-back program was cancelled during 2009. Yara did not purchase own shares under the 2009 buy-back program.

Dividend proposed for 2010 is NOK 5.50 per share, amounting to NOK 1,584 million. Dividend approved for 2009 and paid out in 2010 was NOK 1,300 million.

	Ordinary shares	Own shares <sup>1)</sup>
Total at 31 December 2008	291,575,357	(1,757,446)
Redeemed shares Norwegian State <sup>2)</sup>	(993,439)	-
Shares cancelled <sup>2)</sup>	(1,750,000)	1,750,000
Treasury shares - employee trust		6,779
Total at 31 December 2009	288,831,918	(667)
Treasury shares - share buy-back program <sup>3)</sup>	-	(450,000)
Treasury shares - employee trust	-	652
Total at 31 December 2010	288,831,918	(450,015)

1) Including employee trust.

2) As approved by Annual General Meeting 7 May 2009.

3) As approved by Annual General Meeting 11 May 2010.

## Note 20

Earnings *per share*

NOK millions, except number of shares	2010	2009
<b>Earnings</b>		
Net income for the purposes of basic earnings per share (profit for the year attributable to the equity holders of Yara International ASA)	8,729	3,782
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	288,680,758	289,167,113

The denominators for the purposes of calculating basic earnings per share have been adjusted for the buy-back of own shares, see note 19. In 2009, the weighted average of outstanding shares was reduced with redemption of shares held by the Norwegian State.

## Note 21

Non-controlling *interests*

NOK millions	2010	2009
Total at 1 January 2010	(158)	(164)
Share of profit for the year	(64)	(32)
Dividends distributed <sup>1)</sup>	71	15
Share capital increase	(4)	-
Companies acquired	-	(4)
Currency effect	5	27
Total at 31 December 2010	(149)	(158)

1) Mainly related to dividend from Yara Brasil Fertilizantes S.A.

## NON-CONTROLLING INTERESTS ARE MAINLY RELATED TO THE FOLLOWING UNITS

Company name	Registered office	Non-controlling interest	2010	Non-controlling interest	2009
AS Ammonia	Denmark	33.3%	(58)	33.3%	(62)
Yara Agri Trade Misr SAE	Egypt	49.0%	(39)	49.0%	(34)
Yara East Africa Ltd	Kenya	30.0%	(30)	30.0%	(37)
Yara Cameroun s.a.	Cameroun	35.0%	(13)	35.0%	(12)
Yara Brasil Fertilizantes S.A.	Brazil	1.5%	(4)	1.7%	(5)
Other			(6)		(8)
Total at 31 December 2010			(149)		(158)

## Note 22

## Employee retirement plans and other similar obligations

The Group companies provide various retirement plans in accordance with the local regulations and practices in the countries in which they operate.

Defined benefit plans are generally based on years of service and final salary levels, offering retirement benefits in addition to what is provided by state pension plans. Most of the defined benefit plan obligations are covered by external insurance companies or by pension funds that are legally separated from the companies. By definition, investment risk as well as actuarial risk (i.e. the actual level of benefits to be paid in the future) are retained by the companies.

Defined contribution plans require the companies to make agreed contributions to a separate fund when employees have rendered services entitling them to the contributions. The companies have no legal or constructive obligation to pay further contributions.

Some companies make contributions to multi-employer pension plans included in a joint arrangement with others. All multi-employer plans are accounted for as defined contribution plans.

Some companies have recognized provisions for jubilee benefits, which are classified as Other long-term employee benefits.

### LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION

NOK millions	Notes	2010	2009
Defined benefit plans		(2,077)	(2,179)
Prepayments for defined benefit plans	14	457	195
Net liability for defined benefit plans		(1,620)	(1,984)
Termination benefits		(92)	(118)
Other long-term employee benefits		(86)	(61)
Net long-term employee benefit obligations recognized in Statement of financial position		(1,797)	(2,163)

### EXPENSES FOR LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS RECOGNIZED IN THE STATEMENT OF INCOME

NOK millions	Notes	2010	2009
Defined benefit plans		(199)	(245)
Defined contribution plans		(92)	(120)
Multi-employer plans		(41)	(42)
Termination benefits		(63)	(105)
Other long-term employee benefits		(38)	(34)
Net expenses recognized in Statement of income		(433)	(546)
Of which classified as Payroll and related costs	5	(366)	(429)
Of which classified as Interest expense and other financial items	7	(67)	(116)

#### DEFINED BENEFIT PLANS

Yara International ASA and Norwegian subsidiaries have incurred obligations under a funded defined benefit plan. The pension plan was closed to new entrants in 2006 and employees below the age of 55 received a paid-up policy for previously earned benefit entitlements. The defined benefit plan was replaced by a defined contribution plan from the same date. Further pension obligations in Norway include certain unfunded pension arrangements as well as an early retirement scheme. Normal retirement age is 67 with the option for early retirement from the age of 62.

A majority of Yaras obligations under defined benefit plans are related to subsidiaries within the Eurozone.

Employees of Yaras Dutch subsidiaries are members of a funded pension plan. Employees born before 1950 and who were in service before 2006 are entitled to a pension scheme based on final salary at the age of retirement. Normal retirement age is 65 with the option for early retirement from the age of 61. All other employees are members of an Average Pay scheme.

Obligations in Finland include the statutory TyEL pension scheme as well as a further defined benefit plan which is closed to new entrants. Both schemes are covered by pension funds. The TyEL pension scheme provides

for a flexible retirement age from 63 to 68 based on the employee's salary each year and with accelerated earning of retirement benefits beyond the age of 63. There is also a possibility for early retirement at the age of 62 with a permanent decrease in benefits.

Subsidiaries of Yara are also liable to retirement benefits in France, Germany, Belgium and Italy within the Eurozone.

The pension plan in Great Britain is funded and provides retirement benefits based on final salary. Normal retirement age is 62 except for some contracts with retirement age of 65.

Other defined benefit plan obligations include employees of subsidiaries in Sweden, USA, Trinidad and South Africa.

Most defined benefit plans include benefits in case of disability, death in service and death after retirement, which are included in the valuation of liabilities.

The provision for defined benefit plans also includes liabilities for medical plans in United Kingdom, Trinidad and South Africa with a total of NOK 34 million. The decrease from 2009 (NOK 46 million) is largely related to disposal of business in South Africa.

### Specification of recognized liability

NOK millions	2010	2009
Eurozone	(5,545)	(5,678)
Great Britain	(2,182)	(2,091)
Norway	(1,829)	(1,717)
Other	(315)	(322)
Total	(9,870)	(9,808)

### VALUATION OF DEFINED BENEFIT OBLIGATIONS

The defined benefit plans are valued at 31 December using updated financial and demographical assumptions and taking into account the relevant economic environment of each pension plan.

The discount rate is a weighted average of the yields at the balance sheet date on AA credit rated corporate bonds, or government bonds where no deep market exists for AA credit rated corporate bonds. The discount rate is adjusted by extrapolation if necessary, to take into account differences in maturities.

### The following financial assumptions have been applied for the valuation of liabilities (weighted average in percent)

	2010	2009
Discount rate	4.7	5.1
Expected rate of salary increases	3.6	3.6
Future rate of pension increases	2.2	2.3

### Actuarial valuations provided the following results

NOK millions	2010	2009
Present value of fully or partially funded liabilities for defined benefit plans	(8,323)	(8,398)
Present value of unfunded liabilities for defined benefit plans	(1,547)	(1,410)
Present value of liabilities for defined benefit plans	(9,870)	(9,808)
Fair value of plan assets	8,355	7,975
Past service cost not recognized in the Statement of financial position (unvested)	16	21
Increase in defined benefit obligation due to regulations in IFRIC 14 <sup>1)</sup>	(61)	(105)
Social security tax liability on defined benefit plans	(60)	(68)
Net liability recognized for defined benefit plans	(1,620)	(1,984)

1) Yara is committed to making future contributions to the pension fund in Great Britain that exceed the amount that will be recoverable through future benefit payments, based on current valuation. IFRIC 14 therefore requires the recognition of an additional liability.

### PENSION COST RECOGNIZED IN STATEMENT OF INCOME

The assumptions used to value the defined benefit obligations as of 31 December are used in the following year to determine the net pension cost.

The expected long-term rate of return on plan assets is based on forecasts of expected return for individual asset classes and the determined long-term portfolio structure for each of the pension funds. Forecasts are based on long-term historical average returns, taking into account current yield level and expected inflation.

### The following financial assumptions have been applied for the valuation of pension cost items (weighted average in percent)

	2010	2009
Discount rate	5.1	5.3
Expected rate of return on plan assets	5.6	5.3
Expected rate of salary increases	3.6	3.3
Future rate of pension increases	2.3	2.2

The following items have been recognized in the Statement of income

NOK millions	2010	2009
Current service cost	(173)	(165)
Contribution by employees	15	16
Past service cost (vested)	(4)	(7)
Settlements <sup>1)</sup>	32	23
Social security cost	(4)	3
Payroll and related costs	(134)	(128)
Interest on obligation	(484)	(494)
Expected return on plan assets	419	377
Interest expense and other financial items	(65)	(116)
Net pension cost recognized in Statement of income	(199)	(245)

1) Settlements are related to termination of certain employee benefit obligations in Norway and France (2009: Finland and France)

**SENSITIVITY OF ASSUMPTIONS**

Measurement of defined benefit obligations and pension costs requires the use of a number of assumptions and estimates. Below table indicates the sensitivity of the most material financial assumptions applied to the defined

benefit obligation (DBO) and pension cost items, by showing the result from an increase or decrease in any one of the assumptions applied (all other assumptions held constant).

NOK millions	DBO at 31 Dec 2010	Service Cost 2010	Interest cost 2010
Actual valuation	(9,870)	(173)	(484)
Discount rate +0.5%	(9,189)	(156)	(522)
Discount rate -0.5%	(10,629)	(191)	(445)
Expected rate of salary increase +0.5%	(10,044)	(180)	(499)
Expected rate of salary increase -0.5%	(9,705)	(166)	(470)
Expected rate of pension increase +0.5%	(10,444)	(184)	(501)
Expected rate of pension increase -0.5%	(9,355)	(162)	(469)

**Development of defined benefit obligations**

NOK millions	2010	2009
Defined benefit obligation as of 1 January	(9,808)	(10,339)
Current service cost	(173)	(165)
Interest cost	(484)	(494)
Actuarial gains / (losses)	(340)	(597)
Past service cost	-	(18)
Obligation transferred on disposal of subsidiaries <sup>1)</sup>	20	-
Settlements <sup>2)</sup>	32	122
Benefits paid	495	492
Other	(7)	-
Exchange difference on foreign plans	394	1,189
Defined benefit obligation as of 31 December	(9,870)	(9,808)

1) Obligations transferred are related to disposal of subsidiaries in Italy and South Africa

2) Settlements are related to termination of certain employee benefit obligations in Norway and France (2009: Finland, France, Netherlands and USA)

## Development of plan assets

NOK millions	2010	2009
Fair value of plan assets as of 1 January	7,975	7,827
Expected return on plan assets	419	377
Actuarial gains / (losses) on plan assets	444	516
Employer contributions	207	651
Employees' contributions	15	16
Settlements	-	(54)
Benefits paid	(357)	(389)
Other	5	-
Exchange difference on foreign plans	(353)	(969)
Fair value of plan assets as of 31 December	8,355	7,975

The actual return on plan assets in 2010 was a positive NOK 863 million (2009: positive 894 million).

## Plan assets are comprised as follows:

NOK millions	2010	2010	2009	2009
Equity instruments	2,981	36%	2,439	31%
Debt instruments	4,389	53%	4,679	59%
Investments/lending to Yara Group companies <sup>1)</sup>	147	2%	215	3%
Property	177	2%	56	1%
Bank deposits	134	2%	178	2%
Other	527	6%	408	5%
Total plan assets	8,355	100%	7,975	100%

1) Loan from Pension fund to Yara Suomi Oy (Finland)

Contributions expected to be paid to the defined benefit plans for 2011 are NOK 500 million. The increase from 2010 company contributions total of NOK 345 million, is primarily due to an additional contribution required to meet coverage ratio requirements of the Dutch pension plan.

## Actuarial (gains) / losses recognized in other comprehensive income

NOK millions	2010	2009
Actuarial (gains) / losses on obligation for defined benefit plans	340	597
Actuarial (gains) / losses on plan assets for defined benefit plans	(444)	(516)
Increase / (decrease) in social security tax liability on actuarial (gains) / losses for defined benefit plans (Norway only)	(1)	(29)
Increase/ (decrease) in recognized liability for defined benefit plans due to regulations in IFRIC 14 (current period)	(41)	(49)
Other	2	-
Net change in actuarial (gains) / losses for defined benefit plans	(144)	3
Change in deferred tax related to actuarial (gains) / losses for defined benefit plans	41	(4)
Actuarial (gains) / losses recognized from Equity Accounted Investees (net of tax)	(16)	113
Total actuarial (gains) / losses recognized in other comprehensive income	(119)	112

Actuarial gains and losses include experience adjustments, reflecting the difference between estimated and actual changes in obligations and plan assets during the year, as well as the impact of change in assumptions when measuring the present value of pension liabilities at year-end with revised assumptions.

Actuarial gains and losses are permanently recognized directly in retained earnings in the period in which they occur. The cumulative amount of actuarial losses recognized in other comprehensive income is NOK 1,224 million (2009: NOK 1,343 million).

## Historical information

NOK millions	2009	2008	2007	2006	2005
Present value of the defined benefit obligation	(9,870)	(9,808)	(10,339)	(8,759)	(7,665)
Of which impact of experience adjustments	113	81	(380)	53	15
Fair value of plan assets	8,355	7,975	7,827	7,761	5,995
Of which impact of experience adjustments	444	516	(1,204)	(183)	219
Deficit in the plan <sup>1)</sup>	(1,515)	(1,833)	(2,513)	(997)	(1,670)

1) Social security cost is not included

## Note 23

## Provisions and contingencies

NOK millions	Environmental	Restructuring	Legal Claims	Decommission	Other	Total
Balance at 1 January 2009, restated <sup>1)</sup>	186	255	373	164	7	984
Additional provision in the year	33	137	94	41	133	438
Interest expense on liability	-	-	20	-	-	20
Reclassification <sup>2)</sup>	-	-	4	-	-	4
Unused provision	(1)	(23)	(127)	(25)	(96)	(272)
Utilisation of provision	(46)	(188)	(209)	(23)	(11)	(477)
Currency translation effects	(24)	(30)	32	(25)	10	(37)
Balance at 31 December 2009	148	152	186	131	43	660
Additional provision in the year	63	85	32	87	134	401
Interest expense on liability	1	-	13	-	-	14
Reclassification <sup>2)</sup>	1	(1)	1	-	(1)	-
Unused provision	(3)	(8)	(48)	(5)	(12)	(76)
Utilisation of provision	(23)	(90)	(53)	(19)	(16)	(201)
Companies purchased/sold	-	-	-	(45)	-	(45)
Currency translation effects	(6)	(7)	8	(8)	12	(1)
Balance at 31 December 2010	181	131	138	142	160	751

1) Due to restatement of previous reported figures for 'other', there has been an reduction of NOK 134 million in 2008.

2) Reclassification of items previously presented as other liabilities.

## PROVISIONS AND CONTINGENCIES PRESENTED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK millions	2010	2009
Current liabilities	321	360
Non-current liabilities	430	300
Total	751	660

## ENVIRONMENTAL

Yara's future cost for environmental clean-up depends on a number of uncertain factors, such as the extent and type of remediation's required. Due to uncertainties inherent in the estimation process, it is possible that such estimates could be revised in the near term. In addition, conditions which could require future expenditures may be determined to exist for various sites, including Yara's major production facilities and product storage terminals. The amount of such future costs is not determinable due to the unknown timing and extent of corrective actions which may be required.

Yara's operations are subject to environmental laws and regulations. These laws and regulations are subject to change, and such changes may require that the company make investments and/or incur costs to meet more stringent emissions standards or to take remedial actions related to e.g. soil contamination.

## RESTRUCTURING

Restructuring mainly relates to closure or significant reorganisation of business locations in a country or region. The provision is a best estimate based on the detailed formal plan for the business and location affected.

## LEGAL CLAIMS

Yara is party to a number of lawsuits in various jurisdictions arising out of the conduct of its business. None of these lawsuits, individually or in aggregate, is anticipated to have a material adverse effect on Yara.

A subsidiary has received a claim for payment of local sales taxes of approximately NOK 150 million. Yara contests the claim, both as to the actual liability and the amount, and has undertaken appropriate legal actions to reject the claim. Yara has recognized total costs associated with the claim of NOK 20 million. Based on external legal advice, the remaining part of the claim has not been recognized. The case is ongoing and subject to uncertainty with regard to timing and final outcome.

## DECOMMISSION

Provisions have been made where Yara has legal or constructive obligations for decommission as a result of past events.

## OTHER

Other consists of various provisions for constructive obligations as a result of past events.

## Note 24

Long-term debt *by currencies*

NOK millions, except percentages and denominated amounts	Weighted average interest rates	Denominated amounts 2010	Balance in NOK 2010	Balance in NOK 2009
NOK (Coupon NIBOR + 2.50%) <sup>1)</sup>	5.2%	300	300	299
NOK (Coupon NIBOR + 3.75%) <sup>1)</sup>	6.4%	299	299	299
NOK (Coupon 7.40%) <sup>2)</sup>	7.5%	324	324	324
NOK (Coupon 8.80%) <sup>3)</sup>	8.9%	998	998	997
USD (Coupon 5.25%) <sup>2)</sup>	5.9%	497	2,969	2,902
USD (Coupon 7.88%) <sup>4)</sup>	8.3%	493	2,879	2,839
<b>Total unsecured debenture bonds</b>			<b>7,769</b>	<b>7,661</b>
USD	0.8%	510	2,955	5,451
EUR	1.8%	20	156	223
BRL (Brazil)	5.6%	12	43	21
COP (Colombia)	6.5%	1,500	5	-
MXN (Mexico)	7.4%	114	53	-
<b>Total unsecured bank loans <sup>1)</sup></b>			<b>3,212</b>	<b>5,695</b>
Lease obligation			191	217
Mortgage loans			147	156
Other long-term debt			-	288
<b>Total</b>			<b>337</b>	<b>660</b>
<b>Outstanding long-term debt</b>			<b>11,319</b>	<b>14,017</b>
<b>Less: Current portion</b>			<b>(180)</b>	<b>(82)</b>
<b>Total</b>			<b>11,139</b>	<b>13,936</b>

1) Repricing within a year.

2) Fixed interest rate until 2014.

3) Fixed interest rate until 2016.

4) Fixed interest rate until 2019.

At 31 December 2010, the fair value of the long-term debt, including the current portion, was NOK 12,348 million and the carrying value was NOK 11,319 million.

Yara builds its funding on a negative pledge structure with the basic funding ranging pari passu. Substantially all unsecured debenture bonds and unsecured bank loan agreements therefore contain provisions restricting the pledging of assets to secure future borrowings. Of the long-term debt at the end of 2010, the USD 990 million bond debt originated from Yara's December 2004 and June 2009 bond issues according to 144A/Regulation S. A further NOK 1,921 million originated from Yara's March 2009 bond issues in the Norwegian market. These balances include issuance discount and capitalised issuance costs.

Yara's additional long-term funding is based on bank loans. At year end, USD 330 million was drawn on the bank facility due 2013 in the Belgian subsidiary Yara SA/NV. The USD 180 million term loan from the Nordic Investment

Bank to Yara International ASA remained fully drawn and will be repaid with linear instalments between June 2012 and December 2023. A minor portion of the long-term debt was borrowed in emerging markets.

The syndicated bank loan of USD 1 billion due 2012 and the USD 300 million facility due 2015, both in Yara International ASA, were undrawn at year end. The maturity of the USD 300 million facility was extended from 2012 to 2015 in September. In May, the Finnish subsidiary Yara Suomi Oy signed a new loan agreement of EUR 50 million with final maturity in 2012. This facility also remained undrawn at year end. During the fourth quarter, Yara used the strong cash inflow to repay and cancel the USD 170 million bank facility due 2015. The unutilized NOK 1,575 million bank facility due 2015 was also terminated.

Of the fixed interest rate debenture bonds, NOK 1,322 million and USD 100 million is exposed to floating interest rates through interest rate swaps.

## CONTRACTUAL PAYMENTS ON LONG-TERM DEBT

NOK millions	Debentures	Bank Loans	Capital lease and other long-term loans	Total
2011	-	165	16	180
2012	300	100	16	415
2013	-	2,073	14	2,087
2014	3,593	94	13	3,700
2015	-	73	14	87
Thereafter	3,877	707	265	4,848
<b>Total</b>	<b>7,769 <sup>1)</sup></b>	<b>3,212 <sup>2)</sup></b>	<b>337</b>	<b>11,319</b>

1) Of which Yara International ASA is responsible for NOK 7,769 million.

2) Of which Yara International ASA is responsible for NOK 1,031 million.

**Note 25****Trade payables and other payables**

NOK millions	Notes	2010	2009
Trade payables	27	5,605	5,313
Payroll and value added taxes	27	855	756
Prepayments from customers		1,392	595
Other liabilities	27	260	219
<b>Total</b>	<b>28</b>	<b>8,111</b>	<b>6,883</b>

**Note 26****Bank loans and other short-term interest-bearing debt**

NOK millions	Notes	2010	2009
Bank loans and overdraft facilities <sup>1)</sup>		804	1,651
Commercial papers		577	1,383
Other <sup>1)</sup>		587	151
<b>Total</b>	<b>28</b>	<b>1,968</b>	<b>3,185</b>
<b>Weighted Average Interest Rates</b>			
Bank loans and overdraft facilities <sup>2)</sup>		3.0%	6.7%
Commercial papers		3.0%	2.2%
Other		1.1%	3.3%

1) Repricing minimum annually

2) Overdraft facilities mainly in emerging markets

As of 31 December 2010, Yara has unused short-term credit facilities with various banks totalling approximately NOK 1.2 billion.

## Note 27

## Risk management *and* hedge accounting

### RISK MANAGEMENT POLICIES

Risk management in Yara is based on the principle that risk evaluation is an integral part of all business activities. Yara has established procedures for determining appropriate risk levels for the main risks and monitoring these risk exposures. Based on the overall evaluation of risk, Yara may use derivative instruments such as forward contracts, options and swaps to reduce exposures.

Yara's business model and positions provide natural hedges to reduce business risks inherent in the market. The most important of these is the quality and efficiency of Yara's production facilities, which ensures its competitive position. Furthermore, Yara's geographical spread supports a diversified gas supply, reducing the impact of regional price changes, and a reduced exposure to the inherent seasonality of the fertilizer business. Yara's substantial sales of differentiated products, comprising specialty fertilizers and industrial products, also contribute to more stable margins for the business as a whole. Finally, a certain correlation between energy prices and fertilizer prices reduces the volatility in Yara's results.

Yara is focused on maintaining a sound funding structure. Main elements of the funding strategy are to secure long-term debt and to base the funding of Yara on diversified capital sources to avoid dependency on single markets.

The financial structure of Yara gives Yara the necessary flexibility to capture the right industrial opportunities when they arise. As such opportunities typically materialize in periods characterized by industry margins and earnings below peak levels, Yara will seek to maintain adequate financial capacity throughout the business cycle. Yara aims to maintain a long-term mid investment grade rating level, i.e. minimum BBB according to Standard & Poor's methodology and Baa2 according to Moody's methodology. Yara maintained the Baa2 rate from Moody's and the BBB rate from Standard & Poor's during 2010.

The debt/equity ratio at the end of 2010, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.27 compared with 0.56 at the end of 2009. The Yara Group is not subject to any externally imposed capital requirements.

There were no principal changes in the Group's approach to capital management during the years ending 31 December 2010 and 31 December 2009. However, due to strong cash flow and significant divestments, including sale of Fosfertil, the Group has from the middle of the year 2010 accumulated a liquidity surplus kept in short-term liquid deposits.

Yara's Finance function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Finance function reports regularly to the Group's management.

The Group may seek to manage the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity.

### CURRENCY RISK

Prices of Yara's most important products are either directly denominated or determined in US dollars. In markets outside the US, local prices will generally adjust to fluctuations in the US dollar exchange rate, however with a certain time lag. Yara's raw materials costs, such as natural gas used in the production of ammonia, are either denominated in US dollars or highly correlated to changes in the US dollar exchange rate. In order to hedge Yara's long-term exposure to fluctuations in the US dollar exchange rate, Yara incurs most of its debt in US dollars. A certain portion of the total debt is, however, kept in various local currencies in order to finance local currency exposed business positions.

Yara manages foreign currency exchange rate risks by adjusting the composition of the debt portfolio to changes in Yara's overall risk exposure. Derivative instruments are also utilized to manage foreign currency exchange rate risk related to forecasted purchases and sales or to offset short-term liquidity needs in one currency with surplus liquidity in another currency. Such forward contracts are not designated as hedging instruments for accounting purposes. Changes in fair value are therefore recognized in the income statement.

The foreign exchange loss for the year was NOK 676 million, compared with a gain of NOK 1,364 million in 2009. Throughout the year, Yara's US dollar debt generating currency exposure was kept in the range of USD 1,100-1,400 million (2009: USD 1,000-1,300 million).

Exchange differences from foreign operations resulted in a loss of NOK 517 million recognized in the statement of comprehensive income (2009: gain NOK 3,979 million). Yara's exposure is mainly related to subsidiaries with functional currencies USD, CAD and EUR. At 31 December 2010 Yara's equity exposure to USD was 37 percent of the total book value of equity, to CAD 28 percent and to EUR 18 percent (2009: USD: 27 percent, CAD: 27 percent, EUR: 11 percent).

### Sensitivity

A 10 percent weakening of USD or EUR against NOK and other functional currencies at 31 December would have increased/(decreased) profit or loss by the amounts shown below. This analysis is done for illustrative purposes only, taking into consideration only the effect on financial instruments in the balance sheet at year-end. Since all other variables are assumed to remain constant, the analysis does not reflect subsequent effects on operating income, EBITDA or equity. The analysis was performed on the same basis for 2009.

NOK millions	2010	2009
USD	757	1,692
EUR	(214)	(315)

A 10 percent weakening of the Norwegian krone against the above currencies at 31 December would have had the equal but opposite effect to the amounts shown above.

A 10 percent weakening of USD, CAD or EUR against NOK and other functional currencies at 31 December would have increased/(decreased) other

comprehensive income by the amounts shown below. This analysis is done for illustrative purposes only, taking into consideration only the effect on equity in foreign operations at year-end. Since all other variables are assumed to remain constant, the analysis does not reflect subsequent effects on equity. The analysis was performed on the same basis for 2009.

NOK millions	2010	2009
USD	(1,113)	(772)
CAD	(840)	(775)
EUR	(538)	(313)

A 10 percent weakening of the Norwegian krone against the above currencies at 31 December would have had the equal but opposite effect to the amounts shown above.

### INTEREST RATE RISK

Yara's exposure to changes in interest rates is mainly linked to fair value risk and cash flow risk from its debt portfolio as disclosed in note 24. Yara has chosen to retain a significant part of its debt at fixed interest rates. During

2010, Yara has kept USD 400 million of the USD 500 million fixed interest bond issue in 2004 and the entire USD 500 million fixed interest bond issue in 2009 as fixed interest rate debt. Information about financial instruments designated as hedge instruments is presented in the derivative section below. NOK 1,325 million of the NOK 1,925 million bond issue in March 2009 are also kept with a fixed interest rate, but Yara has freestanding fixed-to-floating interest rate derivatives - not classified as designated for hedging - with the same nominal amount as the fixed rate bonds.

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

NOK millions	2010	2009
Net interest-bearing debt at 31 December	9,540	16,227
Fixed portion of bonds	5,257	5,160
Net interest-bearing debt less fixed portion of bonds	4,283	11,066

### Sensitivity

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore changes in interest rates will not affect the interests on the USD 900 million portion of the bond debts which are not hedged. Yara Group has no interest-bearing financial instruments where effects are booked directly to equity. Therefore equity will not be directly affected by interest rate changes.

An increase of 100 basis points in USD interest rates at the reporting date would have decreased profit or loss by NOK 36 million (2009: NOK 63 million). An increase of 100 basis points in NOK interest rates at the reporting date would have decreased profit or loss by NOK 8 million (2009: NOK 28 million). All other variables remain constant. This analysis is done for illustrative purposes only, taking into consideration only the effect on financial instruments in the balance sheet at year-end. The analysis is performed on the same basis for 2009. A decrease of 100 basis points at the reporting date would have increased profit or loss with the same amounts.

### COMMODITY PRICE RISK

A major portion of Yara's operating revenues is derived from the sale of ammonia, urea and other fertilizers that may generally be classified as commodities. Yara also purchases natural gas, electricity and other commodities. The prices of these commodities can be volatile and may create fluctuations in Yara's earnings. To manage this risk, Yara's financial policy prioritizes maintaining a low debt/equity ratio and maintaining liquidity reserves. Periodically Yara utilizes derivative instruments to manage certain price risk exposures and also for some position taking within the limits established by the risk management policies. A limited number of ordinary

sales and purchase contracts contain price links against other products that are regarded as embedded derivatives recognized at fair value. The reason for embedding other price links in these contracts is normally to secure a margin for Yara. Information about commodity derivatives is presented in the derivative section below. Besides that, there are no other financial instruments that are exposed to the commodity price risk.

### CREDIT RISK

Yara has a well-established system for credit management with established limits at both customer and country level. Yara's geographically diversified portfolio reduces the overall credit risk of the Group. Credit risk arising from the inability of the counterparty to meet the terms of Yara's financial instrument contracts is generally limited to amounts, if any, by which the counterparty's obligations exceed Yara's obligations. Yara's policy is to enter into financial instruments with various international banks with established limits for transactions with each institution. Due to Yara's geographical spread and significant number of customers there are no significant concentrations of credit risk. Therefore, Yara does not expect to incur material credit losses on its financial assets.

The exposure to credit risk is represented by the carrying amount of each class of financial assets, including derivative financial instruments, recorded in the statement of financial position. Yara undertakes a number of measures that reduce credit risk of particular receivables. Such measures include letters of credit, bank guarantees and credit insurance agreements. Effect of credit risk reduction from these measures is not considered to be material for the Group.

## FUNDING AND LIQUIDITY RISK

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 24 and 26, cash and cash equivalents and equity attributable to equity holders of the parent, comprising paid-in capital and retained earnings as disclosed in notes 19, 20 and statement of changes in equity.

Main elements of the funding strategy are the establishment of a long-term debt base and the security and flexibility obtained by funding through diversified capital sources and avoidance of dependency on single institu-

tions or markets. Yara manages liquidity risk by maintaining adequate reserves and committed bank facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Yara aims at an even debt repayment schedule and has secured committed undrawn credit facilities to provide sufficient reserves to meet unforeseen liquidity needs.

Included in notes 24 and 26 is information about undrawn facilities that the Group has at its disposal.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements

### 31 DECEMBER 2010

NOK millions	Carrying amount	Contractual cash flows	On demand	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>								
Short-term interest-bearing debt	(1,968)	(2,016)	(477)	(1,393)	(146)	-	-	-
Long-term interest-bearing debt	(11,128)	(14,738)	-	(187)	(458)	(952)	(7,091)	(6,050)
Obligations under finance leases	(191)	(293)	-	(15)	(16)	(55)	(77)	(130)
Accrued interest expense	(121)	(121)	-	(121)	-	-	-	-
Accounts payable	(5,605)	(5,607)	(133)	(5,472)	(1)	-	-	-
Payroll and value added taxes	(855)	(855)	(51)	(760)	(43)	-	-	-
Other short-term liabilities	(190)	(192)	(6)	(81)	(105)	-	-	-
Other long-term liabilities	(72)	(75)	(6)	(1)	(1)	(8)	(27)	(32)
<b>Derivative financial instruments</b>								
Freestanding financial derivatives	105							
Outflow		(5,763)	-	(5,504)	(52)	(57)	(150)	-
Inflow		5,874	-	5,618	-	60	156	40
Commodity derivatives	105							
Outflow		(35)	-	(35)	-	-	-	-
Inflow		143	-	73	46	24	-	-
Hedge designated derivatives	66							
Outflow		-	-	-	-	-	-	-
Inflow		70	-	13	10	23	24	-
<b>Total</b>	<b>(19,854)</b>	<b>(23,608)</b>	<b>(674)</b>	<b>(7,867)</b>	<b>(766)</b>	<b>(965)</b>	<b>(7,166)</b>	<b>(6,171)</b>

### 31 DECEMBER 2009

NOK millions	Carrying amount	Contractual cash flows	On demand	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>								
Short-term interest-bearing debt	(3,185)	(3,193)	(478)	(2,436)	(279)	-	-	-
Long-term interest-bearing debt	(13,800)	(18,819)	-	(315)	(389)	(1,128)	(9,243)	(7,745)
Obligations under finance leases	(217)	(345)	-	(16)	(16)	(59)	(85)	(169)
Accrued interest expense	(125)	(125)	-	(125)	-	-	-	-
Accounts payable	(5,313)	(5,329)	(53)	(5,270)	(5)	-	-	-
Payroll and value added taxes	(756)	(768)	(63)	(643)	(62)	-	-	-
Other short-term liabilities	(164)	(164)	(4)	(62)	(98)	-	-	-
Other long-term liabilities	(104)	(104)	(27)	(23)	(1)	(20)	(22)	(12)
<b>Derivative financial instruments</b>								
Freestanding financial derivatives	34							
Outflow		(4,658)	-	(4,341)	(51)	(55)	(163)	(47)
Inflow		4,721	-	4,415	-	59	164	83
Commodity derivatives	160							
Outflow		(11)	-	(11)	-	-	-	-
Inflow		-	-	-	-	-	-	-
Hedge designated derivatives	48							
Outflow		-	-	-	-	-	-	-
Inflow		91	-	12	12	23	45	-
<b>Total</b>	<b>(23,423)</b>	<b>(28,703)</b>	<b>(625)</b>	<b>(8,814)</b>	<b>(889)</b>	<b>(1,180)</b>	<b>(9,305)</b>	<b>(7,890)</b>

## DERIVATIVE INSTRUMENTS

NOK millions	2010	2009
<b>Fair value of derivatives</b>		
Share options	(5)	-
Forward foreign exchange contracts	45	6
Interest rate swaps	64	28
Interest rate swaps designated for hedging	66	48
Embedded derivatives in sales and purchase contracts <sup>1)</sup>	102	166
Commodity derivatives <sup>1)</sup>	3	(6)
Balance 31 December	276	242
<b>Derivatives presented in the statement of financial position</b>		
Non-current assets	130	76
Current assets	221	221
Non-current liabilities	(5)	-
Current liabilities	(70)	(55)
Balance 31 December	276	242

1) Mainly natural gas and oil products.

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

NOK millions	2010	2009
Forward foreign exchange contracts, notional amount	6,591	5,546

All outstanding foreign exchange contracts at 31 December 2010 have maturity in 2011. Buy positions are mainly in Norwegian kroner and US dollars. Sell positions are in various operating currencies, mainly euros and Canadian dollars.

The total net gain recognized in the consolidated income statement during the year on derivatives that are not designated for hedging and recognized at fair value through profit or loss was NOK 182 million (2009: gain NOK 9 million). The total gain recognized in the net income on derivative designated as fair value hedge was NOK 26 million (2009: gain NOK 18 million).

## HEDGE ACCOUNTING

## Fair value hedge

The interest rate swap designated as a hedge instrument outstanding at 31 December 2010 is a fixed to floating interest rate swap for USD 100 million. The hedged risk is the change in fair value due to changes in risk-free interest rates (LIBOR) of a USD 100 million portion of the US dollar bond debt from 2004. The swap has identical interest basis, interest payment dates and maturity (2014) to the hedged debt and is assessed to be highly effective. The change in fair value of the derivative is recognized in statement of income, and is offset by an opposite change in fair value of the corresponding portion of the bond debt. At 31 December 2010 the loss on the fair value hedge included in the carrying amount of the fixed rate debt was NOK 66 million (2009: loss NOK 48 million). There is not recognized any ineffectiveness in 2009 or 2010.

## Cash flow hedges

In 2004, Yara used interest rate swaps to hedge the future cash flows of a USD 300 million portion of the December 2004 bond issue. The loss on these contracts was recognized directly against equity and will be reclassified into interest expense and income tax over the duration of the bond (due in 2014). The reclassification into interest expense for 2010 was NOK 11 million (2009: NOK 10 million) and the related deferred tax benefit was NOK 3 million (2009: NOK 3 million).

In 2007, Yara used interest rate derivatives to hedge the future cash flows of a USD 300 million portion of the June 2009 bond issue. The loss on these contracts was recognized directly against equity and will be reclassified into interest expense and income tax over the duration of the bond (due in 2019). The reclassification into interest expense for 2010 was NOK 2.8 million (2009: NOK 1.5 million) and the related deferred tax benefit was NOK 0.8 million (2009: NOK 0.4 million).

## Hedge of net investment

At 31 December 2010, the Group held in total USD 490 million (2009: USD 315 million) of debt designated as hedges of net investments in foreign entities. The hedges were assessed to be highly effective. At 31 December 2010 the hedges had a fair value of NOK 90 million recognized as a gain in other comprehensive income (2009: gain NOK 103 million). There is not recognized any ineffectiveness in 2009 and 2010.

## Note 28

## Financial instruments

CARRYING AMOUNTS SHOWN IN THE STATEMENT OF FINANCIAL POSITION, PRESENTED TOGETHER WITH FAIR VALUE PER CATEGORY  
31 DECEMBER 2010

NOK millions	Notes	Derivatives at fair value through profit and loss	Derivatives designated as hedging instruments	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortized cost	Non-financial assets and liabilities	Total
<b>Non-current assets</b>								
Other non-current assets	13,14,22,27	64	66	1,341	340	-	457	2,269
<b>Current assets</b>								
Trade receivables	16	-	-	6,644	-	-	-	6,644
Prepaid expenses and other current assets	17,27	221	-	1,151	-	-	1,494	2,866
Other liquid assets	18	-	-	802	-	-	-	802
Cash and cash equivalents	18	-	-	2,946	-	-	-	2,946
<b>Non-current liabilities</b>								
Other long-term liabilities		(5)	-	-	-	(72)	(206)	(283)
Long-term interest-bearing debt	24	-	-	-	-	(11,139)	-	(11,139)
<b>Current liabilities</b>								
Trade and other payables	25	(70)	-	-	-	(6,649)	(1,392)	(8,111)
Other short-term liabilities		-	-	-	-	(121)	(642)	(763)
Bank loans and other interest-bearing debt	26	-	-	-	-	(1,968)	-	(1,968)
Current portion of long-term debt	26	-	-	-	-	(180)	-	(180)
<b>Total</b>		<b>210</b>	<b>66</b>	<b>12,885</b>	<b>340</b>	<b>(20,130)</b>	<b>(288)</b>	<b>(6,917)</b>
<b>Fair value</b>		<b>210</b>	<b>66</b>	<b>12,886</b>	<b>340</b>	<b>(21,159)</b>		
Unrecognized gain/loss		-	-	2	-	(1,029) <sup>1)</sup>		

1) Unrecognized loss on financial instruments at amortized cost is mainly related to long-term interest-bearing debt with fixed interest rate. See note 24.

## 31 DECEMBER 2009

NOK millions	Notes	Derivatives at fair value through profit and loss	Derivatives designated as hedging instruments	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortized cost	Non-financial assets and liabilities	Total
<b>Non-current assets</b>								
Other non-current assets	13,14,22,27	28	48	1,422	3,885	-	195	5,577
<b>Current assets</b>								
Trade receivables	16	-	-	5,934	-	-	-	5,934
Prepaid expenses and other current assets	17,27	221	-	1,610	-	-	1,779	3,610
Other liquid assets	18	-	-	2	-	-	-	2
Cash and cash equivalents	18	-	-	974	-	-	-	974
<b>Non-current liabilities</b>								
Other long-term liabilities		-	-	-	-	(104)	(207)	(311)
Long-term interest-bearing debt	24	-	-	-	-	(13,936)	-	(13,936)
<b>Current liabilities</b>								
Trade and other payables	25	(55)	-	-	-	(6,233)	(595)	(6,883)
Other short-term liabilities		-	-	-	-	(125)	(649)	(774)
Bank loans and other interest-bearing debt	26	-	-	-	-	(3,185)	-	(3,185)
Current portion of long-term debt	26	-	-	-	-	(82)	-	(82)
<b>Total</b>		<b>194</b>	<b>48</b>	<b>9,941</b>	<b>3,885</b>	<b>(23,665)</b>	<b>524</b>	<b>(9,074)</b>
<b>Fair value</b>		<b>194</b>	<b>48</b>	<b>9,941</b>	<b>3,885</b>	<b>(24,189)</b>		
Unrecognized gain/loss		-	-	-	-	(523) <sup>1)</sup>		

1) Unrecognized loss on financial instruments at amortized cost is mainly related to long-term interest-bearing debt with fixed interest rate. See note 24.

Below is an overview of gains and losses from financial instruments recognized in the consolidated statement of income and the consolidated statement of comprehensive income, including amounts recognized on disposal of financial instruments

NOK millions	Notes	Derivatives at fair value through profit and loss	Derivatives designated as hedging instruments	Loans and receivables <sup>2)</sup>	Available-for-sale financial assets	Financial liabilities at amortized cost <sup>2)</sup>	Total
<b>2010</b>							
<b>Consolidated statement of income</b>							
Commodity based derivatives gain/(loss)	27	(61)	-	-	-	-	(61)
Interest income/(expense) and other financial income/(expense)	27	49	12	-	3,580	-	3,641
Foreign exchange gain/(loss) <sup>2)</sup>	27	190	-	-	-	-	190
<b>Consolidated statement of comprehensive income</b>							
Available-for-sale investments - change in fair value <sup>1)</sup>	13	-	-	-	(48)	-	(48)
Hedge of net investments <sup>1)</sup>	27	-	-	-	-	(17)	(17)
Reclassification adjustments related to:							
- cash flow hedges <sup>1)</sup>	27	-	14	-	-	-	14
- available-for-sale investments disposed of in the year <sup>1)</sup>	13	-	-	-	(1,961)	-	(1,961)
		-	-	-	-	-	-
Total		178	26	-	1,571	(17)	1,758
<b>2009</b>							
<b>Consolidated statement of income</b>							
Commodity based derivatives gain/(loss)	27	151	-	-	-	-	151
Interest income/(expense) and other financial income/(expense)	27	291	61	-	124	-	476
Foreign exchange gain/(loss) <sup>2)</sup>	27	(434)	-	-	-	-	(434)
<b>Consolidated statement of comprehensive income</b>							
Available-for-sale investments - change in fair value <sup>1)</sup>	13	-	-	-	1,186	-	1,186
Hedge of net investments <sup>1)</sup>	27	-	-	-	-	382	382
Reclassification adjustments related to:							
- cash flow hedges <sup>1)</sup>	27	-	(43)	-	-	-	(43)
- available-for-sale investments disposed of in the year <sup>1)</sup>	13	-	-	-	(121)	-	(121)
		-	-	-	-	-	-
Total		9	18	-	1,189	382	1,597

1) Amounts are presented before tax

2) Effects of foreign currency exchange on other financial instruments than derivatives are not included in the overview.

## PRINCIPLES FOR ESTIMATING FAIR VALUE

The following summarizes the major methods and assumptions used in estimating fair values of financial instruments reflected in the tables.

### Equity securities available-for-sale

The fair value of investments in listed companies is based on year-end quoted market prices. Available-for-sale instruments that are not traded in active markets are measured based on recent market transactions and valuation techniques. An approach to maximize the use of market inputs and rely as little as possible on entity-specific inputs is used when measurements are based on valuation techniques.

### Trade receivables and other receivables

Interest-free receivables are discounted if it has material impact on fair value. The carrying amount has been reduced for impaired receivables and reflects a reasonable approximation of fair value.

### Cash and cash equivalents

Fair value is assumed to be equal to the carrying amount.

### Long-term interest-bearing debt and other long-term liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows. Since there is no active market with quoted prices, we have used valuation techniques to estimate the fair value. It is estimated by using LIBOR with different maturities as a benchmark rate and adding a credit margin derived from recent transactions or other information available.

### Trade payables and other short-term debt

Interest-free short-term payables are discounted if it has material impact on fair value. Fair value is assumed to be equal to the carrying amount.

### Foreign exchange contracts and interest rate swaps

The fair value of foreign exchange contracts and interest rate swaps is based on their listed market price, if available. If a listed market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) if this has material impact on fair value.

### Commodity derivatives and embedded derivatives

Certain of the Group's purchase and sales contracts constitute derivatives or contain embedded derivatives within the scope of IAS 39. Derivatives under IAS 39 are recognized at fair value in the statement of financial position with changes through the statement of income. The commodity derivative category constitute derivatives with a wide range of different characteristics and comprise both commodity based financial contracts as well as non-financial purchase and sale contracts with maturity mainly from 3 months to 15 months.

The fair value of commodity contracts constitute the unrealized gains and losses represented by the present value of future gains and losses for which the price is fixed in advance of delivery. Fair value of the embedded derivatives is calculated as present value of the difference between the price of non-closely related commodity (embedded derivative) and a pricing model which in the best way reflects market price of the contract commodity. All commodity contracts are bilateral contracts, or embedded derivatives in bilateral contracts, for which there are no active markets. Fair value of all items in this category, is therefore calculated using valuation techniques, with maximum use of market inputs and assumptions that reasonably reflect factors that market participants would consider in setting a price, relying as little as possible on entity-specific inputs. Fair values of commodity contracts are especially sensitive to changes in forward commodity prices. None of the derivatives in this category are designated in hedge relationships.

#### FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value, by valuation method at 31 December 2010. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOK millions	Level 1	Level 2	Level 3	Total
Equity securities available-for-sale	3	-	337	340
Foreign exchange contracts	-	81	-	81
Interest rate derivative contracts	-	64	-	64
Interest rate contracts designated as hedging instrument	-	66	-	66
Commodity derivatives and embedded derivatives	-	3	136	139
<b>Total assets at fair value</b>	<b>3</b>	<b>215</b>	<b>473</b>	<b>691</b>
Foreign exchange contracts	-	(36)	-	(36)
Commodity derivatives and embedded derivatives	-	-	(34)	(34)
Share options	-	-	(5)	(5)
<b>Total liabilities at fair value</b>	<b>-</b>	<b>(36)</b>	<b>(39)</b>	<b>(75)</b>

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

The following table shows a reconciliation from the opening balances to the closing balances at 31 December 2010 for fair value measurements in Level 3 of the fair value hierarchy:

NOK millions	Equity securities available-for-sale	Derivatives - assets	Derivatives - liabilities	Share option	Total
Opening balance	341	171	(5)	-	507
Total gains or (losses):					
in profit or loss	-	(35)	(29)	(5)	(69)
in other comprehensive income	(6)	-	-	-	(6)
Purchases	24	-	-	-	24
Disposals	(3)	-	-	-	(3)
Foreign currency translation	(19)	-	(0)	-	(19)
<b>Closing balance</b>	<b>337</b>	<b>136</b>	<b>(34)</b>	<b>(5)</b>	<b>434</b>

### Sensitivity of fair value measurement for Level 3 financial instruments

Although Yara believes that its estimates of fair values are appropriate, the use of different assumptions could lead to different measurements of fair value. For fair value measurements in Level 3 of the fair value hierarchy, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects:

NOK millions	Effect on profit or loss		Effect on other comprehensive income	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
Embedded derivative in energy contract	45	(27)	-	-
Unlisted equity securities	-	-	50	(50)
Total	45	(27)	50	(50)

The favourable and unfavourable effects on the embedded derivative in an energy contract are calculated by an increasing/decreasing of the input of relevant oil-product forward prices with 20 percent. All other variables remain constant.

The favourable and unfavourable effects on the fair value of the unlisted equity securities are calculated using the same model but with an increasing/decreasing of the electricity prices used in the model with 20 percent. All other variables remain constant.

## Note 29

Secured debt *and guarantees*

NOK millions	2010	2009
Amount of secured debt	147	156
<b>Assets used as security</b>		
Machinery and equipment, etc.	1	2
Buildings and structural plant	183	223
Other (including land and shares)	5	-
Total	188	225
<b>Guarantees (off-balance sheet)</b>		
Contingency for discounted bills	15	11
Guarantees of debt in the name of equity accounted investees	218	277
Non-financial guarantees	4,335	4,189
Total	4,568	4,477

Guarantees of debt include parent company guarantees issued on behalf of equity accounted investees covering external credit facilities in the name of the equity accounted investees. Yara could be required to perform in the event of a default by the entity guaranteed.

Guarantees of debt issued on behalf of consolidated companies are not included since at any time the drawings under such credit lines are included in the consolidated statement of financial position. The guarantee obligations under such guarantees are at any time limited to the amount drawn under the credit facility.

Non-financial guarantees consist of commercial guarantees related to contract obligations (Bid Bonds, Performance Guarantees and Payment Guarantees) and various mandatory public guarantees (Customs Guarantees, Receivable VAT Guarantees) recorded as off-balance sheet liabilities. These guarantees are issued on behalf of Yara International ASA, its subsidiaries and equity accounted investees. The guarantor could be required to perform in the event of a default of a commercial contract or non-compliance with public authority regulations. NOK 3,520 million of the non-financial guarantees are issued as parent company guarantees, while NOK 815 million are issued as bank guarantees, mainly on behalf of Yara International ASA.

Guarantees issued to public authorities covering tax and VAT liabilities are not included as these obligations are already included in the consolidated statement of financial position.

Non-financial guarantees increased by NOK 146 million from last year end. The increase was mainly due to higher product prices combined with establishment of some new payment guarantees related to energy contracts.

#### CONTINGENT LIABILITIES RELATED TO THE DE-MERGER FROM NORSK HYDRO ASA

Under the Norwegian Public Limited Companies Act, Yara may be contingently liable for obligations established by Norsk Hydro ASA prior to the de-merger, unless the right to enforce against Yara any rights to payments (or other rights) has been specifically waived by the party holding the right. Following the de-merger of Hydro's oil and gas division in 2007, these obligations may now be allocated to either Hydro or Statoil ASA. At the end of 2010, Yara remains contingently liable for approximately NOK 1.5 billion of such outstanding guarantees.

Hydro also has unfunded pension liabilities. To the extent such liabilities have accrued prior to the consummation of the de-merger, Yara is contingently liable for such liabilities as a matter of the joint and several liability provided by Norwegian law. Hydro's unfunded pension liabilities, calculated in accordance with Hydro's accounting policies, amounted to approximately NOK 2 billion at demerger March 24, 2004 and have been reduced by payments thereafter.

## Note 30

## Contractual obligations *and future investments*

NOK millions	Investments 2011	Investments Thereafter	Investments Total
Contract commitments for investments in property, plant and equipment	527	323	850
Additional authorized future investments in property, plant and equipment	715	151	866
Contract commitments for other future investments	33	-	33
Total	1,275	475	1,750

Additional authorized future investments include projects formally approved for development by the Board of Directors or management given the authority to approve such investments. General investment budgets are excluded from these amounts.

### TAKE-OR-PAY AND LONG-TERM CONTRACTS <sup>1)</sup>

Yara has entered into take-or-pay and long-term contracts providing for future payments to transportation capacity, raw materials and energy.

### THE NON-CANCELABLE FUTURE OBLIGATION AS OF 31 DECEMBER 2010

NOK millions	Transport and other	Raw materials	Energy related	Total
2011	(332)	(778)	(1,045)	(2,155)
2012	(294)	(721)	(561)	(1,576)
2013	(286)	(717)	(559)	(1,562)
2014	(286)	(498)	(558)	(1,342)
2015	(122)	(328)	(421)	(871)
Thereafter	-	-	(10)	(10)
Total	(1,320)	(3,042)	(3,155)	(7,516)

1) The amounts are calculated based on minimum contracted quantities and market prices as of 31 December 2010.

The total purchases under the take-or-pay agreements and long-term contracts were as follows (in NOK million): 2010 (841); 2009 (1 218)

NOK millions	2011	2012	2013	2014	2015	Total
Sales commitments	1,081	775	283	5	2	2,147

Sales commitments are mainly related to industrial products.

See note 22 for future obligations related to pensions.

See note 23 for provisions and contingencies.

See note 31 for future commitments related to lease arrangements

## Note 31

## Operating lease commitments

Operating leases related to buildings, offices, equipment and vessels. Total minimum future rentals due under non-cancelable operating leases are:

NOK millions	2010	2009
Within year 1	945	972
Within year 2	609	653
Within year 3	508	471
Within year 4	446	409
Within year 5	426	394
After 5 years	859	1,168
Total	3,793	4,067

Due to the strategic importance of shipping capacity of ammonia for Yara's business, Yara has a number of operating leases on vessels. The commitments in relation to this are the main part of total minimum future rentals amounting to NOK 2,345 million. The commitments due to these arrangements vary depending on the contract length for each vessel.

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

### OPERATING LEASE EXPENSES INCLUDED IN OPERATING COST AND EXPENSES ARE

NOK millions	2010	2009
Operating lease expense	(1,107)	(1,364)

## Note 32

## Related parties

### THE NORWEGIAN STATE

At 31 December 2010 the Norwegian State owned 104,590,276 shares, representing 36.2 percent of the total number of shares issued. The National Insurance Fund, Norway owns 18,483,741 shares, representing 6.4 percent of the total number of shares issued.

### EQUITY ACCOUNTED INVESTEEES

Transactions with equity accounted investees are described in note 12.

### YARA PENSION FUND

Yara International ASA has arranged most of the company's pension plans through Yara Pension Fund and Yara has during 2010 contributed premium to the pension plans.

### BOARD OF DIRECTORS

Members of the Board of Directors are elected for two year terms. Their rights and obligations as board members are solely and specifically provided for the company's articles of association and Norwegian law. The company has no significant contracts in which a board member has a material interest.

**BOARD OF DIRECTORS COMPENSATION 2010 AND NUMBER OF SHARES OWNED 31 DECEMBER 2010**

<i>NOK thousands, except number of shares</i>	<b>Compensation</b>	<b>Number of shares</b>
Øyvind Lund, Chairperson <sup>3)</sup>	454	6,000
Elisabeth Harstad <sup>3)</sup>	275	-
Lone Foss Schröder <sup>1) 4)</sup> (until May 2010)	135	-
Leiv L. Nergaard <sup>1) 4)</sup>	331	26,923
Kristine Haukalid <sup>2)</sup> (from February 2011)		352
Svein Flatebø <sup>2)</sup>	241	1,410
Torgeir Kvidal, Board secretary <sup>2)</sup>		1,481
Hilde Merete Aasheim (from May 2010)	142	-
Bernt Reitan	260	-
Geir Olav Sundbø <sup>2)</sup>	124	119

1) Includes shares owned directly and through fully owned companies.

2) Interest-free loan of NOK 5,954 given through a trust in accordance with a Yara share purchase offer.

3) Members of the compensation committee in 2010

4) Members of the audit committee in 2010

Compensation of Board of Directors was NOK 2,216 thousand in 2009.

The chairperson and the members of the board have no agreements for further compensation due to termination or changes in the position.

**COMPENSATION 2010 AND NUMBER OF SHARES OWNED BY THE DEPUTY BOARD MEMBERS AT 31 DECEMBER 2010**

<i>NOK thousands, except number of shares</i>	<b>Compensation</b>	<b>Number of shares</b>
Frank Andersen	269	396
Geir Dahlman	-	398
Tone Petersheim	-	198
Stig Myrland	-	119
Karl Edvard Juul	60	119
Per Rosenberg	-	119

**EXECUTIVE MANAGEMENT**

<i>NOK thousands</i>	<b>Salary</b>	<b>Performance bonus related to 2009</b>	<b>Share incentive rights <sup>(1)</sup></b>	<b>Long-term incentive plan <sup>(2)</sup></b>	<b>Other benefits</b>	<b>Pension benefits</b>
Jørgen Ole Haslestad	5,206	752	-	1,515	319	2,392
Hallgeir Storvik	3,077	1,002	3,720	730	225	1,023
Tor Holba	2,501	593	3,720	626	1,310	1,781
Egil Hogna	2,771	899	-	655	248	745
Yves Bonte (from 1 January 2010)	3,962	-	-	998	877	497
Terje Bakken	2,274	486	2,790	569	1,242	503
Trygve Faksvaag	1,875	367	-	351	267	435
Hakan Hallén	2,267	198	-	454	623	949
Bente Slaatten	1,551	164	-	301	195	354

1) Last Exercise of Share Incentive rights granted under the 2004 Share Incentive Program.

2) Fixed cash amount as part of new long-term incentive plan (see description below)

The total salary, including performance-based bonuses for Yara Executive Management was NOK 30,365 thousand in 2009. Other benefits amounted to NOK 12,334 thousand in 2009. In addition pension benefits earned during 2009 were NOK 10,630 thousand. Remuneration related to share incentive rights were in 2009 NOK 13,578 thousand.

Of the Executive Management two members are currently on international assignment contracts, namely Tor Holba and Terje Bakken. The base salary in the international assignment contracts is a guaranteed net compensation. Yara covers any taxes and/or social security premiums due. In the above table the net compensation is grossed-up using the applicable tax-rate. Included in other benefits are company car, travel allowances etc. For the international assignment contracts, the benefits linked to their agreement are included in 'other benefits' and are grossed-up using the applicable tax rate.

#### PERFORMANCE RELATED BONUS

For managers a performance related bonus scheme is established. Awards are depending on the achievement of specified performance criteria for Yara and the individual. The on-target bonuses range from 28 percent to 35 percent of the base salary depending on management position. The maximum bonus is 50 percent of the base salary.

#### PENSIONS BENEFITS

Jørgen Ole Haslestad participates in the ordinary pension scheme of employees in Norway (as described in note 22) with retirement age of 65 years. He is also entitled to an early retirement benefit at age 62 of 70 percent of the pensionable income calculated on a 10 years earning period. A deduction shall be deducted pro rata in case of less than 10 years earning period.

Terje Bakken and Tor Holba are both members of the Yara IEC (International Employment Company) Pension Plan. This plan is a defined contribution plan and provide the members with a lump sum when they reach the age of 60. The employer contribution amounts to 25 percent of the individual's annual pensionable income.

Yves Bonte is part of the Yara Belgium pension plan. This plan is a defined contribution plan and provide the members with a lump sum when they reach the age of 65. The employer contribution is calculated on the annual base salary and amounts to 4.79 percent up to the legal ceiling and 15 percent above that.

The other members of Yara Executive Management are included in Yara's ordinary pension scheme for employees in Norway. Until 1 July 2006 this was a final salary based defined benefit scheme. From 1 July 2006 it has been switched to a defined contribution scheme for all employees under the age of 55.

#### TERMINATION AGREEMENTS

The members of Yara Executive Management are subject to termination in accordance to applicable law. There are however a few specific termination agreements. For Jørgen Ole Haslestad a notice of 6 months and a minimum severance payment of 6 months base salary is applicable in case of termination. For Terje Bakken and Tor Holba a notice of 3 months and a minimum severance payment of 1,5 months per year of service with a maximum of 24 months is applicable in case of termination. Tor Holba has a guaranteed employment until the age of 55.

#### GUIDELINES FOR REMUNERATION TO MEMBERS OF EXECUTIVE MANAGEMENT

In accordance with the Norwegian Public Limited Companies Act § 6-16 a, the Board of Directors will prepare a separate statement related to the determination of salary and other benefits for the Executive Management. The statement will be presented for the Annual General Assembly. The guidelines for the coming accounting year are unchanged from the previous year and the remuneration to Executive Management has been in accordance with these guidelines.

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

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

Yara's remuneration of the Executive Management Group consists of the following elements: Base pay, an annual incentive bonus, a long-term incentive bonus, a retirement plan, death and disability coverage and other components such as car, phone expenses, etc. In addition, executives on expatriate contracts can have costs such as housing, school, home trips etc. covered by the company.

The annual incentive bonus represents performance-driven variable compensation components based on financial and non-financial performance, such as profitability and HES (Health, Environment and Safety) results, at Company and/or Segment level. The maximum pay-out will not exceed 50 percent of Annual Base Salary, unless special circumstances dictate otherwise.

The 2004 Share Incentive Program has ended. No new share incentive rights will be granted in the coming year.

To increase the alignment between Executives and Shareholder's interests and to ensure retention of key talent in the company, a long-term incentive plan has been approved by the Board. This long-term incentive program provides a fixed cash amount to the eligible top executive, who is required to invest the net amount in Yara shares within a period of one month after grant. The acquired shares are locked in for a period of three years after the purchase. After this period the executive is free to keep or sell the shares at his or her discretion.

All new pension plans in Yara shall be Defined Contribution plans. All Executives below age 55 (per 1 July 2006) on Norwegian employment contracts are part of the Defined Contribution Retirement plan. The retirement age is 65 and there are no special severance clauses in the contract.

Salary and other benefits earned in 2010 are disclosed above. For additional information regarding share incentive rights granted see note 6. For additional information about existing pension plans see note 22.

**Note 33****External audit remuneration**

Deloitte AS (Deloitte) is Yara's auditor. A few subsidiaries of Yara International ASA have appointed other audit firms. The following table shows total audit and other services delivered to the Group by the appointed auditor.

<i>NOK thousands</i>	<b>Audit fee</b>	<b>Assurance services</b>	<b>Tax services</b>	<b>Other audit services</b>	<b>Total</b>
<b>2010</b>					
Deloitte Norway	4,822	664	46	17	5,549
Deloitte Abroad	22,523	635	1,106	1,220	25,484
Total Deloitte	27,345	1,299	1,152	1,237	31,033
Others	841	120	106	134	1,201
Total	28,186	1,419	1,258	1,371	32,234
<b>2009</b>					
Deloitte Norway	5,562	734	-	37	6,333
Deloitte Abroad	22,204	1,376	1,187	235	25,002
Total Deloitte	27,766	2,110	1,187	272	31,335
Others	2,083	46	413	1,051	3,593
Total	29,849	2,156	1,600	1,323	34,928

## Note 34

## Post balance sheet *events*

### LIFECO

Yara's jointly controlled entity Lifeco has temporarily suspended its operations following the recent unrest in Libya. Yara has performed an impairment test of the investment that had a carrying value of NOK 1,539 million at the end of 2010. The conclusion at this stage is that no impairment will be recognized in Yara's first quarter results for 2011. The main uncertainty in this calculation is the estimated length of the suspension period. Other important assumptions are estimated prices of ammonia and urea, stability of deliveries of natural gas and the discount rate. Yara has used internal and external sources of information when estimating selling prices and natural gas cost. Provided necessary maintenance can be carried out also in the event of a prolonged shutdown, management does not believe that the investment will be impaired unless Lifeco operations are suspended for a period significantly longer than one year.

Future developments might have adverse effects and lead to impairment losses at an earlier stage, including physical damage or other depletion of assets. Approximately NOK 809 million of the carrying value of Yara's investment is related to bank deposits in Libyan banks and NOK 659 million is related to the plant in Marsa el Brega. The plant is insured by a Libyan insurance company. The policy does not cover damage caused by war, civil war, revolution or terrorism. At this point in time, Yara has no information about material physical damage to or depletion of Lifeco assets. Yara will continue to take all new information into consideration going forward.

### YARA NIPRO ACQUISITION

On 10 January 2011 it was announced that Yara purchased the remaining 60 percent of shares in Yara Nipro Pty Ltd. in Australia. Yara Nipro represents a business which is complementary to the already strong position held by Yara within the horticultural segment in Australia, and Yara Nipro's operations will be integrated with those of Yara Australia. The company had in the financial year ending June 2010 a turnover of AUD 46 million and an EBITDA of AUD 5.6 million. Yara's existing 40 percent ownership interest will be recognized at fair value through the consolidated statement of income at the time Yara gain control of Yara Nipro. As at 31 December 2010, the carrying value of Yara's investment is AUD 7.7 million. Total consideration for the remaining 60 percent is AUD 29.5 million, indicating that Yara will recognize a gain in first quarter 2011 when measuring the existing 40 percent at fair value. Any gain will be recognized in the Downstream segment. Final calculation is not available when this report is authorized for issue.

### SHARE BUY-BACK

In February 2011, Yara purchased 300,000 own shares for a total consideration of NOK 89 million under the current share buy-back program described in note 19.

### PROPOSED DIVIDEND

The Board of Directors propose a dividend for 2010 of 5.50 per share. If approved by the General Meeting, the total dividend payment will be NOK 1.584 billion based on current outstanding shares.

# Yara International ASA

## *Income statement*

<i>NOK millions</i>	<b>Notes</b>	<b>2010</b>	<b>2009</b>
Revenues	6	757	692
Other income	6	667	-
Revenues and other income		1,424	692
Raw materials, energy costs and freight expenses		(31)	(31)
Change in inventories of own production		(7)	(11)
Payroll and related costs	2,3	(384)	(283)
Depreciation and amortization	4,5	(27)	(27)
Other operating expenses	6	(576)	(635)
Operating costs and expenses		(1,025)	(988)
Operating income		399	(296)
Financial income (expense), net	7	4,706	3,322
Income before tax		5,106	3,026
Income tax expense	8	(409)	(846)
Net income		4,697	2,180
<b>Appropriation of net income and equity transfers</b>			
Dividend proposed	14	1,584	1,300
Retained earnings		3,113	880
Total appropriation		4,697	2,180

# Yara International ASA

## Balance sheet

31 DECEMBER

<i>NOK millions</i>	Notes	2010	2009
<b>ASSETS</b>			
<b>Non-current assets</b>			
Deferred tax assets	8	188	140
Intangible assets	5	72	82
Property, plant and equipment	4	13	15
Shares in subsidiaries	9	5,352	5,310
Intercompany receivables	16	21,013	21,489
Shares in associated companies	10	20	18
Other non-current assets	11,13	153	125
<b>Total non-current assets</b>		<b>26,812</b>	<b>27,179</b>
<b>Current assets</b>			
Inventories	11	39	38
Trade receivable		59	27
Intercompany receivables	16	11,599	12,623
Prepaid expenses and other current assets	13	175	150
Other liquid assets	11	800	-
Cash and cash equivalents		1,486	211
<b>Total current assets</b>		<b>14,158</b>	<b>13,049</b>
<b>Total assets</b>		<b>40,970</b>	<b>40,229</b>

# Yara International ASA

## Balance sheet

31 DECEMBER

NOK millions	Notes	2010	2009
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Equity</b>			
Share capital reduced for treasury stock		490	491
Premium paid-in capital		435	435
Total paid-in capital		926	926
Retained earnings		8,044	4,920
- Treasury shares		(115)	-
Shareholders' equity	14	8,855	5,847
<b>Non-current liabilities</b>			
Employee benefits	2	388	409
Other long-term liabilities		155	84
Intercompany payables	16	-	559
Long-term interest-bearing debt	15	8,800	10,983
Total non-current liabilities		9,344	12,035
<b>Current liabilities</b>			
Bank loans and other interest-bearing short-term debt	11	1,764	1,370
Dividends payable	14	1,584	1,300
Intercompany payables	16	18,632	19,242
Current income tax	8	424	81
Other current liabilities	13	367	354
Total current liabilities		22,772	22,347
Total liabilities and shareholders' equity		40,970	40,229

The Board of Directors of Yara International ASA  
Oslo, 22 March 2011



Øivind Lund  
Chairperson



Elisabeth Harstad  
Board member



Leiv L. Nergaard  
Board member



Hilde Merete Aasheim  
Board member



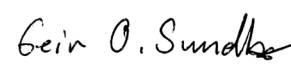
Bernt Reitan  
Board member



Kristine Haukalid  
Board member



Svein Flatebø  
Board member



Geir O. Sundbø  
Board member



Jørgen Ole Haslestad  
President and CEO

# Yara International ASA

## Cash flow statement

<i>NOK millions</i>	<b>Notes</b>	<b>2010</b>	<b>2009</b>
<b>Operating activities</b>			
Operating Income		399	(296)
<b>Adjustments to reconcile operating income to net cash provided by operating activities</b>			
Depreciation and amortization	4	27	27
Tax received/(paid)		(41)	(88)
Dividend received from subsidiary and associated companies		312	37
Group relief received		2,081	2,797
Interest and bank charges recived/(paid)		786	1,301
Other		(15)	(53)
<b>Change in working capital</b>			
Trade receivables		(31)	14
Short-term intercompany receivables/payables		2,364	9,779
Prepaid expenses and other current assets		730	1,051
Trade payable		26	(12)
Other current liabilities		(383)	(1,541)
Net cash provided by operating activities		6,254	13,016
<b>Investing activities</b>			
Acquisition of property, plant and equipment	4	(1)	(10)
Acquisition of other long-term investments		(18)	(7)
Net sales/(purchases) of short-term investments	11	(800)	
Group relief paid			(87)
Net cash from/(to) long-term intercompany loans		(678)	(7,894)
Proceeds from sales of long-term investments		22	(0)
Net cash from/(to) investing activities		(1,475)	(7,999)
<b>Financing activities</b>			
Loan proceeds		6,784	18,973
Principal payments		(8,923)	(24,472)
Purchase of treasury stock	14	(115)	(240)
Dividend paid	14	(1,300)	(1,304)
Net cash from/(to) financing activities		(3,554)	(7,043)
Foreign currency effects on cash flows		50	180
Net increase/(decrease) in cash and cash equivalents		1,276	(1,846)
Cash and cash equivalents as of beginning of period		211	2,057
Cash and cash equivalents at the end of period		1,486	211

# Notes to the accounts

## Note 1

### Accounting policies

#### GENERAL

The financial statements for Yara International ASA have been prepared in accordance with the rules of the Norwegian Accounting Act and generally accepted accounting practice in Norway (NGAAP). Financial statement preparation requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as disclosures of contingencies. Actual results may differ from estimates.

Yara International ASA was established on 10 November 2003, for the purpose of acting as the transferee company in the demerger of Hydro Agri from Norsk Hydro ASA. Until the completion of the demerger, there were no subsidiaries or operational activity in Yara International ASA.

For information about risk management see note 13 to the Yara International ASA financial statements and note 26 to the consolidated financial statements.

Yara International ASA provides financing to most of the subsidiary companies in Norway as well as abroad. See note 15. The information given in note 24 to the consolidated financial statements on payments on long-term debt also applies to Yara International ASA.

The accompanying notes are an integral part of the financial statements.

#### FOREIGN CURRENCY TRANSACTIONS

Realized and unrealized gains and losses on transactions, assets and liabilities denominated in a currency other than the functional currency of Yara International ASA that do not qualify for hedge accounting treatment, are included in net income.

#### REVENUE

##### Sale of goods

Revenue from sale products including products sold in international commodities markets is recognized when the products are delivered to the customer, assuming the risk and rewards have been transferred to the customer. Yara's rebate arrangements include fixed-rate rebates or variable rate rebates increasing with increasing volumes. For variable rate rebates, the estimated rebate is accrued at each revenue transaction, and the accrual is adjusted at the end of each "rebate period", which typically is the end of a fertilizer season.

##### Sale of services

Revenues from the sale of intercompany services are recognized when the services are delivered.

##### Dividends and group contribution

Dividends and group contribution from subsidiaries are recognized in the income statement when the subsidiary has proposed these.

#### Interest income

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

#### RECEIVABLES

Trade receivables and other receivables are recognized at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

#### COST OF SALES AND OTHER EXPENSES

In principle, cost of sales and other expenses are recognized in the same period as the revenue to which they relate. In instances where there is no clear connection between the expense and revenue, the apportionment is estimated. Other exceptions to the matching criteria are disclosed where appropriate.

#### INCOME TAXES

Deferred income tax expense is calculated using the liability method in accordance with Norsk RegnskapsStandard ("NRS") regarding Income Taxes ("Resultatskatt"). Under this standard, deferred tax assets and liabilities are measured based on the differences between the carrying values of assets and liabilities for financial reporting and their tax basis, which is considered temporary in nature. Deferred income tax expense represents the change in deferred tax asset and liability balances during the year except for deferred tax related to items charged directly to equity. Changes resulting from amendments and revisions in tax laws and tax rates are recognized when the new tax laws or rates are enacted.

#### INTANGIBLE ASSETS

Intangible assets acquired individually or as a group are recorded at fair value when acquired. Intangible assets with finite useful lives are amortized on a straight-line basis over their benefit period.

#### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at historical cost less accumulated depreciation. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Depreciation is determined using the straight-line method.

#### SUBSIDIARIES AND ASSOCIATED COMPANIES

Shares in subsidiaries and associated companies are in Yara International ASA's financial statements presented according to the cost method. Group relief received is included in dividends from subsidiaries. Yara reviews subsidiaries and associated companies for impairment if indications of loss in value are identified. Impairment indications may include operating losses, or adverse market conditions. Fair value of the investment is estimated based on valuation model techniques. If it is considered probable that the fair value is below Yara's carrying value, the investment is written down as impaired.

**INVENTORIES**

Inventories are valued at the lower of cost, using the “first-in, first-out method” (“FIFO”), and net realizable value. Cost includes direct materials, direct labor, other direct cost, and the appropriate portion of production overhead or the price to purchase inventory.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash, bank deposits and all other monetary instruments with a maturity of less than three months at the date of purchase.

**LEASED ASSETS**

Leases that provide Yara with substantially all the rights and obligations of ownership are accounted for as finance leases. Such leases are valued at the present value of minimum lease payments or fair value if this is lower, and recorded as assets under property, plant and equipment. The liability is included in long-term debt. The assets are subsequently depreciated and the related liabilities are reduced by the amount of the lease payments less the effective interest expense. Other leases are accounted for as operating leases with lease payments recognized as an expense over the lease term.

**FINANCIAL ASSETS AND LIABILITIES**

Financial assets are initially recognized in the balance sheet at fair value (cost) and subsequently at the lower of cost or fair value. Financial liabilities are initially recognized in the balance sheet at fair value (cost) and subsequently at cost.

**FORWARD CURRENCY CONTRACTS**

Forward currency contracts are initially recognized in the balance sheet at fair value and are subsequently recognized at fair value with changes in fair value recognized in the income statement.

**INTEREST RATE AND FOREIGN CURRENCY SWAPS**

Interest income and expense relating to swaps that are not designated as hedge instruments are netted and recognized as income or expense over the life of the contract. Foreign currency swaps are translated into Norwegian krone at applicable exchange rates at the balance sheet date with the resulting unrealized exchange gain or loss recorded in interest expense and foreign exchange gain/(loss).

**SHARE-BASED PAYMENTS**

The Company's cash-settled share based incentive program Share Incentive Rights (SIRs) is recognized as an expense at fair value. Fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to the payments. The fair value of the SIRs is measured based on the Black Scholes Merton option pricing model, taking into account the terms and conditions upon which the instruments were granted. The liability is remeasured at each balance sheet date and at settlement date. Any changes in fair value are recognized in the income statement.

The Company also gives employees the possibility to purchase share in Yara at a reduced price. The cost of this is recognized when the employee exercises this possibility.

**EMPLOYEE RETIREMENT PLANS**

Pension costs are calculated in accordance with the NRS no. 6A. Prior service costs are amortized on a straight-line basis over the average remaining service period of active participants. Actuarial gains and losses are recognized directly in equity.

**Note 2**

## Employee retirement plans *and other similar obligations*

Yara International ASA has incurred obligations under a funded defined benefit plan. The pension plan was closed to new entrants in 2006 and employees below the age of 55 received a paid-up policy for previously earned benefit entitlements. The defined benefit plan was replaced by a defined contribution plan from the same date, which requires Yara International ASA to make agreed contributions when employees have rendered service entitling them to the contributions. Yara International ASA has no legal or constructive obligation to pay further contributions. This new plan applies to the future pension

earnings of existing employees below the age of 55 in 2006 and all new employees.

Other long-term employee benefits include a provision for jubilee benefits.

Yara International ASA is obliged to and does fulfill the requirements of the act regarding mandatory occupational pension scheme ("Lov om obligatorisk tjenestepensjon").

### LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS RECOGNIZED IN THE STATEMENT OF FINANCIAL POSITION

NOK millions	Notes	2010	2009
Pension liabilities defined benefit plans		(367)	(384)
Termination benefits and other long-term employee benefits		(21)	(25)
Net long-term employee benefit obligations recognized in Statement of financial position		(388)	(409)

### EXPENSES FOR LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS RECOGNIZED IN THE STATEMENT OF INCOME

NOK millions	2010	2009
Defined benefit plans	(38)	(34)
Defined contribution plans	(14)	(18)
Termination benefits and other long-term employee benefits	1	(4)
Net expenses recognized in Statement of income	(51)	(55)

#### DEFINED BENEFIT PLANS

Yara International ASA is the sponsor of a funded pension plan which also covers employees of its subsidiaries Yara Norge AS and Yaraship Services AS. Plan benefits are based on years of service and final salary levels. Determination of the required annual contribution to the pension fund from each of the participating legal entities is defined by the bylaws of the pension fund, and is based on actuarial calculations. The distribution of pension costs to the participating entities is based on the same calculations. As of 31 December 2010, the number of active participants in the funded defined benefit plan was 60 and the number of retirees was 76. In addition, 339 existing and previous employees of Yara International ASA have earned paid-up policies in the pension fund (Yara Pensjonskasse).

Further pension obligations include certain unfunded pension arrangements as well as an early retirement scheme. Normal retirement age is 67 with the option for early retirement from the age of 62. Benefits earned from defined benefit plans are generally based on years of service and final salary levels.

Yara International ASA participates in a multi-employer plan (AFP - "Avtalefestet pensjon") which entitles most of its employees the right to retire from the age of 62. Participating entities are required to pay an annual

fee for each of its active employees. As the information required to account for this part of the plan as a defined benefit plan is not available from the plan administrator, it is rather accounted for as if it were a defined contribution plan. The provision for defined benefit plans includes however the calculated obligation to pay a percentage of benefits paid to its employees who choose early retirement under this plan. A further defined benefit obligation is recognized to account for a gratuity offered by Yara International ASA to its employees who retire with the AFP scheme.

Following a change in the AFP scheme in 2010 Yara International ASA has recognized a curtailment and settlement gain of NOK 5 million in 2010. The legislative changes are concluded to impose a discontinuation of the old plan and the introduction of a new plan for accounting purposes. The new plan is also a defined benefit plan, but it is accounted for as if it were a defined contribution plan due to the fact that sufficient information is not available to use defined benefit accounting. The net gain from curtailment and settlement includes an additional liability recognized to cover Yara International ASA's estimated share of the current underfunding of the old plan. The underfunding will be recovered from the participating employers through additional premiums to be paid from 2011 until 2015.

#### VALUATION OF DEFINED BENEFIT OBLIGATIONS

The defined benefit plans are valued at 31 December using updated financial and demographical assumptions and taking into account relevant economic environment factors.

Since there is no deep market for high quality corporate bonds in Norway, the discount rate used is a weighted average of the yields at the balance sheet

date of Norwegian government bonds. If the bonds have different maturities than the obligations, the discount rate is adjusted. Normal assumptions for demographical and retirement factors have been used by the actuary when calculating the obligation. Estimated future mortality is based on published statistics and mortality tables. The actuary has used the K2005 mortality table.

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

	2010	2009
Discount rate	3.6	4.4
Expected rate of salary increases	4.0	4.0
Future rate of pension increases	1.6	2.1

Actuarial valuations provided the following results

NOK millions	2010	2009
Present value of unfunded obligations	(551)	(522)
Present value of wholly or partly funded obligations	(569)	(527)
Total present value of obligations	(1,119)	(1,049)
Fair value of plan assets	797	713
Social security on defined benefit obligations	(45)	(47)
Total recognized liability for defined benefit plans	(367)	(384)

**PENSION COST RECOGNIZED IN STATEMENT OF INCOME**

The assumptions used to value the defined benefit obligations as of 31 December are used in the following year to determine the net pension cost.

The expected long-term rate of return on plan assets is based on forecasts of expected return for individual asset classes and the determined long-term portfolio structure. Forecasts are based on long-term historical average returns, taking into account current yield level and expected inflation.

The following financial assumptions have been applied for the valuation of pension cost items (in percent)

	2010	2009
Discount rate	4.4	3.9
Expected rate of return on plan assets	6.3	6.1
Expected rate of salary increases	4.0	3.6
Future rate of pension increases	2.1	1.9

The following items have been recognized in the Statement of income

NOK millions	2010	2009
Current service cost	(37)	(33)
Settlements <sup>1)</sup>	5	-
Social security cost	(5)	5
Payroll and related costs	(37)	(28)
Interest on obligation	(46)	(42)
Expected return on plan assets	45	37
Interest expense and other financial items	(1)	(5)
Total expense recognized in income statement	(38)	(34)

1) Gain on settlement of early retirement plan (AFP)

**SENSITIVITY OF ASSUMPTIONS**

Measurement of defined benefit obligations and pension costs requires the use of a number of assumptions and estimates. Below table indicates the sensitivity of the most material financial assumptions applied to the defined

benefit obligation (DBO) and pension cost items, by showing the result from an increase or decrease in any one of the assumptions applied (all other assumptions held constant).

NOK millions	DBO at 31 Dec 2010	Service Cost 2010	Interest cost 2010
Actual valuation	(1,119)	(37)	(46)
Discount rate +0.5%	(1,050)	(36)	(51)
Discount rate -0.5%	(1,197)	(39)	(41)
Expected rate of salary increase +0.5%	(1,166)	(38)	(46)
Expected rate of salary increase -0.5%	(1,077)	(36)	(46)
Expected rate of pension increase +0.5%	(1,169)	(38)	(46)
Expected rate of pension increase -0.5%	(1,073)	(37)	(46)

### Development of defined benefit obligations

NOK millions	2010	2009
Defined benefit obligation as of 1 January	(1,049)	(1,078)
Current service cost	(37)	(33)
Interest cost on obligation	(46)	(42)
Actuarial gains / (losses) on obligation	(26)	80
Settlements <sup>1)</sup>	5	-
Benefits paid	34	24
Defined benefit obligation as of 31 December	(1,119)	(1,049)

1) Gain on settlement of early retirement plan (AFP)

### Development of plan assets

NOK millions	2010	2009
Fair value of plan assets as of 1 January	713	597
Expected return on plan assets	45	37
Actuarial gains / (losses) on plan assets	28	42
Employer contributions	21	44
Benefits paid	(9)	(7)
Fair value of plan assets as of 31 December	797	713

The actual return on plan assets in 2010 was a positive NOK 73 million (2009: positive NOK 79 million).

### Plan assets are comprised as follows:

NOK millions	2010	2010	2009	2009
Equity instruments	348	44%	269	38%
Debt instruments	440	55%	440	62%
Bank deposits	10	1%	4	1%
Total plan assets	797	100%	713	100%

Yara Pensjonskasse (the pension fund) does not hold any financial instruments issued by Yara Group companies.

Contributions expected to be paid to the defined benefit plans for 2011 are NOK 40 million.

### Movement in actuarial (gains) / losses recognized directly in retained earnings

NOK millions	2010	2009
Cumulative amount recognized directly in retained earnings pre tax at 1 January	68	208
Actuarial (gain) / loss recognized during the period	(2)	(140)
Cumulative amount recognized directly in retained earnings pre tax at 31 December	66	68
Deferred tax related to actuarial (gains) / losses recognized directly in retained earnings	(19)	(19)
Cumulative amount recognized directly in retained earnings after tax at 31 December	48	49

## Historical information

NOK millions	2010	2009	2008	2007	2006
Present value of the defined benefit obligation	(1,119)	(1,049)	(1,078)	(920)	(850)
Fair value of plan assets	797	713	597	497	443
Deficit in the plan <sup>1)</sup>	(322)	(336)	(481)	(423)	(407)
Experience adjustments arising on plan liabilities	27	39	(37)	30	(4)
Experience adjustments arising on plan assets	28	42	(116)	13	3

1) Social security cost is not included.

## Note 3

# Remunerations *and other*

Remuneration and direct ownership of shares of the chairperson and of the Board of Directors are disclosed in note 32 to the consolidated financial statement.

Remuneration to the President and Yara management, as well as number of shares owned, SIRs and long-term incentive plan, are disclosed in notes 6 and 32 to the consolidated financial statements.

Partners and employees of Yara's independent auditors, Deloitte AS, own no shares in Yara International ASA, or in any of its subsidiaries. Yara Interna-

tional ASA's fee to Deloitte AS (Norway) for ordinary audit was NOK 3,974 thousand (2009: 4,665 thousand), fee for assurance services NOK 562 thousand (2009: 682 thousand), fee for tax services NOK 46 thousand and fee for non-audit services NOK 0 (2009: 21 thousand). Audit remuneration for the Group is disclosed in note 33 to the consolidated financial statement.

At 31 December 2010 the number of employees in Yara International ASA was 246 (2009: 231).

NOK millions	2010	2009
<b>Payroll and related costs</b>		
Salaries	(343)	(261)
Social security costs	(46)	(47)
Social benefits	0	5
Net periodic pension costs	(51)	(55)
Internal invoicing of payroll related costs	55	74
Sum	(384)	(283)

External commercial banks provide the Norwegian employees with a range of banking services, including unsecured personal loans at favorable rates of interest. Yara does not compensate the banks for these services. In connection with the replacement of transferred employee loans related to the demerger from Hydro, Yara provides a guarantee for all such loans as well as of new unsecured loans by the banks to the Norwegian employees. For most employees the amount guaranteed will not exceed NOK 100,000. At 31 December 2010, the aggregate balance of all the outstanding loans for which Yara are providing a guarantee is approximately NOK 4 million, and the number of loans is 54.

Yara continued to give employees in Norway an opportunity to take part in a share purchase program in 2010. All permanent employees in Norway have been offered shares with a discount and given an interest-free loan with a 12-month repayment profile. In order to handle this arrangement in an efficient way, Yara has established a foundation for employees' shares in Yara. The foundation owned 667 shares in Yara at the beginning of 2010 and has purchased additional 15,500 shares during the year. In total 16,152 shares have been sold during 2010 to 673 persons, and each person was allotted 24 shares. At 31 December 2010 the foundation owns 15 shares in Yara.

**Note 4****Property, plant and equipment**

<i>NOK millions, except percentages and years</i>	<b>Machinery and Equipment</b>	<b>Buildings</b>	<b>Plant under construct.</b>	<b>Total</b>
<b>Cost</b>				
Balance at 1 January 2010	39	8	-	47
Addition at cost	-	-	1	1
Disposal	-	(1)	-	(1)
Balance at 31 December 2010	39	7	1	47
<b>Depreciation</b>				
Balance at 1 January 2010	(30)	(2)	-	(32)
Depreciation	(2)	(1)	-	(3)
Balance at 31 December 2010	(32)	(3)	-	(35)
<b>Carrying value</b>				
Balance at 1 January 2010	9	6	-	15
Balance at 31 December 2010	7	4	1	13
<b>Cost</b>				
Balance at 1 January 2009	34	1	3	38
Addition at cost	4	7	-	11
Transfer	1	-	(3)	(2)
Balance at 31 December 2009	39	8	-	47
<b>Depreciation</b>				
Balance at 1 January 2009	(28)	(1)	-	(30)
Depreciation	(2)	(1)	-	(3)
Balance at 31 December 2009	(30)	(2)	-	(32)
<b>Carrying value</b>				
Balance at 1 January 2009	6	-	3	9
Balance at 31 December 2009	9	6	-	15
Useful life in years	4 - 20	20 - 50		
Depreciation rate	5 - 25%	2 - 5%		

Total assets pledged as security was NOK 0.6 million at 31 December 2010 and NOK 0.8 million at 31 December 2009.

## Note 5

Intangible *assets*

<i>NOK millions, except percentages and years</i>	<b>Intangible assets</b>
<b>Cost</b>	
Balance at 1 January 2010	159
Addition at cost	14
Balance at 31 December 2010	172
<b>Amortization</b>	
Balance at 1 January 2010	(76)
Amortization	(24)
Balance at 31 December 2010	(100)
<b>Carrying value</b>	
Balance at 1 January 2010	82
Balance at 31 December 2010	72
<b>Cost</b>	
Balance at 1 January 2009	150
Addition at cost	6
Disposal	3
Balance at 31 December 2009	159
<b>Amortization</b>	
Balance at 1 January 2009	(52)
Amortization	(24)
Balance at 31 December 2009	(76)
<b>Carrying value</b>	
Balance at 1 January 2009	98
Balance at 31 December 2009	82
Useful life in years	3 - 5
Depreciation rate	20 - 35%

Intangible assets are amortized on a straight line basis over their benefit period.

The intangible assets basically consist of computer software systems.

**Note 6****Specification of items in the income statement****REVENUE**

Information about sales to geographical areas

NOK millions	2010			2009		
	External	Internal	Total	External	Internal	Total
Norway	9	23	32	8	19	27
European Union	23	622	644	29	598	628
Europe, outside European Union	3	1	4	-	1	1
Asia	7	-	7	7	-	7
North America	41	-	41	6	-	6
South America	29	-	29	24	(2)	23
Africa	-	-	-	-	1	1
Total	111	646	757	75	617	692

**OTHER INCOME**

Yara International ASA signed a cash merger agreement with Terra Industries Inc. (Terra) in February 2010. Terra terminated this agreement in March 2010 after receiving a superior bid from CF Industries Inc. In accordance with the cash merger agreement, Yara International ASA received a break fee of NOK 717 million. Directly related transaction costs amounted to NOK 51 million. The net break fee of NOK 666 million after transaction costs is recognized as part of other income in the income statement and as part of operating activities in the cash flow statement.

**OTHER OPERATING EXPENSE**

NOK millions	2010	2009
Selling and administrative expense	(480)	(538)
Rental and leasing <sup>1)</sup>	(34)	(33)
Travel expense	(38)	(41)
Other	(24)	(23)
Total	(576)	(635)
Research and development expense <sup>2) 3)</sup>	(45)	(45)

1) Expenses mainly relate to property and lease contracts for company cars.

2) Over the last few years, Yara has focused on orienting research and development resources towards commercial activities, both with respect to process and product improvements and agronomical activities. It is impracticable to give a fair estimate of possible future financial returns of these activities.

3) Included in other operating expense.

**Note 7****Financial income and expense**

NOK millions	2010	2009
Dividends and group relief from subsidiaries	3,799	21
Sale of subsidiaries	(73)	-
Write-down shares subsidiaries	(67)	-
Loss on receivables from subsidiaries	(143)	-
Dividend from associated companies	13	16
Interest from group companies	1,566	2,323
Other interest income	36	42
Interest paid to group companies	(77)	(192)
Other interest expense	(552)	(355)
Interest expense defined pension liabilities	(47)	(45)
Return on pension plan assets	45	37
Net foreign exchange gain/(loss)	325	1,733
Other financial income/(expense)	(119)	(258)
Financial income/(expense), net	4,706	3,322

## Note 8

## Income taxes

## SPECIFICATION OF INCOME TAX EXPENSE

<i>NOK millions</i>	2010	2009
Current tax expense	(462)	(637)
Deferred tax income/(expense)	52	(209)
Income tax expense	(409)	(846)

## RECONCILIATION OF NORWEGIAN NOMINAL STATUTORY TAX RATE TO EFFECTIVE TAX RATE

<i>NOK millions</i>	2010	2009
Income before taxes	5,106	3,026
Expected income taxes at statutory tax rate, 28%	(1,430)	(847)
Non-deductible expenses	(1)	(1)
Dividend exclusion	83	6
Loss and write-down of shares, not tax deductible	(39)	-
Tax exempted group contribution from subsidiaries	980	-
Other, net	(3)	(4)
Income tax expense	(409)	(846)

## RECONCILIATION OF CURRENT TAX LIABILITY

<i>NOK millions</i>	Current tax	
	2010	2009
Balance at 1 January	(81)	(104)
Payments	39	83
Current year <sup>1)</sup>	(367)	(61)
Adjustment in relation to the current tax of prior years	(15)	2
Balance at 31 December	(424)	(81)

1) Current year tax liability is deducted with NOK 95 million related to group relief.

## SPECIFICATION OF DEFERRED TAX ASSETS/(LIABILITIES)

NOK millions	Deferred tax	
	2010	2009
<b>Non-current items</b>		
Accrued expenses	46	(56)
Pension liabilities	156	161
Total	201	106
<b>Current items</b>		
Other accrued expenses	(51)	26
Receivables	35	6
Inventory	2	2
Total	(13)	35
Net deferred tax asset/(liability)	188	140
<b>Change in deferred tax</b>		
Balance at 1 January	140	391
Charge (credit) to equity for the year	(4)	(42)
Charge (credit) to profit or loss for the year	52	(209)
Balance at 31 December	188	140

## Note 9

## Shares in subsidiaries

Company name	Ownership <sup>1)</sup>	Ownership by other group companies	Registered office	Local currency	Total equity in the company 2010 local currency thousands	Net income in 2010 local currency thousands	Carrying value 2010 NOK thousands
<b>Subsidiaries owned by Yara International ASA</b>							
Yara China Ltd.	100%	-	China	HKD	(66,566)	(18,969)	-
Yara Guatemala S.A.	100%	-	Guatemala	GTQ	23,210	29,887	24,258
Yara Colombia Ltda.	100%	-	Colombia	COP	47,592,024	9,644,107	16,749
Hydro Agri Russland AS	100%	-	Norway	NOK	39,929	266	21,200
Yaraship Services AS	100%	-	Norway	NOK	18,429	809	1,039
Yara Hellas S.A.	100%	-	Greece	EUR	10,606	2,458	20,942
Yara Norge AS	100%	-	Norway	NOK	2,230,246	189,144	1,303,377
Fertilizer Holdings AS	100%	-	Norway	NOK	2,691,213	2,842,291	2,315,200
Yara Lietuva UAB	100%	-	Lithuania	LTL	29,279	(127)	66,058
Yara Rus Ltd.	100%	-	Russia	RUB	(42,131)	1,100	-
Yara North America Inc.	100%	-	USA	USD	132,934	26,310	467,948
Yara Asia Pte. Ltd.	100%	-	Singapore	USD	371,259	95,757	1,114,364
Yara International Employment Co. AG	100%	-	Switzerland	EUR	937	185	1,076
Yara México Profesionales / Operativos S. de R.L. de C.V.	10%	90%	Mexico	MXN	(11,435)	(1,015)	6
<b>Total</b>							<b>5,352,217</b>

1) Percentage of shares owned equals percentage of voting shares owned. A number of the above mentioned companies also own shares in other companies as specified in their annual reports.

Proposed group relief of NOK 330 million from Yara International ASA to Fertilizer Holdings AS has been recognized as increased investment in the subsidiary.

**Note 10****Shares in associated companies**

<i>NOK millions, except ownership</i>	<b>Ownership <sup>1)</sup></b>	<b>Country</b>	<b>Total equity in the company in 2010</b>	<b>Net income in 2010</b>	<b>Carrying value in 2010</b>	<b>Carrying value in 2009</b>
<b>Name</b>						
Abonos del Pacifico, S.1A.	34%	Costa Rica	211	17	18	18
ZAO Nordic Rus Holding	49%	Russia	4	-	2	-
Talconor AS	50%	Norway	1	-	-	-
<b>Total</b>			<b>216</b>	<b>17</b>	<b>20</b>	<b>18</b>

1) Equals voting rights.

**Note 11****Specification of items in the balance sheet**

<i>NOK millions</i>	<b>2010</b>	<b>2009</b>
<b>Other non-current assets</b>		
Long-term loans, mortgage bonds and non-marketable shares 0-20%	23	49
Interest rate swap designated as hedging instrument	130	76
<b>Total</b>	<b>153</b>	<b>125</b>
<b>Inventories</b>		
Raw materials	12	5
Finished goods	27	34
<b>Total</b>	<b>39</b>	<b>38</b>
<b>Other liquid assets</b>		
Bank deposits with maturity between three months and one year	800	-
<b>Total</b>	<b>800</b>	<b>-</b>
<b>Bank loans and other short-term interest-bearing debt</b>		
Bank overdraft, external bank loans and commercial paper	(1,764)	(1,370)
<b>Total</b>	<b>(1,764)</b>	<b>(1,370)</b>

**Note 12****Guarantees**

<i>NOK millions</i>	<b>2010</b>	<b>2009</b>
<b>Guarantees (off-balance sheet)</b>		
Guarantees in the name of equity accounted investees	218	277
Non-financial guarantees	4,239	3,730
<b>Total</b>	<b>4,457</b>	<b>4,007</b>

Yara International ASA provides guarantees arising in the ordinary course of business, including performance bonds and various payment or financial guarantees. See note 29 to the consolidated financial statements for further information about guarantees.

## Note 13

## Risk management *and* hedge accounting

Risk management in Yara and the use of derivative instruments are described in note 27 to the consolidated financial statement. Yara International ASA has the following derivative instruments outstanding at 31 December.

NOK millions	2010	2009
<b>Fair value of derivatives</b>		
Forward foreign exchange contracts (external)	56	31
Forward foreign exchange contracts (Yara Group internal)	153	(100)
Interest rate swaps (external)	64	28
Interest rate swaps designated for hedging (external)	66	48
Balance at 31 December	338	7
<b>Derivatives presented in the balance sheet</b>		
Non-current assets	130	76
Current assets	229	50
Current liabilities	(21)	(119)
Balance at 31 December	338	7

### FORWARD FOREIGN EXCHANGE CONTRACTS

Yara International ASA is committed to outstanding forward foreign exchange contracts as follows

NOK millions	2010	2009
Forward foreign exchange contracts (external), notional amount	5,542	4,346
Forward foreign exchange contracts (Yara Group internal), notional amount	12,975	14,986

All outstanding foreign exchange contracts at 31 December 2010 have maturity in 2011. Buy positions are mainly in Norwegian kroner and US dollars. Sell positions are in various operating currencies, mainly euros and Canadian dollars.

### HEDGE ACCOUNTING

#### Fair value hedge

The interest rate swap designated as a hedge instrument outstanding at 31 December 2010 is a fixed to floating interest rate swap for USD 100 million. The hedged risk is the change in fair value due to changes in risk-free interest rates (LIBOR) of a USD 100 million portion of the US dollar bond debt from 2004. The swap has identical interest basis, interest payment dates and maturity (2014) to the hedged debt and is assessed to be highly effective. The change in fair value of the derivative is recognized in statement of income, and is offset by an opposite change in fair value of the corresponding portion of the bond debt. At 31 December 2010 the loss on the fair value hedge included in the carrying amount of the fixed rate debt was NOK 66 million (2009: loss NOK 48 million). There is not recognized any ineffectiveness in 2009 or 2010.

#### Cash flow hedge

In 2004, Yara used interest rate swaps to hedge the future cash flows of a USD 300 million portion of the December 2004 bond issue. The loss on these contracts was recognized directly against equity and will be reclassified into interest expense and income tax over the duration of the bond (due in 2014). The reclassification into interest expense for 2010 was NOK 11 million (2009: NOK 10 million) and the related deferred tax benefit was NOK 3 million (2009: NOK 3 million).

In 2007, Yara used interest rate derivatives to hedge the future cash flows of a USD 300 million portion of the June 2009 bond issue. The loss on these contracts was recognized directly against equity and will be reclassified into interest expense and income tax over the duration of the bond (due in 2019). The reclassification into interest expense for 2010 was NOK 2.8 million (2009: NOK 1.5 million) and the related deferred tax benefit was NOK 0.8 million (2009: NOK 0.4 million).

**Note 14****Number of shares outstanding, *shareholders, equity reconciliation etc.***

Yara International ASA was established 10 November 2003. The company was established with a share capital of 108,610,470 consisting of 63,888,512 shares at NOK 1.70 per share. At 31 December 2010, the company has a share capital of 491,014,261 consisting of 288,831,918 ordinary shares at NOK 1.70 per share. For further information on these issues see note 19 to the consolidated financial statement.

The 20 largest shareholders as of 31 December 2010 are according to information in the Norwegian securities' registry system (Verdipapirsentralen):

Name	Number of shares	Holding (%)
Norwegian Ministry of Trade and Industry	104,590,276	36.2%
Folketrygdfondet	18,483,741	6.4%
Clearstream banking S.A. (nominee)	7,755,883	2.7%
State Street Bank & Trust Co. (nominee)	6,212,279	2.2%
State Street Bank and Trust Co. (nominee)	5,487,362	1.9%
Brown Brothers Harriman & Co	5,000,000	1.7%
Bank of New York Mellon (nominee)	4,179,570	1.4%
State Street Bank and Trust Co. (nominee)	3,256,004	1.1%
JPMorgan Chase Bank (nominee)	3,222,794	1.1%
J.P.Morgan Chase Bank (nominee)	3,154,040	1.1%
Vital Forsikring ASA	2,955,738	1.0%
State Street Bank and Trust Co (nominee)	2,541,474	0.9%
Bank of New York Mellon SA/NV (nominee)	2,456,582	0.9%
DWPBank AG (nominee)	2,014,164	0.7%
Bank of New York Mellon (nominee)	1,851,967	0.6%
Pareto aksje Norge	1,688,400	0.6%
Statoil pensjon	1,565,294	0.5%
DnB NOR Bank ASA	1,545,787	0.5%
The Northern Trust Co. (nominee)	1,542,002	0.5%
DnB NOR Norge (IV)	1,530,987	0.5%

**SHAREHOLDERS EQUITY**

NOK millions	Paid-in capital	Retained earnings	Total shareholders equity
Balance 31 December 2008	1,585	3,513	5,098
Net income of the year	-	2,180	2,180
Dividend proposed	-	(1,300)	(1,300)
Cash flow hedges	-	8	8
Actuarial gain/(loss) <sup>1)</sup>	-	100	100
Allocated to fund	(419)	419	-
Repayment to shareholders	(240)	-	(240)
Balance 31 December 2009	926	4,920	5,847
Net income of the year	-	4,697	4,697
Dividend proposed	-	(1,584)	(1,584)
Cash flow hedges	-	10	10
Actuarial gain/(loss) <sup>1)</sup>	-	1	1
Treasury shares	(1)	(114)	(115)
Balance 31 December 2010	926	7,929	8,855

1) Yara International ASA has decided to use the option in NRS 6A to adopt IAS19. For further information, see the accounting principles note 1.

## Note 15

## Long-term debt

## LONG-TERM DEBT PAYABLE IN VARIOUS CURRENCIES

NOK millions, except percentages and denominated amounts	Weighted average interest rates	Denominated amounts 2010	Balance in NOK 2010	Balance in NOK 2009
Unsecured debenture bonds in NOK (Coupon NIBOR + 2.50%) <sup>1)</sup>	5.2%	300	300	299
Unsecured debenture bonds in NOK (Coupon NIBOR + 3.75%) <sup>1)</sup>	6.4%	299	299	299
Unsecured debenture bonds in NOK (Coupon 7.40%) <sup>2)</sup>	7.5%	324	324	324
Unsecured debenture bonds in NOK (Coupon 8.80%) <sup>3)</sup>	8.9%	998	998	997
Unsecured debenture bonds in USD (Coupon 5.25%) <sup>4)</sup>	5.9%	497	2,969	2,902
Unsecured debenture bonds in USD (Coupon 7.88%) <sup>4)</sup>	8.3%	493	2,879	2,839
Unsecured bank loans in USD <sup>1)</sup>	1.1%	177	1,031	3,034
Mortgage loans			-	-
Other long-term debt			-	288
Outstanding long-term debt			8,800	10,983
Less: Current portion			-	-
Total			8,800	10,983

1) Repricing within a year.

2) Fixed interest rate until 2014.

3) Fixed interest rate until 2016.

4) Fixed interest rate until 2019.

At 31 December 2010, the fair value of the long-term debt, including the current portion, was NOK 9,830 million and the carrying value was NOK 8,800 million. See note 24 to the consolidated financial statements for further information about long-term debt.

## PAYMENTS ON LONG-TERM DEBT FALL DUE AS FOLLOWS:

NOK millions	Debentures	Bank loans	Other long-term debt	Total
2011	-	-	-	-
2012	300	86	-	386
2013	-	86	-	86
2014	3,593	86	-	3,679
2015	-	73	-	73
Thereafter	3,877	700	-	4,577
Total	7,769	1,031	-	8,800

**Note 16****Intercompany receivables and payables**

<i>NOK millions</i>	<b>2010</b>	<b>2009</b>
<b>Non-current assets</b>		
Yara Nederland B.V.	10,318	11,720
Fertilizer Holdings AS	5,838	6,000
Yara Holding Netherlands	2,919	2,878
Yara UK Limited	1,298	409
Other	640	482
Intercompany receivables	<b>21,013</b>	<b>21,489</b>
<b>Current assets</b>		
Yara Suomi Oy	2,000	275
Yara Italia S.p.A.	1,314	1,083
Yara Norge AS	1,311	1,699
Fertilizer Holdings AS	923	7,485
Yara UK Limited	814	471
Yara France	352	463
Yara Holdings Spain S.A.	284	40
Yara Switzerland Ltd	232	-
Yara Phosphates Oy	183	99
Chapa Meli Tanzania Limited	145	1
Yara North America Inc.	101	55
Other	3,940	951
Intercompany receivables	<b>11,599</b>	<b>12,623</b>
<b>Non-current liabilities</b>		
Agri Sluiskil Ammonia	-	(559)
Intercompany payable	-	(559)
<b>Current liabilities</b>		
Yara Suomi Oy	(3,885)	(319)
Yara Norge AS	(1,863)	(1,510)
Yara AS	(1,751)	(1,310)
Yara GmbH & Co. KG	(1,626)	(2,073)
Yara Caribbean Ltd	(1,365)	(1,162)
Yara Nederland B.V.	(1,287)	(4,299)
Yara Belle Plaine Inc.	(1,220)	(171)
Yara France	(1,107)	(1,015)
Yara Trinidad Ltd.	(643)	(604)
Yara s.a.	(558)	(2,011)
Fertilizer Holding AS	-	(1,086)
Other	(3,327)	(3,681)
Intercompany payable	<b>(18,632)</b>	<b>(19,242)</b>

Note 17

## Post balance sheet *events*

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In February 2011, Yara purchased 300,000 own shares for a total consideration of NOK 89 million under the current share buy-back program described in note 19 to the consolidated financial statement.

# Directors responsibility statement

2010

**WE CONFIRM TO THE BEST OF OUR KNOWLEDGE THAT:**

- the consolidated financial statements for 2010 have been prepared in accordance with IFRS as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that
- the financial statements for the parent company for 2010 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that
- the information presented in the financial statements gives a true and fair view of the Company's and Group's assets, liabilities, financial position and result for the period viewed in their entirety, and that
- the Board of Directors' report gives a true and fair view of the development, performance and financial position of the Company and Group, and includes a description of the principle risks and uncertainties.

*The Board of Directors of Yara International ASA  
Oslo, 22 March 2011*



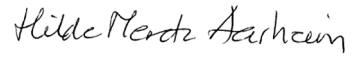
Øivind Lund  
Chairperson



Elisabeth Harstad  
Board member



Leiv L. Nergaard  
Board member



Hilde Merete Aarheim  
Board member



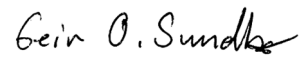
Bernt Reitan  
Board member



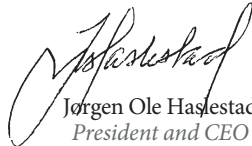
Kristine Haukalid  
Board member



Svein Flatebø  
Board member



Geir O. Sundbo  
Board member



Jørgen Ole Haslestad  
President and CEO



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To the Annual Shareholders' Meeting of Yara International ASA

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of Yara International ASA, which comprise the financial statements for the parent company and the financial statements for the group. The financial statements for the parent company comprise the balance sheets as at 31 December 2010, the income statement and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements for the group comprise the statement of financial position as at 31 December 2010, the statement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

#### *The Board of Directors and the President and CEO's Responsibility for the Financial Statements*

The Board of Directors and the President and CEO is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway for the company accounts and in accordance with International Financial Reporting Standards as adopted by EU for the group accounts, and for such internal control as the Board of Directors and the President and CEO determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion on the financial statements for the parent company*

In our opinion, the financial statements of the parent company give a true and fair view of the financial position of Yara International ASA as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway.

*Opinion on the financial statements for the group*

In our opinion, the financial statements of the group give a true and fair view of the financial position of the group Yara International ASA as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

**Report on Other Legal and Regulatory Requirements**

*Opinion on the Board of Directors' report and the allocation of the profit*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements and the going concern assumption, and the proposal in the financial statements for the allocation of the profit complies with the law and regulations and that the information is consistent with the financial statements.

*Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo 22 March 2011  
Deloitte AS

A handwritten signature in black ink, appearing to read "Ingebret G. Hisdal".

Ingebret G. Hisdal  
State Authorised Public Accountant (Norway)

# Reconciliation of *non-GAAP* measures

2010

## RECONCILIATION OF OPERATING INCOME TO GROSS CASH FLOW

<i>NOK millions</i>	2010	2009
Operating income	7,467	1,271
Share of net income in equity accounted investees	1,515	1,412
Interest income	242	252
Net gain on securities	3,578	118
Dividends from 0-20% companies	2	6
Earnings before interest expense and tax (EBIT)	12,804	3,058
Depreciation, amortization and impairment loss	2,440	2,425
Amortization of excess value in equity accounted investees	71	65
Earnings before interest, tax and depreciation/amortization (EBITDA)	15,315	5,549
Income tax less tax on net foreign exchange gain/(loss)	(2,600)	753
Gross Cash Flow	12,716	6,302

## RECONCILIATION OF NET INCOME AFTER NON-CONTROLLING INTERESTS TO GROSS CASH FLOW

<i>NOK millions</i>	2010	2009
Net income attributable to shareholders of the parent	8,729	3,782
Non-controlling interests	64	32
Interest expense and foreign exchange gain/(loss)	1,625	(419)
Depreciation, amortization and impairment loss	2,440	2,425
Amortization of excess value in equity accounted investees	71	65
Tax effect on foreign exchange gain/(loss)	(213)	417
Gross Cash Flow	12,716	6,302

## RECONCILIATION OF TOTAL ASSETS TO GROSS INVESTMENTS

12 months average

<i>NOK millions, except percentages</i>	2010	2009
Total assets	64,839	67,531
Cash and cash equivalents	(2,615)	(2,144)
Other liquid assets	(356)	(3)
Deferred tax assets	(1,816)	(2,847)
Fair value adjustment recognized in equity	(729)	(1,922)
Other current liabilities	(9,699)	(9,406)
Accumulated depreciation and amortization	23,650	23,150
Gross investment 12 months average	73,274	74,358
Cash Return on Gross Investment, CROGI	17.4%	8.5%

## RECONCILIATION OF EBIT TO EBIT AFTER TAX

<i>NOK millions</i>	2010	2009
Earnings before interest expense and tax (EBIT)	12,804	3,058
Income tax less tax on net foreign exchange gain/(loss)	(2,600)	753
EBIT after tax (EBITAT)	10,204	3,812

**RECONCILIATION OF TOTAL ASSETS TO CAPITAL EMPLOYED**

12 months average

<i>NOK millions, except percentages</i>	<b>2010</b>	<b>2009</b>
Total assets	64,839	67,531
Cash and cash equivalents	(2,615)	(2,144)
Other liquid assets	(356)	(3)
Deferred tax assets	(1,816)	(2,847)
Fair value adjustment recognized in equity	(729)	(1,922)
Other current liabilities	(9,699)	(9,406)
Capital employed 12 months average	49,624	51,208
Return on capital employed, ROCE	20.6%	7.4%

**RECONCILIATION OF EBITDA TO INCOME BEFORE TAX AND NON-CONTROLLING INTERESTS**

<i>NOK millions</i>	<b>2010</b>	<b>2009</b>
EBITDA Downstream	7,796	963
EBITDA Industrial	1,135	1,248
EBITDA Upstream	5,975	4,013
EBITDA Other and eliminations	410	(676)
EBITDA Yara	15,315	5,549
Depreciation, amortization and impairment loss	(2,440)	(2,425)
Amortization of excess value in equity accounted investees	(71)	(65)
Interest expense	(1,207)	(1,269)
Capitalized interest	54	37
Net foreign exchange gain/(loss)	(676)	1,364
Other financial income/expense, net	205	287
Income before tax and non-controlling interest	11,179	3,477

**RECONCILIATION OF OPERATING INCOME TO EBITDA**

<i>NOK millions</i>	<b>2010</b>	<b>2009</b>
Operating Income	7,467	1,271
Equity accounted investees	1,515	1,412
Interest income	242	252
Selected financial items	3,580	124
EBIT	12,804	3,058
Depreciation and amortization <sup>1)</sup>	2,512	2,490
EBITDA	15,315	5,549

1) Including amortization of excess value in non-consolidated investees.