

Second quarter 2011

Yara International ASA – quarterly and half year report

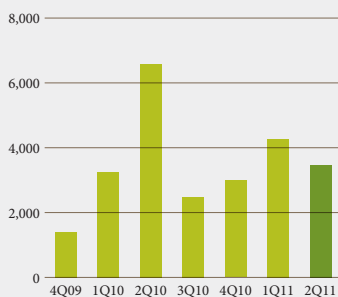
- Strong results driven by improved margins
- Lower production due to plant turnarounds and Lifeco stop
- Volumes up four percent but drought impacted sales in Europe
- New European fertilizer season progressing well

Yara reports strong second-quarter results as margins improved strongly for all main product groups. The 2010/2011 fertilizer season has been a success due to Yara's commercial model, with a highly competitive return on capital.

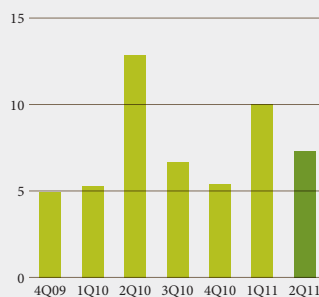
EARNINGS PER SHARE

NOK
7.73

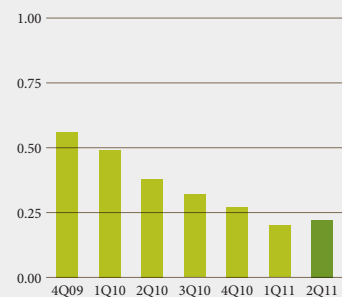
EBITDA (NOK millions)



Earnings per share (NOK)



Debt/equity ratio



Second quarter 2011

FINANCIAL HIGHLIGHTS

<i>NOK millions, except where indicated otherwise</i>	2Q 2011	2Q 2010	1H 2011	1H 2010
Revenue and other income	18,634	15,679	38,440	31,316
Operating income	2,219	1,888	5,214	4,203
Share net income equity-accounted investees	526	370	1,101	696
EBITDA	3,455	6,587	7,736	9,838
EBITDA excl. special items	3,532	2,719	7,790	5,067
Net income after non-controlling interests	2,225	3,716	5,114	5,238
Earnings per share ¹⁾	7.73	12.86	17.75	18.14
Earnings per share excl. currency and special items ¹⁾	7.82	5.22	16.96	9.44
Average number of shares outstanding (millions)	287.8	288.8	288.0	288.8
CROGI (12-month rolling average) ²⁾			15.3 %	15.7 %
ROCE (12-month rolling average)			17.6 %	18.0 %

1) NOK per share. Yara currently has no share-based compensation programs that result in a dilutive effect on earnings per share.
2) Second-quarter 2011 CROGI excl. special items annualized 16.5 percent.

KEY STATISTICS

<i>Thousand tons</i>	2Q 2011	2Q 2010	1H 2011	1H 2010
Sales				
Fertilizer	4,967	4,759	10,443	9,888
Industrial products (excl. industrial gases)	1,176	1,046	2,242	2,043
Total	6,143	5,805	12,685	11,931
Production ¹⁾				
Ammonia	1,590	1,801	3,339	3,621
Finished fertilizer and industrial products, excl. bulk blends	4,122	4,081	8,562	8,509
Total	5,712	5,882	11,901	12,130

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

Yara's second-quarter net income after non-controlling interests was NOK 2,225 million, compared with NOK 3,716 million last year. Excluding net foreign exchange gain/loss and special items, the result was NOK 2,250 million, compared with NOK 1,509 million in second quarter 2010. The corresponding earnings per share were NOK 7.82 compared with NOK 5.22 last year.

"Yara reports strong second-quarter results as margins improved strongly for all main product groups. The 2010/2011 fertilizer season has been a success due to Yara's commercial model, with a highly competitive return on capital," said Jørgen Ole Haslestad, President and Chief Executive Officer of Yara.

"As expected, drought in Europe held back deliveries in April and May. However, short term weather-related setbacks increase the need for fertilizer going forward. The global grain supply-demand balance is expected to tighten further, and there is a need to continue increasing agricultural productivity," said Jørgen Ole Haslestad.

FERTILIZER MARKET CONDITIONS

Tight agricultural markets continue to support global fertilizer demand. The FAO food price index has been stable so far this year, and the June price index exceeded June last year by 39 percent. The US Department of Agriculture (USDA) estimate for global grain stocks at end June 2012 currently stands at 68 days consumption, down from 73 days consumption at end June 2011, implying a further grain stock decline during the 2011/12 agricultural year. While grain prices declined late in the quarter, export prices of wheat and corn were still, in early July, more than 50 percent higher than a year ago.

Urea prices increased sharply during the quarter, from around USD 315 per ton fob Black Sea at the start of the quarter to above USD 500 per ton during the second half of June. While first-quarter pricing was negatively affected by massive buying of Chinese urea during second half of 2010, second-quarter pricing was positively affected by continued strong demand, combined with a lack of Chinese exports. The export tax on Chinese urea was lowered from 1 July, and forward selling could have impacted the market negatively already in the second quarter, but this did not happen. Outside China, there were no market-related curtailments and no new plants adding to global supply, so demand growth had to be rationed through higher prices.

FERTILIZER AND ENERGY MARKET PRICES

Average prices		2Q 2011	2Q 2010	1H 2011	1H 2010
Urea prilled (fob Black Sea)	USD per ton	408	236	381	259
Ammonia (fob Black Sea)	USD per ton	499	333	485	334
AN (cif France)	USD per ton	476	305	475	317
CAN (cif Germany)	USD per ton	384	239	381	248
Phosphate rock (fob Morocco)	USD per ton	183	125	171	114
Oil Brent blend spot	USD per bbl	117	78	111	77
Low-sulphur fuel oil (LSFO)	USD per ton	674	461	628	461
US gas (Henry Hub)	USD per MMBtu	4.4	4.3	4.3	4.7
European gas (Zeebrugge)	USD per MMBtu	9.5	5.8	9.2	5.6

Source: The Market, Fertilizer Week, Fertecon, Profercy, World Bank and Platts.

Ammonia prices hardly moved through the quarter, staying within a USD 5 per ton band around USD 500 per ton fob Black Sea. Upgrading margins from ammonia to other nitrogen products increased from a low level, as all other nitrogen products increased in value relative to ammonia. There were no significant market-related curtailments, as ammonia prices covered cost for all producers.

Phosphate fertilizer prices stabilized in the second quarter at above USD 600 per ton fob US Gulf for DAP, after having increased continuously from June 2010 to March 2011. Demand has stayed strong due to attractive farm economics, and supply has been negatively affected by the political unrest in Tunisia. The Maaden DAP project in Saudi Arabia started test production towards the end of the quarter. DAP prices increased to almost USD 650 per ton fob US Gulf, reflecting an expected pick-up in imports to India and a more restrictive export policy from China.

Phosphoric acid prices were lifted significantly from the first quarter, to around USD 960 per ton fob Morocco, reducing the upgrading margin from phosphoric acid to DAP and other phosphate products. Phosphate rock prices increased more modestly, from USD 160 per ton fob Morocco in the first quarter to USD 180-185 per ton in the second quarter, implying an expanded upgrading margin from phosphate rock to phosphoric acid. Potash prices have continued to increase as demand remains strong, and producers are again running at close to full capacity.

REGIONAL MARKET DEVELOPMENTS

Second-quarter nitrogen fertilizer industry deliveries in West Europe were up two percent on a year earlier. Domestic producers sold according to production capacity, and producer stocks remained low. Total deliveries for the season were nine percent ahead of last season, reflecting strong incentives for farmers to increase fertilizer application. Sales during April and May were low due to drought in West Europe. Most of the nitrogen was sold during the latter part of the quarter, and in the case of nitrates, at new season prices.

Second-quarter US nitrogen deliveries were up an estimated two percent from the same period last year. Season-to-date, deliveries were eleven percent ahead of last season due to increased corn acreage and more attractive farm economics.

In India, the new agricultural year (running from April to March) has started with strong growth in urea sales with second-quarter sales up 26 percent on the same period last year. Underlying demand growth cannot be assessed yet, as supply continues to be decided by the Government, and farmers may have bought early due to fear of increased maximum retail prices. Domestic production continued to gain year-on-year, with second-quarter production up an estimated seven percent on the same period last year.

Due to prohibitive export taxes, China did not feature as a urea exporter during the second quarter. Higher coal prices and limitations to natural gas supply resulted in lower production and higher prices during the 2010/11 season. While the first-quarter urea price increase was driven by higher production costs, the increase in the second quarter was demand-driven. Due to an escalating export tax at fob China prices above RMB 2,100 per ton, in addition to higher domestic prices, urea exports for third quarter shipment were not very attractive even at improved global urea prices.

Brazil imported 1.2 million tons of urea during first half 2011, up from 0.9 million tons a year earlier. First-half sales of all nutrients are reported at 11.2 million product tons, up from 8.6 million tons last year.

VARIANCE ANALYSIS SECOND QUARTER

<i>NOK millions</i>	2Q 2011
EBITDA 2011	3,455
EBITDA 2010	6,587
Variance EBITDA	(3,132)
Volume & mix	29
Price/margin	2,177
Oil & gas costs in Europe	(915)
Special items	(3,944)
Other	(125)
Conversion (NOK vs. USD) ¹⁾	(354)
Total variance explained	(3,132)

1) Based on average NOK per USD for the quarter 2011: 5.44 (2010: 6.22)

Yara delivered strong second-quarter results, primarily reflecting a strong fertilizer margin improvement compared with a year ago, more than offsetting higher energy cost.

Global Yara fertilizer deliveries were up four percent on second quarter 2010, with growth in all main product groups. Industrial volumes increased twelve percent, primarily reflecting growth in environmental products globally and N-chemical sales in Europe.

Yara's plants produced around 600 kilotons less in the second quarter compared with full run rate, with half of the reduction in ammonia and half in finished fertilizer. This mainly reflects a higher than normal concentration of plant turnarounds during the quarter, in addition to the Lifeco outage.

Nitrate deliveries in Europe were up two percent on second quarter last year. Sales were slow during the first part of the quarter mainly due to drought in large parts of West Europe. Sales picked up in the latter part of the quarter as demand for direct application returned and new season prices were announced. Last year saw more sales early in second quarter and had a later start to the new season, resulting in a higher share of second-quarter deliveries at peak season prices.

Compared with second quarter 2010, average realized prices in USD were up 55 percent for nitrates, 34 percent for NPK and 33 percent for urea, reflecting higher values for all nutrients. Margins were strong, particularly for NPK and nitrates. Industrial margins were lower than a year ago for all product groups.

European oil and gas costs increased, reflecting higher prices for both natural gas and oil products compared with last year.

As from second quarter 2011, Yara's share of net income in Lifeco is regarded as a special item. Total special items were a negative NOK 77 million, reflecting fixed costs and write-downs in Lifeco. Second-quarter 2010 special items were a positive NOK 3,868 million, primarily reflecting the sale of Yara's ownership in the Brazilian phosphate producer Fosfertil. For further details on special items see pages 16 and 17 and Yara's second quarter 2010 report.

Fixed costs increased compared with last year, mainly due to the high level of planned and unplanned maintenance in production plants in addition to increased capacity and activity levels in Downstream terminal and blending units.

The US dollar was approximately 13 percent weaker versus the Norwegian krone compared with second quarter 2010, generating a negative translation effect in Yara's results.

VARIANCE ANALYSIS FIRST HALF

<i>NOK millions</i>	1H 2011
EBITDA 2011	7,736
EBITDA 2010	9,838
Variance EBITDA	(2,101)
Volume & mix	203
Price/margin	4,839
Oil & gas costs in Europe	(1,662)
Special items	(4,824)
Other	(236)
Conversion (NOK vs. USD) ¹⁾	(422)
Total variance explained	(2,101)

1) Based on quarterly average NOK per USD rates as detailed in Yara 2011 reports.

First-half EBITDA excluding special items increased 54 percent, primarily reflecting a significant improvement in margins compared with last year.

Average realized prices in USD were up 52 percent for nitrates, while NPK prices were 33 percent above first half last year reflecting the improved market fundamentals.

Global Yara fertilizer deliveries increased by six percent compared with first half 2010, mainly as a result of higher NPK sales and urea trade outside Europe. Industrial volumes increased ten percent, driven by growth in the environmental segment.

Total special items were a negative NOK 54 million, primarily reflecting the Lifeco outage. First-half 2010 net special items were a positive NOK 4,770 million, primarily reflecting the sale of Fosfertil and the break fee following the termination of the merger agreement with Terra Industries. For further details on special items see page 17.

The US dollar was on average 18 percent weaker versus the Norwegian krone compared with first half 2010, resulting in a negative conversion effect in Yara's results.

NET INCOME FROM EQUITY-ACCOUNTED INVESTEEES

<i>NOK millions</i>	2Q 2011	2Q 2010	1H 2011	1H 2010
Qafco	286	159	542	336
Tringen	75	65	104	109
Rossosh	53	40	136	65
Burrup	71	(25)	138	(61)
GrowHow UK Ltd	54	37	130	61
Lifeco	(76)	35	(43)	101
Other	64	59	93	85
Total	526	370	1,101	696

Second-quarter net income from equity-accounted investees increased 42 percent from a year earlier, primarily reflecting improved prices for all main products.

Qafco results improved primarily due to an increase in realized urea and ammonia prices. Burrup operated normally during second quarter and benefited from strong ammonia prices, in addition to a NOK 23 million currency gain on USD-denominated loans. Second-quarter 2010 Burrup results were impacted by a NOK 20 million currency loss.

Lifeco production was suspended in mid February amid the unrest in Libya. In addition to monthly salaries and depreciation of around NOK 20 million, Yara's share of the Lifeco result in the second quarter was negatively affected by a write-down of inventory and equipment.

First-half net income from equity-accounted investees increased 58 percent from last year, primarily reflecting higher prices for all main products.

FINANCIAL ITEMS

<i>NOK millions</i>	2Q 2011	2Q 2010	1H 2011	1H 2010
Interest income from customers	27	28	48	50
Interest income, other	46	26	88	44
Dividends and net gain/(loss) on securities	4	3,579	4	3,580
Interest income and other financial income	77	3,634	139	3,674
Interest expense	(136)	(167)	(299)	(322)
Return on pension plan assets	110	103	220	208
Interest expense re. pension liabilities	(114)	(121)	(229)	(243)
Foreign exchange gain/(loss)	74	(718)	397	(1,293)
Other	(25)	(78)	(98)	(134)
Interest expense and foreign exchange gain/(loss)	(91)	(981)	(9)	(1,785)
Net financial income/(expense)	(14)	2,653	130	1,889

Second-quarter net financial expense was NOK 14 million compared with a net financial income of NOK 2,653 million last year. The variance is primarily explained by last year's sale of Yara's shares in Fosfertil and a NOK 74 million foreign exchange gain this quarter compared with a NOK 718 million loss in the same quarter last year.

Interest income was NOK 20 million higher than in the same quarter last year due to a higher amount of cash deposits.

Interest expense was NOK 136 million this quarter compared with NOK 167 million in the same quarter last year. Last year's figure included a NOK 27 million unrealized gain on interest rate derivatives partially offsetting the effect of the average gross debt level this quarter being NOK 5 billion below last year.

The net foreign exchange gain this quarter was NOK 74 million as the US dollar depreciated two percent against the euro. Yara's US dollar debt generating currency exposure totaled approximately USD 1.2 billion during the quarter, with around USD 1 billion of Euro exposure.

First-half net financial income was NOK 130 million compared with NOK 1,889 million last year. The net foreign exchange gain in first half 2011 of NOK 397 million is mainly explained by the USD dollar depreciating eight percent against the euro. During the same period last year the US dollar appreciated significantly against the euro, resulting in a NOK 1,293 million foreign exchange loss.

TAX

Second-quarter provisions for current and deferred taxes were NOK 499 million, representing approximately 18 percent of income before tax. First-half provisions for current and deferred taxes were NOK 1,312 million, representing approximately 20 percent of income before tax.

The main reason for the lower rate was reduction of valuation allowances related to tax loss carry forwards.

Yara has previously stated that a normal tax rate for the company is expected to be 19 percent in a supply-driven scenario and 23 percent in a demand-driven scenario.

NET INTEREST-BEARING DEBT

<i>NOK millions</i>	2Q 2011	1H 2011
Net interest-bearing debt at beginning of period ¹⁾	(7,482)	(9,540)
Cash earnings ²⁾	2,145	5,358
Dividends received from equity-accounted investees	135	737
Net operating capital change	(610)	(1,850)
Investments (net)	(602)	(1,433)
Share buy-backs	-	(89)
Yara dividend	(1,499)	(1,499)
Foreign exchange gain/(loss)	74	397
Other	(442)	(362)
Net interest-bearing debt at end of period ¹⁾	(8,281)	(8,281)

1) Including external bank time deposit (4-12 months), part of other current assets in the balance sheet: NOK 250 million at 30 June 2011.

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

As a supplement to the consolidated statement of cash flows (page 24), this table highlights the key factors behind the development in net interest-bearing debt.

Net interest-bearing debt increased by NOK 799 million during second quarter 2011, ending at NOK 8,281 million. The strong cash earnings were more than offset by Yara dividend payment, investment activities and increase in net operating capital.

Second-quarter 2011 dividends from equity-accounted investees were NOK 135 million, of which Qafco contributed NOK 96 million and Tringen NOK 27 million.

Net operating capital increased during second quarter, reflecting price effects on inventories and receivables.

Investment activity for the quarter mainly reflects major planned maintenance programs.

“Other” primarily reflects pension fund contributions, increase in net VAT and sales tax receivables and settlement of amounts provided for in previous periods.

The debt/equity ratio at the end of first quarter 2011, calculated as net interest-bearing debt divided by shareholders’ equity plus non-controlling interests, was 0.22 compared with 0.27 at the end of 2010.

The first-half decrease in net interest-bearing debt mainly reflects strong cash earnings and dividends from equity-accounted investees, partly offset by Yara dividend payment, investment activities and increase in net operating capital.

Downstream

FINANCIAL HIGHLIGHTS

<i>NOK millions, except where indicated otherwise</i>	2Q 2011	2Q 2010	1H 2011	1H 2010
Revenue and other income	13,389	12,056	28,199	23,021
Operating income	1,130	802	2,687	1,739
EBITDA	1,354	4,649	3,079	5,732
EBITDA excl. special items	1,354	810	3,034	1,708
CROGI (12-month rolling average) ¹⁾			21.1 %	24.9 %
ROCE (12-month rolling average)			24.7 %	29.2 %

1) Second-quarter 2011 CROGI excl. special items annualized 21.4 percent.

KEY STATISTICS ¹⁾

<i>Thousand tons</i>	2Q 2011	2Q 2010	1H 2011	1H 2010
Sales by region				
Fertilizer Europe	2,250	2,322	5,170	5,269
Fertilizer outside Europe	2,712	2,409	5,254	4,555
Total	4,962	4,731	10,424	9,824
Sales by product group				
Nitrate	1,208	1,163	2,618	2,589
NPK	1,491	1,458	3,303	3,066
<i>of which own-produced</i>	813	818	1,965	1,971
<i>of which own blends</i>	522	447	850	756
Urea	1,219	1,075	2,514	2,336
<i>of which own-produced</i>	427	528	872	933
<i>of which equity accounted investees sourced</i>	418	354	992	1,070
CN	279	243	519	449
UAN	375	350	721	581
Other products	390	443	749	803
Total	4,962	4,731	10,424	9,824

1) Downstream sales only, excluding external fertilizer sales from Upstream.

- Strong results driven by improved margins
- Volumes up five percent with strong urea sales
- European nitrate sales and realized prices impacted by drought
- New European fertilizer season progressing well

VARIANCE ANALYSIS SECOND QUARTER

<i>NOK millions</i>	2Q 2011
EBITDA 2011	1,354
EBITDA 2010	4,649
Variance EBITDA	(3,295)
Volume & Mix	35
Price/margin	691
Special items	(3,839)
Other	(54)
Conversion (NOK vs. USD) ¹⁾	(127)
Total variance explained	(3,295)

1) Based on average NOK per USD for the quarter 2011: 5.44 (2010: 6.22)

Downstream delivered strong second-quarter results as historically high crop prices supported a continued tight fertilizer market. In general margins were higher for all products, and total deliveries were up five percent from last year with growth in all main product groups. Underlying EBITDA increased by 67 percent.

The NPK market continued strong with average realized prices up 35 percent from last year, reflecting the tight market and higher nutrient values. Increased demand from premium markets, in particular Asia, replaced lower-margin sales elsewhere. Total NPK deliveries were up two percent, with the main increase to cash crop markets in Asia and to Brazil where part is for consumption in third quarter. NPK production capacity was fully utilized throughout the quarter and stocks remained at a low level.

Nitrate deliveries in Europe were up two percent on second quarter last year. Sales were slow during the first part of the quarter mainly due to drought in large parts of West Europe. With strong demand outside Europe this was partly compensated by export sales to premium markets overseas, in particular Latin America. European sales picked up in the latter part of the quarter as demand for direct application returned and new season prices were announced. Last year saw more sales early in second quarter and had a later start to the new season, resulting in a higher share of second-quarter deliveries at peak season prices. Yara's average realized nitrate prices were up 55 percent compared with second quarter last year.

Urea deliveries increased by 13 percent mainly due to better market fundamentals in North America. Average urea margins improved significantly from last year as prices increased sharply during the quarter, while second quarter last year saw a decreasing price trend.

Downstream had no special items in second quarter. Last year saw a special item gain of NOK 3,839 million, primarily related to gain on the sale of shares in Fosfertil.

Net operating capital turnover, measured on a 12 months rolling basis, was 7.2 at the end of the quarter versus 6.9 at the end of 2010.

VARIANCE ANALYSIS FIRST HALF

<i>NOK millions</i>	IH 2011
EBITDA 2011	3,079
EBITDA 2010	5,732
Variance EBITDA	(2,654)
Volume & Mix	103
Price/margin	1,427
Special items	(3,980)
Other	(51)
Conversion (NOK vs. USD) ¹⁾	(154)
Total variance explained	(2,654)

¹⁾ Based on quarterly average NOK per USD rates as detailed in Yara 2011 reports.

Downstream first-half results were strong as margins improved and sales to premium markets outside Europe increased.

Realized sales prices were up for all main products. Average realized nitrate prices were up 52 percent, while the average realized NPK prices were 33 percent above first half last year reflecting the improved market fundamentals.

Volumes increased by six percent from first half 2010, with growth outside Europe. NPK sales were up eight percent, reflecting increased deliveries to Asia and Brazil. Urea deliveries were seven percent above last year, mainly due to increased urea trade in Africa and North America. Nitrate deliveries were in line with last year.

Yara acquired the remaining 60 percent ownership in the Australian bulk liquid fertilizer company Yara Nipro with effect from 10 January 2011. A NOK 44 million gain was recognized in the fair value adjustment of the original 40 percent shareholding and classified as a special item. Last year saw a special item gain of NOK 4,024 million.

Industrial

FINANCIAL HIGHLIGHTS

<i>NOK millions, except where indicated otherwise</i>	2Q 2011	2Q 2010	1H 2011	1H 2010
Revenue and other income	2,865	2,331	5,480	4,453
Operating income	205	233	408	513
EBITDA	275	297	550	642
EBITDA excl. special items	275	297	550	610
CROGI (12-month rolling average)			16.2 %	19.3 %
ROCE (12-month rolling average) ¹⁾			19.9 %	23.8 %

1) Second-quarter 2011 CROGI excl. special items annualized 16.7 percent

KEY STATISTICS

<i>Thousand tons</i>	2Q 2011	2Q 2010	1H 2011	1H 2010
Sales by product group (excl. industrial gases) ¹⁾				
Environmental products	395	285	710	563
Industrial N-chemicals	800	778	1,563	1,508
<i>of which TAN</i>	174	190	343	353
Total	1,195	1,063	2,272	2,071

1) Segment view, includes inter-segment sales

- Strong results and volume growth
- Highest environmental product sales so far
- Margins temporarily impacted by rapid raw material price increase
- Delayed recovery in TAN business

VARIANCE ANALYSIS SECOND QUARTER

<i>NOK millions</i>	2Q 2011
EBITDA 2011	275
EBITDA 2010	297
Variance EBITDA	(23)
Volume & mix	39
Price/margin	(18)
Special items	-
Other	(7)
Conversion (NOK vs. USD) ¹⁾	(36)
Total variance explained	(23)

1) Based on average NOK per USD for the quarter 2011: 5.44 (2010: 6.22)

Second-quarter EBITDA was NOK 275 million compared with NOK 297 million last year. The volume growth of twelve percent in the quarter was not sufficient to compensate for the loss in margins across all product groups. Volume growth primarily reflected growth in environmental products globally and N-chemical sales in Europe.

Environmental segment sales were up 39 percent. The strong volume growth was mainly driven by new customers for NO_x abatement in the US and increased sales in Europe. Sales of water treatment products also increased by twelve percent, however the margins declined due to higher raw material prices. Margins were lower for other product groups, mainly due to higher sourcing costs.

Sales of ammonia, urea and nitric acid to the European process industry increased eight percent in second quarter compared with last year. Sales volumes in all product groups increased, with ammonia and urea as the main contributors. Margins were in line with last year.

Technical ammonium nitrate (TAN) sales volumes were down nine percent mainly due to slow demand recovery in Yara's main markets. Margins were impacted negatively also this quarter due to changes in customer portfolio.

Liquid CO₂ sales increased seven percent compared with second quarter 2010 primarily due to new sales in the UK and West Europe. Margins were down from last year due to higher sourcing costs in Europe as the liquid CO₂ plant Wilton is out of operations until end of September.

VARIANCE ANALYSIS FIRST HALF

<i>NOK millions</i>	1H 2011
EBITDA 2011	550
EBITDA 2010	642
Variance EBITDA	(91)
Volume & mix	77
Price/margin	(84)
Special items	(31)
Other	(10)
Conversion (NOK vs. USD) ¹⁾	(43)
Total variance explained	(91)

1) Based on quarterly average NOK per USD rates as detailed in Yara 2011 reports.

First-half EBITDA excluding special items was down ten percent from first half 2010. The ten percent volume growth did not compensate for the loss in margins seen in all product groups. The margin loss was due to a combination of high raw material costs, sourcing issues, price pressure in key markets and change of customer mix.

The 26 percent increase in environmental segment sales was driven by NO_x abatement products both in the US and Europe. In most markets margins were stable compared with a year ago, but price pressure in certain countries and higher sourcing costs in general impacted the margins negatively.

Sales of ammonia, urea and nitric acid to the European process industry increased seven percent from the same period last year as the European process industry recovered.

Technical ammonium nitrate sales were down three percent as adverse market conditions in certain mining countries have continued longer than anticipated. Margins were impacted negatively for the same reason.

Liquid CO₂ sales increased by eleven percent due to new sales from the Wilton biofuel plant in the UK in the beginning of the year.

The special item variance reflects a NOK 31 million gain last year related to a settlement in connection with the Pardies ammonia plant closure.

Upstream

FINANCIAL HIGHLIGHTS

<i>NOK millions, except where indicated otherwise</i>	2Q 2011	2Q 2010	1H 2011	1H 2010	
Revenue and other income	9,392	8,048	19,605	15,314	
Operating income	890	942	2,222	1,573	
Share net income equity-accounted investees	460	313	1,002	611	
EBITDA	1,801	1,707	4,154	3,045	
EBITDA excl. special items	1,877	1,679	4,253	2,997	
CROGI (12-month rolling average) ¹⁾			11.8 %	8.5 %	
ROCE (12-month rolling average)			12.5 %	7.7 %	
Oil & gas cost (weighted average) ²⁾	USD per MMBtu	8.3	5.2	7.9	5.3
Oil & gas cost Europe (weighted average) ²⁾	USD per MMBtu	11.1	6.7	10.5	6.9

1) Second-quarter 2011 CROGI excl. special items annualized 12.5 percent.

2) Including Yara share in equity-accounted investees.

KEY STATISTICS

<i>Thousand tons</i>	2Q 2011	2Q 2010	1H 2011	1H 2010
Production by category¹⁾				
Ammonia	1,590	1,801	3,339	3,621
Finished fertilizer	2,902	2,946	6,078	6,106
Total	4,492	4,748	9,417	9,727

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

- Strong results
- Lower production due to plant turnarounds and Lifeco stop
- Higher prices more than offset increased energy costs

VARIANCE ANALYSIS SECOND QUARTER

<i>NOK millions</i>	2Q 2011
EBITDA 2011	1,801
EBITDA 2010	1,707
Variance EBITDA	93
Volume & mix	(79)
Price/margin	1,420
Oil & gas costs in Europe	(915)
Special items	(105)
Other	(35)
Conversion (NOK vs. USD) ¹⁾	(193)
Total variance explained	93

1) Based on average NOK per USD for the quarter 2011: 5.44 (2010: 6.22)

Upstream delivered a strong second-quarter result, with five percent improvement in EBITDA over the same period last year. This is the best second-quarter after the record 2008 results, reflecting the increase in prices, which more than offset the higher energy cost.

Yara's production system ran at a rate below normal levels, mainly as a result of planned maintenance and turnarounds but also some unplanned outages. Production of ammonia and finished fertilizers was 211 kilotons and 44 kilotons below second quarter 2010, respectively.

Ammonia production decreased twelve percent from second quarter 2010, mainly related to the production stop in Lifeco and much higher turnaround activity during second quarter 2011 (Le Havre, Ferrara, Sluiskil C and Trinidad). The Lifeco plant safely halted production 20 February due to the unrest in Libya.

Finished fertilizer production decreased two percent compared with second quarter 2010, mainly related to the stop in Lifeco.

The Sluiskil U7 Urea expansion is in the start-up phase, with handover to Yara expected at the end of July. The new unit will replace the outdated U5 and U6 Urea solution units, increasing production capacity from currently 700 to 1,200 kilotons per year. Solid urea (granular and prill) output will increase by 300 kilotons and the liquid products by 200 kilotons dry urea equivalents.

Yara's average European oil and gas cost was up 65 percent from same quarter last year, reflecting an increase in prices for both natural gas and oil products. The increase was somewhat lower than Yara's guidance from last quarter. Yara's global average oil and gas cost increased 60 percent over second-quarter last year, on a USD per MMBtu basis. Second-quarter 2011 energy cost for plants with oil-linked contracts was USD 13.5 per MMBtu, while the remaining European plants' average energy cost was USD 9.6 per MMBtu.

Special items for the quarter were a negative NOK 76 million reflecting fixed costs and write-downs in Lifeco.

VARIANCE ANALYSIS FIRST HALF

<i>NOK millions</i>	1H 2011
EBITDA 2011	4,154
EBITDA 2010	3,045
Variance EBITDA	1,109
Volume & mix	(9)
Price/margin	3,269
Oil & gas costs in Europe	(1,662)
Special items	(147)
Other	(116)
Conversion (NOK vs. USD) ¹⁾	(227)
Total variance explained	1,109

¹⁾ Based on quarterly average NOK per USD rates as detailed in Yara 2011 reports.

Upstream 2011 first-half results improved 36 percent over the same period last year, only outperformed by the record year 2008 results, reflecting mainly the increase in prices for all products.

Ammonia production decreased eight percent from first half last year, reflecting higher level of turnarounds in 2011 combined with the production stop in Lifeco. Finished fertilizer production was in line with first half 2010.

European oil and gas costs increased from USD 6.9 per MMBtu to USD 10.5 per MMBtu, up 53 percent from last year. Yara's global average oil and gas cost increased from USD 5.3 per MMBtu to USD 7.9 per MMBtu, up 50 percent over last year. Energy cost outside Europe was higher than a year ago primarily due to higher ammonia and natural gas prices in North America.

First-half 2011 special items were a negative NOK 98 million, mainly related to the Lifeco outage. For the same period last year, special items were a net positive NOK 49 million mainly related to the sale of shares in Carbonor.

Other and eliminations

Second-quarter EBITDA was a positive NOK 25 million compared with a negative NOK 67 million last year. This year's second-quarter result includes a NOK 79 million positive effect from lower elimination of profit in inventory.

Year-to-date EBITDA was a negative NOK 47 million, compared with a positive NOK 418 million last year. The positive result in 2010 primarily reflects the NOK 666 million gain related to the Terra break fee. Please see page 16 for further description of "Other and Eliminations".

Outlook

Global agricultural markets are strong. The FAO food price index is up 39 percent from June last year.

The US Department of Agriculture estimates that global grain stocks-to-use will decline from 73 days today to 68 days next June, despite a 3.7 percent increase in production as planted acreage yields increase. This tightening situation points to continued strength in crop prices and a strong need to increase agricultural productivity.

Global nitrogen markets tightened considerably during second quarter, due to strong demand and expectations of lower export supply from China. China has introduced a progressive urea export tax which in combination with stronger domestic urea prices has limited exports even as global prices have risen significantly. However, a decrease in domestic Chinese urea prices would likely trigger increased Chinese exports, but at a significantly higher swing price level than last year due to increased anthracite coal prices. According to official information, the Chinese export tax will return to 110 percent on 1 November.

According to Fertecon, planned net new urea capacity outside China during 2011-2014 is approximately in line with average consumption growth since 2001, but with uncertainty around Algerian capacity which accounts for almost half of the 2012 projected increase.

European nitrogen fertilizer deliveries were up nine percent for the 2010/11 season, reflecting strong incentives for farmers to increase fertilizer application. The new nitrate season in Europe is progressing well and nitrate stocks are low.

Yara's third-quarter ammonia production rates are expected to be in line with second quarter due to outages in Lifeco, Hull, Burrup and Billingham, while finished fertilizer production is expected to run at full capacity excluding Lifeco.

Based on current forward markets for oil products and natural gas (11 July) Yara's third-quarter energy costs are expected to be approximately NOK 600 million higher than last year, NOK 300 million lower than the previous estimate. Fourth-quarter energy costs are expected to be NOK 800 million higher than a year earlier. The estimates may change considerably depending on future energy prices.

Risk and uncertainty

As described in Yara's Annual Report for 2010 Yara's total risk exposure is analyzed and evaluated at group level. Risk evaluations are integrated in all business activities both at group and business unit level, increasing Yara's ability to take advantage of business opportunities. Yara's most important market risk is related to the margin between nitrogen fertilizer prices and natural gas prices. Although there is a positive long-term correlation between these prices, margins are influenced by the supply/demand balance for food relative to energy. Yara has in place a system for credit and currency risk management with defined limits for expo-

sure both at country, customer and currency level. Yara's geographically diversified portfolio reduces the overall credit and currency risk of the Group. As the fertilizer business is essentially a US dollar business, with both revenues and raw material costs mainly priced in US dollars, Yara seeks to keep most of its debt in US dollars to reduce its overall US dollar currency exposure. There has not been any significant change in the risk exposures and the risks and uncertainties for the remaining six months of the year are described in Outlook.

Related parties

Note 32 in the annual report for 2010 provides details of related parties. During the first half of 2011 there has not been any changes or transac-

tions that significantly impacts on the group's financial position or result for the period.

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 18 July 2011



Øivind Lund
Chairperson



Elisabeth Harstad
Board member



Leiv L. Nergaard
Board member



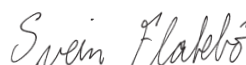
Hilde Merete Aasheim
Board member



Bernt Reitan
Board member



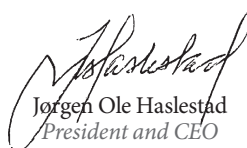
Kristine Haukalid
Board member



Svein Flatebø
Board member



Geir O. Sundbø
Board member



Jørgen Ole Haslestad
President and CEO

Definitions *and variance analysis*

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

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

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

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

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

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

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

Yara management uses CROGI (Cash Return On Gross Investment) to measure performance. CROGI is defined as gross cash flow, divided by average gross investment and is calculated on a 12-month rolling basis. "Gross cash flow" is defined as EBITDA less total tax expense, excluding tax on net foreign exchange gains/ losses. "Gross Investment" is defined as total assets (exclusive of deferred tax assets, cash and cash equivalents, other liquid assets and fair value adjustment recognized in equity) plus accumulated depreciation and amortization, less all short-term interest-free liabilities, except deferred tax liabilities.

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

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

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

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

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

Special items

NOK millions	EBITDA effect				Operating income effect			
	2Q 2011	2Q 2010	1H 2011	1H 2010	2Q 2011	2Q 2010	1H 2011	1H 2010
Fair value adjustment Yara Nipro	-	-	44	-	-	-	44	-
Fair value adjustment Balderton	-	-	-	185	-	-	-	185
Fosfertil sale	-	3,578	-	3,578	-	-	-	-
Anitapolis sale	-	122	-	122	-	122	-	122
Terni sale	-	77	-	77	-	77	-	77
Insurance settlement Brazil	-	33	-	33	-	33	-	33
Peremarton sale	-	32	-	32	-	32	-	32
Demolition provision Brazil	-	-	-	-	-	(28)	-	(28)
Contract derivatives	-	(2)	-	(2)	-	(2)	-	(2)
Total Downstream	-	3,839	44	4,024	-	233	44	418
Compensation Pardies closure	-	-	-	31	-	-	-	31
Total Industrial	-	-	-	31	-	-	-	31
Libya fixed costs and write-downs	(76)	-	(76)	-	-	-	-	-
Sale of shares Carbonor	-	-	-	69	-	-	-	69
Sluiskil asset decommissioning	-	-	-	-	-	(39)	-	(39)
Contract derivatives	(1)	28	(22)	(20)	-	19	(12)	(11)
Total Upstream	(77)	28	(98)	49	-	(20)	(12)	19
Terra break fee	-	-	-	666	-	-	-	666
Total Other and eliminations	-	-	-	666	-	-	-	666
Total Yara	(77)	3,868	(54)	4,770	-	214	33	1,135

Production *data*

<i>Thousand tons</i>	2Q 2011	2Q 2010	1H 2011	1H 2010
WHOLLY-OWNED OPERATIONS				
Upstream				
Ammonia	1,085	1,192	2,335	2,435
Nitrates	662	613	1,425	1,235
NPK	757	727	1,577	1,547
CN	252	233	500	524
Urea	603	627	1,286	1,344
UAN	159	133	291	269
Downstream				
Nitrates	604	619	1,253	1,341
NPK	381	344	776	711
CN	40	22	83	69
UAN	99	56	177	94
Industrial				
Nitrates (TAN)	97	94	194	188
EQUITY-ACCOUNTED INVESTEEES ¹⁾				
Ammonia	505	610	1,004	1,186
Nitrates	125	160	253	286
NPK	142	151	289	301
Urea	203	304	457	600

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

Condensed consolidated interim statement of income

<i>NOK millions, except share information</i>	Notes	2Q 2011	2Q 2010	1H 2011	1H 2010	2010
Revenue		18,631	15,355	38,421	30,048	64,006
Other income	4,7	28	350	86	1,338	1,429
Commodity based derivatives gain/(loss)		(24)	(26)	(67)	(70)	(61)
Revenue and other income	3	18,634	15,679	38,440	31,316	65,374
Raw materials, energy costs and freight expenses	5	(14,115)	(11,557)	(28,726)	(22,841)	(49,143)
Payroll and related costs		(1,217)	(1,132)	(2,353)	(2,228)	(4,579)
Depreciation and amortization		(621)	(658)	(1,259)	(1,216)	(2,440)
Other operating expenses		(461)	(444)	(887)	(829)	(1,746)
Operating costs and expenses		(16,415)	(13,791)	(33,226)	(27,114)	(57,908)
Operating income	3	2,219	1,888	5,214	4,203	7,467
Share of net income in equity-accounted investees	9	526	370	1,101	696	1,515
Interest income and other financial income		77	3,634	139	3,674	3,822
Earnings before interest expense and tax (EBIT)		2,822	5,892	6,454	8,573	12,804
Foreign exchange gain/(loss)		74	(718)	397	(1,293)	(676)
Interest expense and other financial items		(165)	(263)	(406)	(492)	(948)
Income before tax	3	2,731	4,911	6,445	6,788	11,179
Income tax expense		(499)	(1,158)	(1,312)	(1,502)	(2,386)
Net income		2,232	3,753	5,134	5,287	8,793
Net income attributable to						
Shareholders of the parent		2,225	3,716	5,114	5,238	8,729
Non-controlling interests		7	37	20	49	64
Net income		2,232	3,753	5,134	5,287	8,793
Earnings per share ¹⁾		7.73	12.86	17.75	18.14	30.24
Weighted average number of shares outstanding ²⁾		287,838,612	288,831,251	288,047,983	288,831,251	288,680,758

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 third and fourth quarter 2010 and first and second quarter 2011, due to the share buy-back program.

Condensed consolidated interim statement of comprehensive income

<i>NOK millions</i>	Notes	2Q 2011	2Q 2010	1H 2011	1H 2010	2010
Net income		2,232	3,753	5,134	5,287	8,793
Exchange differences on translation of foreign operations		(724)	1,825	(1,799)	2,628	517
Actuarial gain/(loss) on defined benefit pension plans		-	-	-	-	105
Available-for-sale investments - change in fair value		-	(113)	-	(43)	(30)
Hedge of net investments		34	(181)	133	(232)	(13)
Share of other comprehensive income of equity-accounted investees		(15)	1	(13)	(37)	(66)
Reclassification adjustments related to:						
- cash flow hedges		3	3	5	5	10
- exchange differences on foreign operations disposed of in the year	4,7	-	(95)	(7)	(115)	(119)
- available-for-sale investments disposed of in the year		(2)	(1,244)	(2)	(1,244)	(1,244)
Total other comprehensive income, net of tax		(704)	195	(1,683)	962	(839)
Total comprehensive income		1,528	3,948	3,451	6,249	7,955
Total comprehensive income attributable to						
Shareholders of the parent		1,526	3,906	3,443	6,195	7,895
Non-controlling interests		2	42	8	53	59
Total		1,528	3,948	3,451	6,249	7,955

Condensed consolidated interim statement of changes in equity

<i>NOK millions</i>	Share capital ¹⁾	Premium paid-in capital	Translation of foreign operations	Available-for-sale financial assets	Cash flow hedges	Hedge of net investments	Total other reserves	Retained earnings	Attributable to the shareholders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2009	491	435	(423)	1,278	(155)	103	803	26,976	28,705	158	28,863
Net income	-	-	-	-	-	-	-	5,238	5,238	49	5,287
Other comprehensive income, net of tax	-	-	2,509	(1,287)	5	(232)	995	-	995	4	999
Share of other comprehensive income of equity accounted investees	-	-	(1)	-	(36)	-	(37)	-	(37)	-	(37)
Total other comprehensive income, net of tax	-	-	2,508	(1,287)	(31)	(232)	958	-	958	4	962
Dividends distributed	-	-	-	-	-	-	-	(1,300)	(1,300)	(71)	(1,370)
Balance at 30 June 2010	491	435	2,085	(9)	(186)	(130)	1,761	30,914	33,601	140	33,741
Net income	-	-	-	-	-	-	-	3,491	3,491	15	3,506
Other comprehensive income, net of tax	-	-	(2,106)	13	5	220	(1,867)	105	(1,763)	(9)	(1,772)
Share of other comprehensive income of equity accounted investees	-	-	(6)	-	(40)	-	(45)	16	(29)	-	(29)
Total other comprehensive income, net of tax	-	-	(2,111)	13	(35)	220	(1,912)	121	(1,791)	(9)	(1,801)
Companies purchased/sold	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Treasury shares	(1)	-	-	-	-	-	(1)	(114)	(115)	-	(115)
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	-	-	-	-	4	4
Balance at 31 December 2010	490	435	(26)	4	(221)	90	(152)	34,411	35,185	149	35,334
Net income	-	-	-	-	-	-	-	5,114	5,114	20	5,134
Other comprehensive income, net of tax	-	-	(1,795)	(2)	5	133	(1,658)	-	(1,658)	(12)	(1,670)
Share of other comprehensive income of equity accounted investees	-	-	(1)	-	(12)	-	(13)	-	(13)	-	(13)
Total other comprehensive income, net of tax	-	-	(1,795)	(2)	(7)	133	(1,671)	-	(1,671)	(12)	(1,683)
Companies purchased/sold	-	-	-	-	-	-	-	-	-	17	17
Treasury shares	(1)	-	-	-	-	-	-	(88)	(89)	-	(89)
Redeemed treasury shares ²⁾	-	(203)	-	-	-	-	-	203	-	-	-
Redeemed shares, Norwegian State ²⁾	(1)	(115)	-	-	-	-	-	-	(115)	-	(115)
Dividends distributed ²⁾	-	-	-	-	-	-	-	(1,584)	(1,584)	(22)	(1,606)
Balance at 30 June 2011	489	117	(1,821)	2	(228)	223	(1,823)	38,055	36,838	152	36,991

1) Par value 1.70.

2) As approved by General Meeting 10 May 2011

Condensed *consolidated interim statement of financial position*

<i>NOK millions</i>	Notes	30 Jun 2011	30 Jun 2010	31 Dec 2010
Assets				
Non-current assets				
Deferred tax assets	1	1,633	1,810	1,650
Intangible assets	1,7	4,846	5,264	4,937
Property, plant and equipment	1,7	23,227	23,456	23,470
Equity-accounted investees	4,9	10,144	10,558	10,223
Other non-current assets		1,747	1,861	2,269
Total non-current assets		41,598	42,950	42,549
Current assets				
Inventories	1,5,7	9,823	8,559	9,644
Trade receivables	7	7,984	6,698	6,644
Prepaid expenses and other current assets	7	3,238	3,592	3,668
Cash and cash equivalents	7	3,138	2,512	2,946
Non-current assets classified as held-for-sale		12	541	12
Total current assets		24,195	21,903	22,915
Total assets	3	65,793	64,853	65,464

Condensed consolidated interim statement of financial position

<i>NOK millions, except for number of shares</i>	Notes	30 Jun 2011	30 Jun 2010	31 Dec 2010
Equity and liabilities				
Equity				
Share capital reduced for treasury stock	8	489	491	490
Premium paid-in capital	8	117	435	435
Total paid-in capital		606	926	926
Other reserves		(1,824)	1,753	(152)
Retained earnings	8	38,055	30,914	34,411
Reversals of disposal group classified as held for sale		-	8	-
Total equity attributable to shareholders of the parent	8	36,838	33,601	35,185
Non-controlling interests		152	140	149
Total equity		36,991	33,741	35,334
Non-current liabilities				
Employee benefits	1	2,065	2,233	2,254
Deferred tax liabilities	1,7	3,578	3,514	3,660
Other long-term liabilities		240	336	283
Long-term provisions	1	222	379	430
Long-term interest-bearing debt	6,7	10,278	13,545	11,139
Total non-current liabilities		16,382	20,008	17,766
Current liabilities				
Trade and other payables	7	8,334	6,775	8,111
Current tax liabilities	7	1,594	699	1,019
Short-term provisions		290	319	321
Other short-term liabilities	7	810	946	763
Bank loans and other interest-bearing short-term debt		909	2,171	1,968
Current portion of long-term debt		482	79	180
Liab associated with non-current assets classified as held for sale		-	115	-
Total current liabilities		12,420	11,104	12,363
Total equity and liabilities		65,793	64,853	65,464
Number of shares outstanding ¹⁾	2	287,656,144	288,831,251	288,381,903

1) Number of shares outstanding was reduced in third and fourth quarter 2010 and first and second quarter 2011, due to share buy-back program.

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 18 July 2011



Øivind Lund
Chairperson



Elisabeth Harstad
Board member



Leiv L. Nergaard
Board member



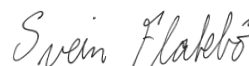
Hilde Merete Aasheim
Board member



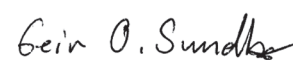
Bernt Reitan
Board member



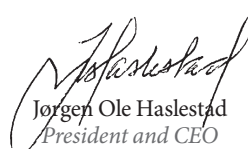
Kristine Haukalid
Board member



Svein Flatebø
Board member



Geir O. Sundbø
Board member



Jørgen Ole Haslestad
President and CEO

Condensed *consolidated interim statement of cash flows*

<i>NOK millions</i>	Notes	1H 2011	1H 2010	2010
Operating activities				
Operating income	3	5,214	4,203	7,467
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization		1,259	1,216	2,440
Impairment loss and write down		(14)	(134)	(193)
Tax paid		(770)	(304)	(727)
Dividend from equity-accounted investees		737	404	827
Change in net operating capital ¹⁾		(1,837)	(1,887)	(1,705)
Other		(869)	(422)	(1,014)
Net cash provided by operating activities		3,720	3,075	7,093
Investing activities				
Purchases of property, plant and equipment	3	(1,445)	(1,541)	(3,090)
Purchases of other long-term investments	3,4,7	(175)	(656)	(707)
Net sales/(purchases) of short-term investments		551	(350)	(800)
Proceeds from sales of property, plant and equipment		13	32	84
Proceeds from sales of other long-term investments		174	4,891	5,038
Net cash used in investing activities		(881)	2,376	524
Financing activities				
Loan proceeds/(repayments), net		(993)	(2,831)	(4,342)
Purchase of treasury shares	2, 8	(89)	-	(115)
Dividend	8	(1,499)	(1,228)	(1,300)
Net cash transfers (to)/from non-controlling interests		(22)	(71)	(67)
Net cash used in financing activities		(2,604)	(4,131)	(5,825)
Foreign currency effects on cash flows		(43)	217	180
Net increase (decrease) in cash and cash equivalents		192	1,538	1,972
Cash and cash equivalents at beginning of period		2,946	974	974
Cash and cash equivalents at end of period		3,138	2,512	2,946
Bank deposits not available for the use of other group companies		292	197	196

1) Operating capital consists of trade receivables, inventories and trade payable.

Notes to the condensed consolidated interim financial statements

GENERAL AND ACCOUNTING POLICIES

Yara (the Group) consists of Yara International ASA (the Company) and its subsidiaries. Yara International ASA is a limited company incorporated in Norway. The condensed consolidated interim financial statements consist of the Group and the Group's interests in equity-accounted investees.

The consolidated financial statements of the Group as at and for the year ended 31 December 2010 are available upon request from the Company's registered office at Bygdøy Allé 2, Oslo, Norway or at www.yara.com. These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as approved by EU and additional requirements in the Norwegian Securities Trading Act.

They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with consolidated financial statements of the Group as at and for the year ended 31 December 2010. These condensed consolidated interim financial statements are unaudited.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2010.

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

Note 1

Judgements, estimates and assumptions

The preparation of condensed consolidated interim financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make 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. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were mainly the same as those that applied to the consolidated financial statements as at and for the period ended 31 December 2010. See note 9 for more information about changes to estimation uncertainties.

Note 2

Shares

	Ordinary shares	Own shares ¹⁾
Balance at 31 December 2009	288,831,918	(667)
Treasury shares - share buy-back program ²⁾	-	(450,000)
Treasury shares - employee trust	-	652
Balance at 31 December 2010	288,831,918	(450,015)
Treasury shares - share buy-back program ²⁾	-	(300,000)
Redeemed shares Norwegian State ³⁾	(425,759)	-
Shares cancelled ³⁾	(750,000)	750,000
Balance at 30 June 2011	287,656,159	(15)

1) Including employee trust.

2) As approved by General Meeting 11 May 2010.

3) As approved by General Meeting 10 May 2011.

Note 3

Operating segment information

NOK millions	2Q 2011	2Q 2010	1H 2011	1H 2010	2010
External revenue and other income					
Downstream	13,076	11,193	27,676	22,012	46,569
Industrial	2,837	2,284	5,429	4,392	9,216
Upstream	2,701	2,179	5,294	4,198	8,791
Other and eliminations	21	23	42	714	798
Total	18,634	15,679	38,440	31,316	65,374
Internal revenue and other income					
Downstream	313	863	523	1,009	1,680
Industrial	28	47	51	61	150
Upstream	6,691	5,870	14,311	11,116	22,871
Other and eliminations	(7,032)	(6,780)	(14,885)	(12,187)	(24,701)
Total	-	-	-	-	-
Revenue and other income					
Downstream	13,389	12,056	28,199	23,021	48,249
Industrial	2,865	2,331	5,480	4,453	9,366
Upstream	9,392	8,048	19,605	15,314	31,663
Other and eliminations	(7,011)	(6,757)	(14,844)	(11,472)	(23,903)
Total	18,634	15,679	38,440	31,316	65,374
Operating income					
Downstream	1,130	802	2,687	1,739	3,424
Industrial	205	233	408	513	850
Upstream	890	942	2,222	1,573	2,884
Other and eliminations	(5)	(89)	(103)	378	308
Total	2,219	1,888	5,214	4,203	7,467
EBITDA					
Downstream	1,354	4,649	3,079	5,732	7,796
Industrial	275	297	550	642	1,135
Upstream	1,801	1,707	4,154	3,045	5,975
Other and eliminations	25	(67)	(47)	418	410
Total	3,455	6,587	7,736	9,838	15,315
Investments					
Downstream	163	166	510	787	1,095
Industrial	34	39	56	83	197
Upstream	605	1,169	1,145	1,616	2,998
Other and eliminations	35	10	41	59	83
Total	837	1,383	1,752	2,546	4,373
Total Assets ¹⁾					
Downstream	20,332	19,038	20,332	19,038	19,018
Industrial	4,019	3,919	4,019	3,919	3,853
Upstream	37,678	38,645	37,678	38,645	37,558
Other and eliminations	3,763	3,251	3,763	3,251	5,034
Total	65,793	64,853	65,793	64,853	65,464

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

<i>NOK millions, except percentages</i>	2Q 2011	2Q 2010	1H 2011	1H 2010	2010
CROGI (12-month rolling average)					
Yara	-	-	15.3 %	15.7 %	17.4 %
Downstream	-	-	21.1 %	24.9 %	32.1 %
Industrial	-	-	16.2 %	19.3 %	17.8 %
Upstream	-	-	11.8 %	8.5 %	10.2 %
ROCE (12-month rolling average)					
Yara	-	-	17.6 %	18.0 %	20.6 %
Downstream	-	-	24.7 %	29.2 %	39.1 %
Industrial	-	-	19.9 %	23.8 %	22.8 %
Upstream	-	-	12.5 %	7.7 %	10.1 %
Reconciliation of EBITDA to Income before tax					
EBITDA	3,455	6,587	7,736	9,838	15,315
Depreciation and amortization ¹⁾	(633)	(695)	(1,282)	(1,265)	(2,512)
Foreign exchange gain/(loss)	74	(718)	397	(1,293)	(676)
Interest expense and other financial items	(165)	(263)	(406)	(492)	(948)
Income before tax	2,731	4,911	6,445	6,788	11,179

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

RECONCILIATION OF OPERATING INCOME TO EBITDA

<i>NOK millions</i>	Operating income	Equity-accounted investees	Interest income ¹⁾	EBIT	Depreciation and amortization ²⁾	EBITDA
2Q 2011						
Downstream	1,130	47	57	1,234	121	1,354
Industrial	205	19	-	224	51	275
Upstream	890	460	-	1,350	451	1,801
Other and eliminations	(5)	-	19	15	11	25
Total	2,219	526	77	2,822	633	3,455
2Q 2010						
Downstream	802	37	3,626	4,465	184	4,649
Industrial	233	20	-	253	44	297
Upstream	942	313	1	1,255	452	1,707
Other and eliminations	(89)	-	7	(82)	15	(67)
Total	1,888	370	3,634	5,892	695	6,587
1H 2011						
Downstream	2,687	59	102	2,848	231	3,079
Industrial	408	39	1	448	102	550
Upstream	2,222	1,002	1	3,225	929	4,154
Other and eliminations	(103)	1	36	(66)	20	(47)
Total	5,214	1,101	139	6,454	1,282	7,736
1H 2010						
Downstream	1,739	46	3,653	5,438	294	5,732
Industrial	513	39	-	552	89	642
Upstream	1,573	611	2	2,186	860	3,045
Other and eliminations	378	1	18	397	22	418
Total	4,203	696	3,674	8,573	1,265	9,838
2010						
Downstream	3,424	92	3,757	7,273	523	7,796
Industrial	850	89	1	941	195	1,135
Upstream	2,884	1,335	5	4,224	1,751	5,975
Other and eliminations	308	(1)	59	367	44	410
Total	7,467	1,515	3,822	12,804	2,512	15,315

1) Including selected financial items.

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

Note 4

Business initiatives

In January 2011, Yara acquired the remaining 60 percent ownership in the Australian entity Yara Nipro Pty. Ltd. See note 7 for more information.

In March 2011, Yara announced that it had signed a Letter of Intent (LoI) for the construction of a 330,000 ton p.a. technical ammonium nitrate (TAN) plant at Burrup, Australia. Total cost was estimated at approximately USD 700 million. Yara announced in May 2011 that the project is delayed due to the present uncertainty around the decision-making ability

of the Board of Burrup Holdings Ltd. After Board approval, the project will be transferred to Burrup Nitrates, a planned 50/50 joint venture between Yara International ASA and Burrup Holdings Pty Ltd. As Yara has a 35 percent ownership in Burrup Holdings Pty Ltd, Yara will own 67.5 percent directly and indirectly of Burrup Nitrates. The plant will be built adjacent to the Burrup Holdings Pty. Ltd. ammonia facility. Yara has an agreement to market the entire out-put from the plant.

Note 5

Inventory

NOK millions	30 Jun 2011	30 Jun 2010	31 Dec 2010
Finished goods	5,283	4,753	5,617
Work in progress	368	355	395
Raw materials	4,172	3,451	3,632
Total	9,823	8,559	9,644
Write-down			
Balance at 1 January	(98)	(291)	(291)
Reversal/(write-down), net	-	143	194
Foreign currency translation	2	(5)	(1)
Closing balance	(96)	(153)	(98)

Note 6

Long-term debt

There has been no significant changes in Yara's long-term interest-bearing debt portfolio during the second quarter. An updated overview of the contractual payments on long-term debt is provided in the table below.

NOK millions	Debentures	Bank Loans	Capital lease and other long term loans	Total
2012	-	95	42	137
2013	-	2,016	14	2,031
2014	3,360	86	14	3,459
2015	-	67	15	82
2016	1,012	82	16	1,111
Thereafter	2,643	567	249	3,459
Total	7,015	2,913	349	10,278

Note 7

Business combination

On 10 January 2011, Yara acquired the remaining 60 percent ownership interest of the company Yara Nipro Pty. Ltd. (Nipro) in Australia. Nipro is a market leader in bulk liquid fertilizers in Eastern Australia. After the transaction, Yara owns and controls all shares of Nipro.

The primary reason for the business combination is that Nipro represents a business which is complementary to the already strong position held by Yara within the horticultural segment in Australia, and Nipro's operations will be integrated with those of Yara Australia.

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 interim condensed consolidated financial statements include the results of Nipro for three months from the acquisition date.

Nipro was an associated entity to Yara before the acquisition in January 2011. 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 equity interest has been derived from the consideration paid per share for the 60 percent ownership interest, reduced with a discount for lack of control.

<i>NOK millions</i>	Opening balance 10 Jan 2011	Fair value adjustment	Adjusted balance 10 Jan 2011
Assets			
Deferred tax	1	-	1
Customer relationships, part of intangible assets	-	57	57
Product technology, part of intangible assets	-	31	31
Property, plant and equipment	40	30	69
Inventories	29	-	29
Trade receivables	77	-	77
Prepaid expenses and other current assets	12	-	12
Cash and cash equivalents	19	-	19
Total assets	176	118	294
Liabilities			
Deferred tax liabilities	-	35	35
Long-term interest-bearing debt	17	-	17
Trade and other payables	57	-	57
Current tax liabilities	17	-	17
Other short-term liabilities	15	-	15
Total liabilities	106	35	142
Total identifiable net assets at fair value			153
Goodwill arising on acquisition			107
Fair value of previously held 40 percent equity interest in Nipro			(86)
Purchase consideration transferred for 60 percent ownership interest			174

The goodwill comprises the value of synergies arising from the acquisition, in addition to assembled workforce 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	1H 2011
Analysis of cash flows on acquisition	
Cash consideration for 60 percent ownership interest, (included in cash flows from investing activities)	(174)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	19
Transaction costs of the acquisition (included in cash flows from operating activities)	-
Net cash flow on acquisition	(156)
Gain recognized on previously held 40 percent ownership interest	
Estimated fair value	86
Carrying value	(49)
Currency translation gain of foreign operation, previously recognized as other comprehensive income	8
Gain, recognized as "other income"	44

From the date of acquisition, Nipro has contributed NOK 109 million of revenue and NOK 5 million to the income before tax of the Group. If the combination had taken place at the beginning of the year, Yara's consolidated revenue and consolidated income before tax would have been NOK 38,450 million and NOK 5,136 million, respectively.

During first quarter 2011, Yara also gained control over a former associated entity in Continental Europe. The previously held equity interest in the acquiree was re-measured at its fair value resulting in a gain of NOK 7 million in statement of income, presented as part of other income. The net cash flow on the transaction was positive NOK 5 million, presented as part of investment activities. Total assets consolidated from the time Yara gained control was NOK 149 million, mainly related to trade receivables of NOK 63 million and property, plant and equipment of NOK 37 million. Total liabilities was NOK 114 million, mainly related to accounts payable of NOK 76 million.

Note 8

Dividend and share buy-back program

In February 2011, Yara purchased 300,000 own shares for a total consideration of NOK 89 million.

The Annual General Meeting in May 2011 approved a dividend for 2010 of NOK 1,584 million (NOK 5.50 per share). During second quarter 2011, Yara has paid out NOK 1,499 million. The General Meeting also approved a new share buy-back program, authorizing the Board to acquire up to five percent of Yara's shares within the next 12 months. Shares may either be used for cancellation or as payment in business transactions. Yara has renewed the agreement with the Norwegian State according to which the State's shares will be redeemed on a pro-rata basis to ensure that the State's ownership is unchanged in the event repurchased shares are cancelled.

The Annual General Meeting approved to cancel all 750,000 own shares purchased under the 2010 buy-back program, and to redeem 425,759 shares owned by the Norwegian State for a consideration of NOK 116 million. Payment is expected to take place during third quarter 2011.

Note 9

LIFECO *investment*

Yara's jointly controlled entity Libyan Norwegian Fertilizer Company (Lifeco) temporary suspended its operations in February 2011 following the unrest in Libya. Yara's share of Lifeco's loss in second quarter is NOK 76 million and in first half NOK 43 million. Included in the loss is second quarter write-down of inventory and impairment of equipment NOK 31 million. The carrying value of the equity-accounted investment in Lifeco is NOK 1,367 million at the end of second quarter 2011. Yara has tested the investment for impairment. The main uncertainty 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. Internal and external sources of information have been used 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 778 million of the carrying value of Yara's investment is related to bank deposits in Libyan banks, and NOK 571 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 other material physical damage to or depletion of the assets. Yara will continue to take all new information into consideration going forward.

On 13 April 2011, it was announced that Yara has decided to initiate an external investigation related to the establishment and follow-up of Yara's interest in Lifeco. Yara has notified The Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM) of the possibility that criminal offenses may have occurred before October 2008 in connection with the negotiations preceding the company's investment in Libya. At this stage, it is not possible to estimate the outcome of these investigations and potential financial effects for Yara.

Responsibility statement

We confirm to the best of our knowledge that the condensed set of interim consolidated financial statements as at 30 June 2011 and for the six month period 1 January to 30 June 2011 has been prepared in accordance with IAS 34 'Interim Financial Reporting' and gives a true and fair view of the Group's assets, liabilities, financial position and the result for the period viewed in their entirety, and that the interim manage-

ment report in accordance with the Norwegian Securities Trading Act section 5-6 fourth paragraph includes a fair review of any of significant events that arose during the six-month period and their effect on the half-yearly financial report, and any significant related parties transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

*The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 18 July 2011*



Øivind Lund
Chairperson



Elisabeth Harstad
Board member



Leiv L. Nergaard
Board member



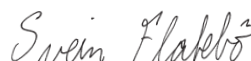
Hilde Merete Aasheim
Board member



Bernt Reitan
Board member



Kristine Haukalid
Board member



Svein Flatebø
Board member



Geir O. Sundbø
Board member



Jørgen Ole Haslestad
President and CEO

Quarterly *historical information*

EBITDA

<i>NOK millions</i>	2Q 2011	1Q 2011	4Q 2010	3Q 2010	2Q 2010	1Q 2010
Downstream	1,354	1,724	1,098	966	4,649	1,083
Industrial	275	275	168	326	297	344
Upstream	1,801	2,354	1,735	1,194	1,707	1,338
Other and eliminations	25	(72)	(9)	1	(67)	486
Total	3,455	4,281	2,992	2,486	6,587	3,251

RESULTS

<i>NOK millions, except per share information</i>	2Q 2011	1Q 2011	4Q 2010	3Q 2010	2Q 2010	1Q 2010
Revenue and other income	18,634	19,806	17,525	16,533	15,679	15,638
Operating income	2,219	2,995	1,862	1,402	1,888	2,315
EBITDA	3,455	4,281	2,992	2,486	6,587	3,251
Net income after non-controlling interests	2,225	2,889	1,564	1,927	3,716	1,522
Earnings per share (NOK)	7.73	10.02	5.42	6.68	12.86	5.27

<i>USD ¹⁾ millions, except per share information</i>	2Q 2011	1Q 2011	4Q 2010	3Q 2010	2Q 2010	1Q 2010
Revenue and other income	3,427	3,464	2,961	2,703	2,524	2,667
Operating income	408	524	315	229	307	394
EBITDA	635	749	506	406	1,057	553
Net income after non-controlling interests	410	506	270	316	596	259
Earnings per share (USD)	1.42	1.75	0.94	1.09	2.06	0.90

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



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Yara's strategy and business model



Yara has developed a strong industry platform and a unique business model. These constitute the backbone of its operation and the core of its strategy, with a position for global optimization through scale, flexibility and presence – including an extensive and flexible logistics systems.

Yara has developed a unique business model built on the complementary strengths and risk profiles of the three operating segments. These are *Upstream* (global manufacturing), *Downstream* (fertilizer applications), and *Industrial* (industrial applications).

PILLARS OF STRENGTH

Global #1 in ammonia

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

Global #1 in nitrates

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

Global #1 in NPK

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

Global #1 in specialty fertilizers

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

European #1 in nitrogen applications

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

Global #1 in marketing and distribution

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