

# Fourth quarter 2011

## Yara International ASA – quarterly report

- Strong quarter and best full-year results so far
- Good farm profitability drove improved margins, more than offsetting weaker fertilizer deliveries
- Continued strong demand for premium products, especially outside Europe
- Divestment of 16% in Yara Praxair at attractive terms
- Proposed dividend NOK 7 per share

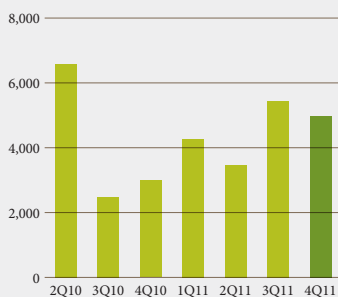
On 1 February 2012 Yara increased its ownership share in Burrup Holdings Limited to 51%, enabling full integration of the ammonia plant into Yara's global production system, and the establishment of Yara standards of corporate governance.



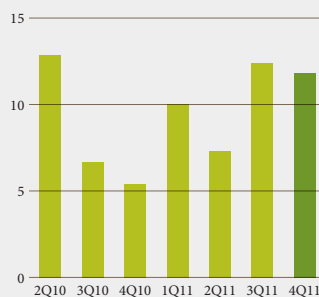
EARNINGS PER SHARE

**NOK**  
**11.84**

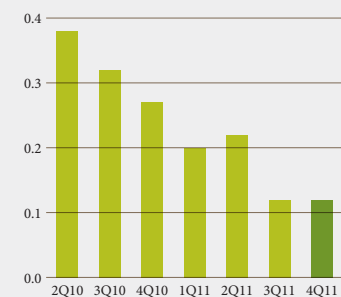
EBITDA (NOK millions)



Earnings per share (NOK)



Debt/equity ratio



Knowledge grows

# Fourth quarter 2011

## FINANCIAL HIGHLIGHTS

<i>NOK millions, except where indicated otherwise</i>	4Q 2011	4Q 2010	2011	2010
Revenue and other income	20,730	17,525	80,352	65,374
Operating income	3,628	1,862	13,240	7,467
Share net income equity-accounted investees	459	406	1,889	1,515
EBITDA	4,982	2,992	18,163	15,315
EBITDA excl. special items	4,001	3,144	16,010	10,748
Net income after non-controlling interests	3,386	1,564	12,066	8,729
Earnings per share <sup>1)</sup>	11.84	5.42	41.99	30.24
Earnings per share excl. currency and special items <sup>1)</sup>	8.82	6.25	34.94	20.69
Average number of shares outstanding (millions)	286.0	288.4	287.3	288.7
CROGI (12-month rolling average) <sup>2)</sup>			20.9%	17.4%
ROCE (12-month rolling average)			25.8%	20.6%

1) NOK per share. Yara currently has no share-based compensation programs that result in a dilutive effect on earnings per share.  
2) Fourth-quarter 2011 CROGI excl. special items annualized 18.1%.

## KEY STATISTICS

<i>Thousand tons</i>	4Q 2011	4Q 2010	2011	2010
<b>Sales</b>				
Fertilizer	4,239	4,914	19,522	20,276
Industrial products (excl. industrial gases)	1,154	1,094	4,551	4,251
Total	5,393	6,008	24,073	24,527
<b>Production <sup>1)</sup></b>				
Ammonia	1,717	1,912	6,655	7,335
Finished fertilizer and industrial products, excl. bulk blends	4,464	4,474	17,307	17,195
Total	6,181	6,386	23,962	24,531

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

Yara's fourth-quarter net income after non-controlling interests was NOK 3,386 million, compared with NOK 1,564 million last year. Excluding net foreign exchange gain/loss and special items, the result was NOK 2,524 million, compared with NOK 1,802 million in fourth quarter 2010. The corresponding earnings per share were NOK 8.82 compared with NOK 6.25 last year.

The quarterly result was positively affected by the divestment of the 16% ownership in Yara Praxair that gave a net income of NOK 967 million.

"Yara reports strong fourth-quarter results, as margins improved compared with last year, more than offsetting the impact of lower sales volumes," said Jørgen Ole Haslestad, President and Chief Executive Officer of Yara.

"Northern hemisphere fertilizer customers have been reluctant to take positions ahead of spring application, resulting in slow fourth-quarter sales overall. However, crop prices and farm margins remain healthy, and fertilizer deliveries will need to recover to avoid a decline in global grain stocks," said Jørgen Ole Haslestad.

## FERTILIZER MARKET CONDITIONS

Supply and demand fundamentals in most agricultural markets continue to support increased use of fertilizers. According to USDA estimates, global grain production during 2011/12 will almost match consumption, implying unchanged grain stocks. Assuming continued growth in global food consumption, the world needs another record grain crop in 2012 in order to prevent a further inventory decline. The FAO food price index has changed modestly during the fourth quarter, and while it ended the year 7% lower than the average for 2011, the latter was still 6% higher than the average index for any other calendar year. Grain prices remained at a healthy level, but declined during the quarter. Together with macroeconomic uncertainty, this impacted fertilizer demand in Europe, North America and other regions not in application season.

Urea prices remained at a high level for the quarter, with an average fob Black Sea price of USD 446 per ton, 24% higher than a year ago, and 5% higher than the average price for 2011. Global import demand stayed strong, but the market balance was also supported by lower exports from China compared with fourth quarter 2010. The tax rate on exports from China was raised to 110% on 1 November, one month earlier than in 2010. Outside China, there were no new capacity additions, and demand had to be rationed through continued high prices. Prices fell during the latter part of the quarter. During the fourth quarter, early buying for

## FERTILIZER AND ENERGY MARKET PRICES

<i>Average prices</i>		4Q 2011	4Q 2010	2011	2010
Urea prilled (fob Black Sea)	USD per ton	446	359	423	289
Ammonia (fob Black Sea)	USD per ton	576	403	518	357
AN (cif France)	USD per ton	498	412	479	336
CAN (cif Germany)	USD per ton	378	318	379	265
Phosphate rock (fob Morocco)	USD per ton	202	140	185	124
Oil Brent blend spot	USD per bbl	109	87	111	80
Low-sulphur fuel oil (LSFO)	USD per ton	653	481	642	465
US gas (Henry Hub)	USD per MMBtu	3.3	3.8	4.0	4.4
European gas (Zeebrugge)	USD per MMBtu	9.0	8.3	9.2	6.6

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

spring application on the Northern hemisphere is key to global demand. Since these regions continued to postpone purchasing, and other main markets were already well covered, the market weakened. Prices rebounded during January.

Ammonia prices remained strong during October and November, with an average price for the quarter of USD 576 per ton fob Black Sea, 43% higher than in fourth quarter 2010. Prices dropped sharply during December, amid reduced demand from the phosphate and industrial sectors. At the current price level, roughly USD 400 per ton fob Black Sea, export supply from the FSU regions is being reduced through production curtailments.

Phosphate fertilizer prices remained stable during October and November, just above USD 600 per ton fob US Gulf for DAP, but dropped by almost USD 100 per ton during December. Increased exports from China combined with reduced consumption in India have more than offset strong demand fundamentals elsewhere. Continued strong incentives to apply phosphate and potash fertilizer in most parts of the world have supported NPK demand, even as pressure has increased on phosphate and potash producers. In contrast to nitrogen, India has liberalized retail pricing of phosphate and potash fertilizer. This led to prices almost doubling for Indian farmers, and a 20% drop in DAP sales for the April-December period (40% drop for potash). The current global supply glut for phosphate and potash fertilizers have led to production curtailment announcements by many of the largest producers.

Phosphoric acid prices increased slightly from the third quarter, to around USD 1,080 per ton fob Morocco, not reflecting the weaker DAP prices. Phosphate rock prices hardly changed from the third quarter, remaining at around USD 200 per ton fob Morocco. Upgrading margins from phosphate rock to phosphate fertilizer dropped from the third quarter, and were also down on fourth quarter 2010.

## REGIONAL MARKET DEVELOPMENTS

Fourth-quarter nitrogen fertilizer deliveries in West Europe were down 21% on a year earlier, with imports down 36%. Season to date, deliveries were 18% down on a year earlier, with a 31% drop in imports. Higher fertilizer prices and weaker agricultural commodity prices made customers less willing to take inventory positions, with macroeconomic uncertainty in Europe contributing as well.

Fourth-quarter US nitrogen deliveries were down an estimated 12% from a year earlier, due to lower imports. Season to date, deliveries are estimated to be in line with last season, due to relatively strong deliveries in the third quarter.

In India, urea sales were up 6% so far this agricultural year (running from April), with domestic production increasing 1%. As sales growth has outpaced the increase in production, the need for urea imports have increased and India has been an active buyer during the fourth quarter. Since April, urea imports have exceeded last season by roughly 1 million tons.

China exported 1.6 million tons of urea in the fourth quarter, down from 3.3 million tons in fourth quarter 2010. The export tax was raised to 110% on 1 November, one month earlier than in 2010. Coal prices have remained stable through the quarter, maintaining a higher urea production cost and domestic price level than in fourth quarter 2010. China exported 3.6 million tons of urea in 2011, compared with 7 million tons in 2010.

Brazil imported a record 3 million tons of urea in 2011, up from 2.5 million tons a year earlier. Sales of all nutrients are reported at 28.4 million product tons, up 16% from 24.5 million tons last year. Fourth quarter urea imports were 1 million tons, equal to fourth quarter 2010.

## VARIANCE ANALYSIS FOURTH QUARTER

<i>NOK millions</i>	<b>4Q 2011</b>
EBITDA 2011	4,982
EBITDA 2010	2,992
Variance EBITDA	1,990
Volume & mix	(392)
Price/margin	2,146
Oil & gas costs in Europe	(543)
Special items	1,134
Other	(245)
Conversion (NOK vs. USD) <sup>1)</sup>	(109)
Total variance explained	1,990

1) Based on average NOK per USD for the quarter 2011: 5.76 (2010: 5.92)

Yara delivered strong fourth-quarter results, primarily reflecting improved fertilizer margins compared with a year ago, more than offsetting higher energy cost and lower sales volumes.

Global Yara fertilizer deliveries were down 14% on fourth quarter 2010, with decrease in all main product groups. Industrial volumes increased 5%, reflecting growth in environmental products and technical ammonium nitrates.

The European customers showed some reluctance to replenish stocks amid general economic uncertainty. The 18% volume reduction in Europe was mainly seen in urea and nitrates, while NPK was less affected.

Sales outside Europe were 9% lower than same period last year. Demand on premium products was strong, but unfavorable weather conditions in Thailand, Argentina and Southern Brazil more than offset higher sales in other markets. Urea deliveries were down in most markets, with the main decrease in North America.

Compared with fourth quarter 2010, average realized prices in USD were up 41% for urea and 32% for nitrates, while NPK prices were up 23%.

Fertilizer margins continued strong, particularly for urea and nitrates. Third-party product stocks were kept to a minimum and limited the inventory write-down to NOK 143 million.

European oil and gas costs increased slightly less than Yara's third-quarter guidance, being 543 million NOK higher than fourth quarter 2010.

Total special items were a positive NOK 981 million, primarily reflecting a positive effect of NOK 967 related to the sale of 16% of Yara's 50% holding in Yara Praxair and revaluation of remaining shares. Fourth-quarter 2010 special items were a negative NOK 153 million. For further details on special items see pages 16 and 17.

The Pardies plant asset was partially impaired by NOK 59 million according to IFRS accounting principles, due to uncertain economic conditions and required future maintenance investments.

Fixed costs increased compared with last year, mainly due to high level of maintenance in production plants, in addition to growing innovation and market activities.

The US dollar was approximately 3% weaker versus the Norwegian krone compared with fourth quarter 2010, generating a negative translation effect in Yara's results.

## VARIANCE ANALYSIS FULL YEAR

<i>NOK millions</i>	2011
EBITDA 2011	18,163
EBITDA 2010	15,315
Variance EBITDA	2,847
Volume & mix	(773)
Price/margin	10,175
Oil & gas costs in Europe	(2,813)
Special items	(2,415)
Other	(521)
Conversion (NOK vs. USD) <sup>1)</sup>	(806)
Total variance explained	2,847

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

Full year EBITDA excluding special items increased 49%, reflecting good market fundamentals.

Global Yara fertilizer deliveries in 2011 were 4% lower than in 2010. Industrial volumes increased 7%, driven by growth in the environmental segment.

Average realized prices in USD were up 49% for nitrates, 37% for urea while NPK prices were 29% above 2010 levels.

Total special items were a positive NOK 2,152 million, primarily reflecting the sale of Rossosh and Yara Praxair transaction. Full year 2010 net special items were a positive NOK 4,568 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 7% weaker compared with the Norwegian krone in 2010, resulting in a negative conversion effect in Yara's results.

## NET INCOME FROM EQUITY-ACCOUNTED INVESTEEES

<i>NOK millions</i>	4Q 2011	4Q 2010	2011	2010
Qafco	278	196	1,018	729
Tringen	84	73	243	227
Yara Pilbara (Burrup)	55	(112)	169	(156)
GrowHow UK Ltd	64	87	334	221
Lifeco	(31)	43	(131)	179
Other	8	119	255	314
Total	459	406	1,889	1,515

Fourth-quarter net income from equity-accounted investees increased 13% compared to last year, mainly due to improved nitrogen prices and a normalization of Burrup results.

Negative variance in "Other" is mainly exclusion of Rossosh results and lower share of Yara Praxair net income.

Lifeco production was suspended in mid February 2011 amid the unrest in Libya. Yara's estimated monthly NOK 20 million share of negative results in Lifeco during suspension period was reviewed in December, giving a positive effect of NOK 28 million booked in the fourth quarter.

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.

## FINANCIAL ITEMS

<i>NOK millions</i>	4Q 2011	4Q 2010	2011	2010
Interest income from customers	38	29	118	112
Interest income, other	59	51	201	130
Dividends and net gain/(loss) on securities	-	-	(9)	3,580
Interest income and other financial income	97	80	309	3,822
Interest expense	(187)	(182)	(650)	(667)
Return on pension plan assets	122	107	451	419
Interest expense re. pension liabilities	(115)	(121)	(457)	(486)
Foreign exchange gain/(loss)	(175)	(135)	(215)	(676)
Other	(32)	(56)	(162)	(214)
Interest expense and foreign exchange gain/(loss)	(386)	(387)	(1,033)	(1,625)
Net financial income/(expense)	(288)	(308)	(724)	2,197

Fourth-quarter net financial expense was NOK 288 million compared with NOK 308 million last year.

Interest expense was NOK 187 million this quarter compared with NOK 182 million in the same quarter last year. The effect of the average gross debt level this quarter being NOK 2.4 billion below the same quarter last year was offset by a higher average interest rate and less capitalized interest.

The US dollar appreciated 4% against the euro during the quarter which gave a currency loss of NOK 240 mill, which was partly compensated from gains of movements between other currencies of NOK 75 million. Yara's US dollar debt generating currency exposure amounted to approximately USD 1.2 billion during the quarter, with around USD 1 billion of the exposure towards the euro.

Full-year net financial expense was NOK 724 million compared with a net financial income of NOK 2,197 million last year. The difference was mainly due to the NOK 3,580 million net gain on securities last year reflecting the sale of Yara's shares in Fosfertil.

As Yara retained significant cash deposits throughout the year following strong cash inflow, the interest income was NOK 71 million higher than last year.

Interest expense this year was NOK 17 million lower than in 2010. While the average gross debt level was NOK 3.8 billion below last year, the average interest rate has been higher. Also, last year's interest expense was reduced by a NOK 37 million gain on interest rate derivatives compared with a NOK 30 million loss this year.

The net foreign exchange loss this year of NOK 215 million is mainly explained by the US dollar appreciating around 3% against both the euro and the Norwegian krone. Last year the appreciation was 7% against the euro and 1.5% against the krone, resulting in a net loss of NOK 676 million.

**TAX**

Fourth-quarter current and deferred taxes were NOK 410 million representing 11% of income before tax. The main reason for the lower than normal tax rate for the quarter was the tax free gain from the Yara Praxair transaction of NOK 967 million. Also, higher than expected utilization of tax loss carried forward and relatively lower earnings in high tax regions contributed to the low tax rate.

**NET INTEREST-BEARING DEBT**

<i>NOK millions</i>	<b>4Q 2011</b>	<b>2011</b>
Net interest-bearing debt at beginning of period	(4,961)	(9,540)
Cash earnings <sup>1)</sup>	2,523	11,067
Dividends received from equity-accounted investees	304	1,137
Net operating capital change	(2,039)	(4,851)
Rossosh divestment and dividend	4	2,492
Praxair divestment	329	329
Investments (net)	(786)	(2,848)
Share buy-backs and redemption of shares	(297)	(763)
Yara dividend	-	(1,584)
Foreign exchange gain/(loss)	(175)	(215)
Other	(441)	(762)
Net interest-bearing debt at end of period	(5,539)	(5,539)

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

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

Net interest-bearing debt increased by NOK 578 million during fourth quarter 2011, ending at NOK 5,539 million. The cash earnings was partially offset by increased operating capital. Inventory increased with NOK 1.3 billion mainly reflecting higher inventory volumes. Operating capital was also negatively impacted by lower prepayments of NOK 385 million from customers in Brazil as the season came to an end.

The positive impact from the Yara Praxair transaction was NOK 329 million. The investment activity for the quarter mainly reflects planned maintenance programs.

Fourth-quarter dividends from equity-accounted investees were NOK 304 million, of which GrowHow UK contributed with NOK 229 million and Tringen with NOK 57 million.

Share buy-backs during fourth quarter amounted to NOK 297 million. "Other" is negatively impacted by higher VAT receivables and the buyout of the minority shareholders in Yara Brazil.

The debt/equity ratio at the end of fourth quarter 2011, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.12 compared with 0.27 at the end of 2010.

**DIVIDEND POLICY**

Yara's objective is to pay out minimum 30% of net income as an average over the business cycle. Yara believes it will be beneficial for shareholders that the Company strives for a gradual increase and predictability in the absolute dividend level over time, independently of the business cycle. Consequently, Yara expects to pay out somewhat more than 30% of net income in years with weaker than historical average cash flow from operations and less than 30% in years with stronger than historical average cash flow from operations.

Yara's Board will propose to the Annual General Meeting a dividend payment of NOK 7 per share for 2011, which represents 17% of net income after non-controlling interests and 20% excluding net foreign exchange gains/losses and special items. If approved, year-over-year increase in dividends per share will be 27%.

Cash payments to shareholders from dividends and share buy-back programs combined are expected to be an average 40-45% of net income over the business cycle. The Board intends to propose to the Annual General Meeting a new buy-back program along the lines of the existing one.

# Downstream

## FINANCIAL HIGHLIGHTS

<i>NOK millions, except where indicated otherwise</i>	4Q 2011	4Q 2010	2011	2010
Revenue and other income	13,252	12,840	55,437	48,249
Operating income	527	907	4,330	3,424
EBITDA	704	1,098	5,085	7,796
EBITDA excl. special items	704	1,087	5,090	3,780
CROGI (12-month rolling average) <sup>1)</sup>			19.7%	32.1%
ROCE (12-month rolling average)			22.7%	39.1%

1) Fourth-quarter 2011 CROGI excl. special items annualized 10.8%.

## KEY STATISTICS <sup>1)</sup>

<i>Thousand tons</i>	4Q 2011	4Q 2010	2011	2010
<b>Sales by region</b>				
Fertilizer Europe	1,935	2,374	9,300	10,188
Fertilizer outside Europe	2,278	2,512	10,149	9,976
Total	4,214	4,886	19,449	20,164
<b>Sales by product group</b>				
Nitrate	1,086	1,287	5,122	5,486
NPK	1,546	1,685	6,562	6,610
<i>of which own-produced</i>	953	1,101	3,846	4,085
<i>of which own blends</i>	415	463	1,937	1,922
Urea	851	1,170	4,236	4,588
<i>of which own-produced</i>	425	392	1,613	1,636
<i>of which equity-accounted investees sourced</i>	199	482	1,527	2,168
CN	164	171	915	841
UAN	241	166	1,158	965
Other products	326	407	1,456	1,675
Total	4,214	4,886	19,449	20,164

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

- Strong full year, but lower quarter result compared with 2010
- European sales down 18%, satisfactory sales outside Europe
- Healthy margins for premium products despite 30% urea price drop during the quarter
- Low third-party stock levels limit write-downs

## VARIANCE ANALYSIS FOURTH QUARTER

<i>NOK millions</i>	4Q 2011
EBITDA 2011	704
EBITDA 2010	1,098
Variance EBITDA	(393)
Volume & Mix	(197)
Price/margin	(116)
Special items	(11)
Other	(34)
Conversion (NOK vs. USD) <sup>1)</sup>	(36)
Total variance explained	(393)

1) Based on average NOK per USD for the quarter 2011: 5.76 (2010: 5.92).

Downstream's fourth-quarter results are lagging previous quarters' results due to low sales volumes and a 30% drop in urea prices during the quarter. EBITDA excluding special items decreased by 35% from fourth quarter last year.

Total deliveries during the quarter were down 14%, with decrease in most main product groups. Adjusting for the shortfall of Libyan urea and the change in business model related to the sales of the retail activity in South Africa, the reduction on a comparable basis was 10%.

European sales were down 18% as customers were reluctant to replenish stocks in advance of the application period. The volume reduction was mainly seen in urea and nitrates, while NPK was less affected.

Demand for premium products continued to be strong in markets outside Europe, especially in Asia. However, core markets like Thailand, Argentina and Southern Brazil, were impacted by adverse weather conditions offsetting increased sales elsewhere. Urea deliveries were down in most markets, particularly in North America. Adjusting for the shortfall of Libyan urea and the change in business model related to the sales of the retail activity in South Africa, deliveries outside Europe were down 2% on last year. The shortfall reflect less NPK to Thailand and a general reduction in urea sales.

Realized fertilizer prices were up on last year for all main product groups, reflecting a demand driven market and higher nutrient values. Realized urea prices increased by 41%, while realized nitrate and NPK prices were up 32% and 23%, respectively.

Fourth quarter last year saw a positive price trend for most fertilizer products, increasing the gains from stock positions in the markets. Fourth quarter results this year were negatively impacted by inventory write-downs. Urea market prices dropped 30% and DAP prices saw a 10% decline in the latter part of the quarter. Through continuous exposure management of third-party positions, the stock of third-party sourced products were significantly below last year, and losses were limited to NOK 143 million at Yara level, primarily on urea stock.

There were no special items for the quarter. Fourth quarter last year saw a total special item gain of NOK 11 million.

Net operating capital turnover, measured on a 12 months rolling basis, was 6.4 at the end of the quarter versus 6.9 at the end of 2010, reflecting higher inventory levels.

## VARIANCE ANALYSIS FULL YEAR

<i>NOK millions</i>	<b>2011</b>
EBITDA 2011	5,085
EBITDA 2010	7,796
Variance EBITDA	(2,711)
Volume & Mix	(299)
Price/margin	2,030
Special items	(4,021)
Other	(128)
Conversion (NOK vs. USD) <sup>1)</sup>	(293)
Total variance explained	(2,711)

1) Based on quarterly average NOK per USD rates.

Downstream full-year EBITDA excluding special items increased 35% from last year as a tight fertilizer market improved margins and increased sales to premium markets outside Europe. The underlying 2011 EBITDA represents the second best year for Downstream so far.

Realized sales prices were up for all main products. Average realized nitrate prices were up 49%, while average realized NPK prices were up 29% compared with last year reflecting the improved market fundamentals.

Volumes were 4% below last year, with a decline in Europe partly compensated by growth in premium markets outside Europe. Adjusting for the shortfall of Libyan urea and the change in business model related to the sales of the retail activity in South Africa, volumes were in line with last year on a comparable basis.

NPK sales were in line with last year. Reduced sales in Europe were offset by increased deliveries to Latin America, especially Brazil. Urea deliveries were down 8% as increased sales in Asia and Africa did not compensate for shortfall in other regions. Also nitrate deliveries were 7% below last year due to slow sales in Europe during second half of 2011.

Yara acquired the remaining 60% 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% shareholding and classified as a special item. Total special items for 2011 were a negative NOK 5 million. Last year saw a special item gain of NOK 4,016 million, with the Fosfertil gain as the largest item.

# Industrial

## FINANCIAL HIGHLIGHTS

<i>NOK millions, except where indicated otherwise</i>	4Q 2011	4Q 2010	2011	2010
Revenue and other income	4,156	2,509	12,631	9,366
Operating income	1,009	81	1,667	850
EBITDA	1,129	168	2,001	1,135
EBITDA excl. special items	162	168	1,034	1,104
CROGI (12-month rolling average)			28.1%	17.8%
ROCE (12-month rolling average) <sup>1)</sup>			37.3%	22.8%

1) Fourth-quarter 2011 CROGI excl. special items annualized 10.1%.

## KEY STATISTICS

<i>Thousand tons</i>	4Q 2011	4Q 2010	2011	2010
<b>Sales by product group (excl. industrial gases) <sup>1)</sup></b>				
Environmental products	426	364	1,544	1,247
Industrial N-chemicals	735	731	3,057	3,004
<i>of which TAN</i>	194	167	734	705
<b>Total</b>	<b>1,161</b>	<b>1,094</b>	<b>4,601</b>	<b>4,251</b>

1) Segment view, includes inter-segment sales.

- Strong full year, but quarter result below normal level due to higher commodity prices
- Economic uncertainty impacts sales to European process industry
- TAN recovery due to higher mining activity in main markets
- Continued improvement in the environmental segment

## VARIANCE ANALYSIS FOURTH QUARTER

<i>NOK millions</i>	4Q 2011
EBITDA 2011	1,129
EBITDA 2010	168
Variance EBITDA	961
Volume & mix	22
Price/margin	37
Special items	967
Other	(42)
Conversion (NOK vs. USD) <sup>1)</sup>	(23)
<b>Total variance explained</b>	<b>961</b>

1) Based on average NOK per USD for the quarter 2011: 5.76 (2010: 5.92).

Fourth-quarter EBITDA excluding special items was NOK 162 million compared with NOK 168 million last year. Most of the business areas suffered lower margins from significantly higher input commodity prices compared with last year. The EBITDA for the quarter was also negatively impacted by higher costs incurred for DeNOx terminal and product handling. Increased focus on innovation and market niche extensions also led to increased costs in this quarter. Both the above cost increases are represented in the "Other" variance. Overall margin development was further restricted due to higher sourcing costs and higher customer delivery costs for the CO<sub>2</sub> business due to disruptions in transportation.

The quarterly result was positively affected by the divestment of the 16% ownership in Yara Praxair that gave a net income of NOK 967 million.

Uncertain economic outlook in Europe led to lower sales of ammonia and urea to the process industry whereas nitric acid sales remained steady. Unsatisfactory development in Chemicals sales was primarily a result of several customers undertaking extended maintenance operations and reducing their output. Sales of water treatment products increased by 13% mainly driven by diversification into new markets and applications.

The environmental segment continued to achieve volume growth mainly driven by new customers for NO<sub>x</sub> abatement in the US. The acquisition of Petro Miljö, a Swedish environmental technology provider, was successfully completed in this quarter.

Technical ammonium nitrate (TAN) sales volumes were up 16% mainly due to demand recovery in Yara's main markets. Fourth quarter margins were above last year.

CO<sub>2</sub> sales decreased 3% compared with fourth quarter 2010 due to reduced wholesale volumes resulting from multiple plant outages. Margins were down from last year due to higher sourcing costs as a result of the above, compounded by an engine failure in one of the CO<sub>2</sub> ships in early December.

The Pardies plant asset was partially impaired by NOK 59 million according to IFRS accounting principles, due to uncertain economic conditions and required future maintenance investments. This effect is reflected in the reported operating income.

## VARIANCE ANALYSIS FULL YEAR

<i>NOK millions</i>	<b>2011</b>
EBITDA 2011	2,001
EBITDA 2010	1,135
Variance EBITDA	866
Volume & mix	130
Price/margin	(24)
Special items	936
Other	(76)
Conversion (NOK vs. USD) <sup>1)</sup>	(100)
Total variance explained	866

1) Based on quarterly average NOK per USD rates.

Full year EBITDA excluding special items was down 6% from last year despite the 8% volume growth, which did not compensate for the loss in margins seen in CO<sub>2</sub> and environmental products. The margin loss was due to a combination of high commodity prices, sourcing issues, price pressure in key markets and change of customer mix.

The 24% increase in environmental segment sales was driven by NO<sub>x</sub> 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 2% from last year.

Technical ammonium nitrate sales were 4% above last year. Margins were on the same level compared to last year after recovery from adverse market conditions in certain mining countries in the last quarter.

Liquid CO<sub>2</sub> sales decreased by 4% due to reduced wholesale volumes. Margins were below last 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, and a gain on the divestment of Yara Praxair with an amount of NOK 967 million.

# Upstream

## FINANCIAL HIGHLIGHTS

<i>NOK millions, except where indicated otherwise</i>	4Q 2011	4Q 2010	2011	2010	
Revenue and other income	11,890	8,729	43,510	31,663	
Operating income	2,212	916	7,757	2,884	
Share net income equity-accounted investees	453	349	1,738	1,335	
EBITDA	3,221	1,735	11,446	5,975	
EBITDA excl. special items	3,249	1,875	10,297	6,096	
CROGI (12-month rolling average) <sup>1)</sup>			17.6%	10.2%	
ROCE (12-month rolling average)			21.1%	10.1%	
Oil & gas cost (weighted average) <sup>2)</sup>	USD per MMBtu	8.6	6.4	8.2	5.7
Oil & gas cost Europe (weighted average) <sup>2)</sup>	USD per MMBtu	10.8	8.5	10.7	7.6

1) Fourth-quarter 2011 CROGI excl. special items annualized 19.4%.

2) Including Yara share in equity-accounted investees.

## KEY STATISTICS

<i>Thousand tons</i>	4Q 2011	4Q 2010	2011	2010
<b>Production by category<sup>1)</sup></b>				
Ammonia	1,717	1,912	6,655	7,335
Finished fertilizer	3,155	3,205	12,184	12,282
Total	4,872	5,116	18,839	19,617

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

- Strong result
- Higher prices more than offset increased energy costs
- Fertilizer production running close to full capacity
- Qafco 5 and 6 starting production

## VARIANCE ANALYSIS FOURTH QUARTER

<i>NOK millions</i>	4Q 2011
EBITDA 2011	3,221
EBITDA 2010	1,735
Variance EBITDA	1,486
Volume & mix	(145)
Price/margin	2,254
Oil & gas costs in Europe	(543)
Special items	112
Other	(142)
Conversion (NOK vs. USD) <sup>1)</sup>	(49)
Total variance explained	1,486

1) Based on average NOK per USD for the quarter 2011: 5.76 (2010: 5.92).

Upstream delivered its best fourth-quarter result so far. The strong result shows an 73% increased EBITDA excluding special items compared with same period last year, mainly reflecting the increased prices, which more than offset the higher energy cost.

Yara's production system ran slightly below normal levels in the fourth quarter, in line with Yara's guidance.

Ammonia production decreased 10% from fourth quarter 2010, mainly related to the outages in Lifeco and Billingham, gas curtailments in Trinidad and the exclusion of Rossosh, divested during last summer. The gas curtailments in Trinidad are to continue in 2012, with some expected gradual improvement due to incremental gas supply.

Finished fertilizer production was in line with same quarter last year. The increased volumes from Urea 7 in Sluiskil were offset by the production stop in Lifeco and the Rossosh divestment.

The Qafco 5 ammonia/urea plant started operations end January 2012 with Qafco 6 ammonia following in February. The Qafco 6 Urea is scheduled for start up in fourth quarter 2012.

Yara's average European oil and gas cost was up 27% from same quarter last year, reflecting an increase in prices for both natural gas and oil products. Yara's global average oil and gas cost increased 34% over same period last year, on a USD per MMBtu basis. Fourth quarter 2011 average energy cost for gas based plants was USD 9.3 per MMBtu, while the remaining European plants with oil-linked contracts had an average cost of USD 13.9 per MMBtu.

Yara's estimated monthly NOK 20 million share of negative results in Lifeco during suspension period was reviewed in December, giving a positive effect of NOK 28 million booked into this quarter results.

Special items for the quarter were a net negative of NOK 28 million, mainly reflecting the negative results of NOK 31 million in Lifeco and increased environmental provisions of NOK 28 million. For the same period last year, special items were a net negative of NOK 139 million.

The Operating Income result includes an additional impairment cost of NOK 39 million related to higher than estimated demolition costs of old assets in Sluiskil, in connection with the start up of the Urea 7 project.

## VARIANCE ANALYSIS FULL YEAR

<i>NOK millions</i>	2011
EBITDA 2011	11,446
EBITDA 2010	5,975
Variance EBITDA	5,472
Volume & mix	(343)
Price/margin	8,035
Oil & gas costs in Europe	(2,813)
Special items	1,270
Other	(263)
Conversion (NOK vs. USD) <sup>1)</sup>	(415)
Total variance explained	5,472

1) Based on quarterly average NOK per USD rates

Upstream 2011 EBITDA increased 92% over previous year, only outperformed by the record year 2008 results, reflecting the increase in prices for all products.

2011 Ammonia production decreased 9% compared with last year, mainly reflecting a higher level of turnarounds in 2011 combined with the production stops in Lifeco, Hull, Burrup and Billingham, the gas curtailments in Trinidad and the Rossosh divestment. Finished fertilizer production was in line with 2010 volumes. The increased production out of Tertre and Urea 7 in Sluiskil were offset by the stop in Lifeco and the Rossosh divestment.

European oil and gas costs increased from USD 7.6 per MMBtu to USD 10.7 per MMBtu, up 42% from last year, while Yara's global average oil and gas cost increased from USD 5.7 per MMBtu to USD 8.2 per MMBtu, up 42% over last year. Energy cost outside Europe was higher than a year ago, primarily due to higher ammonia prices in North America.

2011 special items were a net positive NOK 1,149 million, mainly related to the sale of Rossosh, the Lifeco outage and prior periods adjustment in Qafco. For the same period last year, special items were a net negative of NOK 122 million.

## Other *and* eliminations

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Fourth-quarter EBITDA was a negative NOK 72 million compared with a negative NOK 9 million last year. Main reason for the difference is 76 million NOK higher elimination of profit in inventory in the fourth quarter this year compared with last year.

Year-to-date EBITDA was a negative NOK 370 million, compared with a positive NOK 410 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

Agricultural markets are strong, with healthy farm margins globally. The FAO price index is 7% lower than a year ago, but remains at a historically high level.

The US Department of Agriculture estimates that global grain stocks-to-use will continue to decline during the 2011/12 season, despite strong crop prices and higher planted acreage. This situation underlines the continued long-term challenge of increasing agricultural productivity.

Global nitrogen markets saw weaker demand during the fourth quarter, as Northern hemisphere buyers postponed purchases and the Southern hemisphere application drew to a close. Fertilizer pre-buying incentives were weaker than a year earlier as higher fertilizer prices and weaker crop prices made customers less willing to build stocks ahead of the spring application period. However, activity levels have increased in global nitrogen markets during early first quarter.

Season-to-date nitrogen fertilizer industry deliveries in Western Europe are 18% behind a year earlier, following strong deliveries at the end of the 2010/2011 season and low pre-buying activity in the current season. European deliveries have picked up since December, and Yara expects normal European nitrogen consumption this spring. However, European nitrogen industry deliveries for the 2011/2012 season could end lower than the previous season, due to the low deliveries in second half 2011. Yara is targeting a stable European nitrate market share for the season, compared with a year earlier.

The Chinese urea export tax increased to 110 percent on 1 November, and will according to official information remain at this level until 1 July 2012. Effective 1 July a progressive tax mechanism has been announced, which at today's domestic urea price level would indicate a swing export price around USD 385 per ton fob China

Fertecon estimates for new nitrogen capacity outside China in 2012 represent approximately 2.4% of nitrogen consumption, down from 3.1% in the previous report, underlining the extent of delays and uncertainty linked even to projects close to completion. According to the same estimates, additions outside China during 2011-2014 indicate a net capacity growth approximately in line with average consumption growth since 2001. Qafco expansions represent approximately one quarter of the estimated new nitrogen capacity outside China in 2012.

The Lifeco joint venture plant remains closed while preparations are made for a safe return to normal operation. Yara is targeting a third-quarter start-up, with full production by end 2012, contingent on site preparations commencing during February and natural gas supplies being available by the summer.

Based on current forward markets for oil products and natural gas (26 January) Yara's first-quarter energy costs are expected to be approximately NOK 150 million higher than last year, which is below previous estimate. Second-quarter energy costs are expected to be NOK 150 million lower than a year earlier. The estimates may change considerably depending on future energy prices.

*The Board of Directors and Chief Executive Officer  
Yara International ASA  
Oslo, 6 February 2012*



Øivind Lund  
Chairperson



Elisabeth Harstad  
Board member



Leiv L. Nergaard  
Board member



Hilde Merete Aasheim  
Board member



Bernt Reitan  
Board member



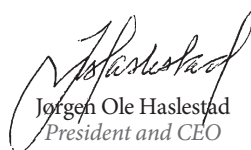
Kristine Haukalid  
Board member



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			
	4Q 2011	4Q 2010	2011	2010	4Q 2011	4Q 2010	2011	2010
Fair value adjustment Yara Nipro	-	-	44	-	-	-	44	-
Environmental provisions	-	-	(24)	-	-	-	(24)	-
Import duty charge prior years	-	-	(26)	-	-	-	(26)	-
Fair value adjustment Balderton	-	-	-	185	-	-	-	185
Fosfertil sale	-	-	-	3,578	-	-	-	-
Anitapolis sale	-	-	-	122	-	-	-	122
Terni sale	-	-	-	72	-	-	-	72
Insurance settlement Brazil	-	-	-	33	-	-	-	33
Peremarton sale	-	-	-	32	-	-	-	32
Demolition provision Brazil	-	-	-	-	-	-	-	(28)
Restructuring France	-	(19)	-	(34)	-	(19)	-	(40)
Baria Serece sale	-	38	-	38	-	38	-	38
Environmental provisions	-	(8)	-	(8)	-	(8)	-	(8)
Contract derivatives	-	-	-	(2)	-	-	-	(2)
Total Downstream	-	11	(5)	4,016	-	11	(5)	403
Partly write-down of Pardies plant	-	-	-	-	(59)	-	(59)	-
Yara Praxair Holding AS revaluation of remaining 34%	658	-	658	-	658	-	658	-
Yara Praxair Holding AS sale of 16%	309	-	309	-	309	-	309	-
Compensation Pardies closure	-	-	-	31	-	-	-	31
Total Industrial	967	-	967	31	908	-	908	31
Libya costs	(31)	-	(164)	-	-	-	-	-
Environmental provisions	(28)	-	(28)	-	(28)	-	(28)	-
Qafco restatement of prior periods	-	-	(82)	-	-	-	-	-
Rossosh sale	4	-	1,419	-	4	-	1,479	-
Write-down related to increased demolition costs	-	-	-	-	(39)	-	(39)	-
Sale of shares Carbonor	-	-	-	69	-	-	-	69
Sluiskil asset decommissioning	-	-	-	-	-	-	-	(39)
Environmental provisions	-	(10)	-	(10)	-	(10)	-	(10)
Property damage insurance Tertre	-	39	-	39	-	39	-	39
Write-down Burrup	-	(165)	-	(165)	-	-	-	-
Contract derivatives	27	(4)	4	(55)	14	(2)	2	(29)
Total Upstream	(28)	(139)	1,149	(122)	(49)	28	1,414	31
Gain sale of Nordic Rus Holding	42	-	42	-	42	-	42	-
Terra break fee	-	-	-	666	-	-	-	666
Environmental provisions	-	(24)	-	(24)	-	(24)	-	(24)
Total Other and eliminations	42	(24)	42	643	42	(24)	42	643
Total Yara	981	(153)	2,152	4,568	901	14	2,359	1,108

# Production *data*

<i>Thousand tons</i>	4Q 2011	4Q 2010	2011	2010
<b>WHOLLY-OWNED OPERATIONS</b>				
<b>Upstream</b>				
Ammonia	1,346	1,301	4,935	4,956
Nitrates	705	680	2,808	2,602
NPK	790	766	3,117	3,104
CN	282	231	1,027	1,008
Urea	815	731	2,715	2,622
UAN	208	168	720	581
<b>Total</b>	<b>4,147</b>	<b>3,878</b>	<b>15,322</b>	<b>14,874</b>
<b>Downstream</b>				
Nitrates	682	578	2,622	2,553
NPK	423	470	1,604	1,573
CN	38	57	166	175
UAN	58	76	329	232
<b>Total</b>	<b>1,202</b>	<b>1,180</b>	<b>4,721</b>	<b>4,533</b>
<b>Industrial</b>				
Nitrates (TAN)	107	89	402	380
<b>EQUITY-ACCOUNTED INVESTEEES <sup>1)</sup></b>				
Ammonia	371	610	1,720	2,379
Nitrates	88	172	486	620
NPK	62	150	448	566
Urea	205	306	862	1,180
<b>Total</b>	<b>725</b>	<b>1,239</b>	<b>3,517</b>	<b>4,744</b>

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

# Condensed *consolidated interim statement of income*

<i>NOK millions, except share information</i>	Notes	4Q 2011	4Q 2010	2011	2010
Revenue		19,637	17,389	77,726	64,006
Other income	4,8	1,091	155	2,698	1,429
Commodity based derivatives gain/(loss)		3	(19)	(72)	(61)
Revenue and other income	3	20,730	17,525	80,352	65,374
Raw materials, energy costs and freight expenses	5	(14,489)	(13,326)	(57,829)	(49,143)
Payroll and related costs		(1,213)	(1,221)	(4,698)	(4,579)
Depreciation and amortization	7	(784)	(632)	(2,677)	(2,440)
Other operating expenses		(616)	(483)	(1,908)	(1,746)
Operating costs and expenses		(17,103)	(15,662)	(67,112)	(57,908)
Operating income	3	3,628	1,862	13,240	7,467
Share of net income in equity-accounted investees	4,8,10,11	459	406	1,889	1,515
Interest income and other financial income	4	97	80	309	3,822
Earnings before interest expense and tax (EBIT)		4,184	2,348	15,438	12,804
Foreign exchange gain/(loss)		(175)	(135)	(215)	(676)
Interest expense and other financial items		(211)	(252)	(818)	(948)
Income before tax	3	3,798	1,961	14,404	11,179
Income tax expense		(410)	(394)	(2,315)	(2,386)
Net income		3,388	1,567	12,090	8,793
<b>Net income attributable to</b>					
Shareholders of the parent		3,386	1,564	12,066	8,729
Non-controlling interests		2	3	24	64
Net income		3,388	1,567	12,090	8,793
Earnings per share <sup>1)</sup>		11.84	5.42	41.99	30.24
Weighted average number of shares outstanding <sup>2)</sup>		286,019,464	288,406,468	287,321,413	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, third and fourth quarter 2011, due to the share buy-back program.

# Condensed *consolidated interim statement of comprehensive income*

<i>NOK millions</i>	Notes	4Q 2011	4Q 2010	2011	2010
Net income		3,388	1,567	12,090	8,793
Exchange differences on translation of foreign operations		837	78	313	517
Actuarial gain/(loss) on defined benefit pension plans		(496)	105	(504)	105
Available-for-sale investments - change in fair value		27	13	27	(30)
Hedge of net investments		(35)	2	-	(13)
Share of other comprehensive income of equity-accounted investees		(95)	89	(177)	(66)
Reclassification adjustments related to:					
- cash flow hedges		3	3	11	10
- exchange differences on foreign operations disposed of in the year	4	(8)	-	144	(119)
- available-for-sale investments disposed of in the year	4	-	-	(2)	(1,244)
Total other comprehensive income, net of tax		234	289	(189)	(839)
Total comprehensive income		3,623	1,856	11,901	7,955
<b>Total comprehensive income attributable to</b>					
Shareholders of the parent		3,614	1,856	11,880	7,895
Non-controlling interests		9	-	22	59
Total		3,623	1,856	11,901	7,955

# Condensed consolidated interim 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 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	-	-	-	-	-	-	-	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)
Buyout of non-controlling interests	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Treasury shares	(1)	-	-	-	-	-	(1)	(114)	(115)	-	(115)
Share capital increase in subsidiary, non-controlling interests	-	-	-	-	-	-	-	-	-	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
Net income	-	-	-	-	-	-	-	12,066	12,066	24	12,090
Other comprehensive income, net of tax	-	-	458	25	11	-	493	(504)	(11)	(2)	(13)
Share of other comprehensive income of equity-accounted investees	-	-	(2)	-	(57)	-	(59)	(118)	(177)	-	(177)
Total other comprehensive income, net of tax	-	-	456	25	(46)	-	434	(622)	(188)	(2)	(189)
Share incentive plan	-	-	-	-	-	-	-	(12)	(12)	-	(12)
Buyout of non-controlling interests	-	-	-	-	-	-	-	(81)	(81)	7	(74)
Treasury shares	(4)	-	-	-	-	-	-	(643)	(647)	-	(647)
Redeemed treasury shares <sup>2)</sup>	-	(203)	-	-	-	-	-	203	-	-	-
Redeemed shares, Norwegian State <sup>2)</sup>	(1)	(115)	-	-	-	-	-	-	(116)	-	(116)
Dividends distributed	-	-	-	-	-	-	-	(1,584)	(1,584)	(22)	(1,606)
Balance at 31 December 2011	485	117	430	29	(267)	90	282	43,737	44,623	157	44,779

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	31 Dec 2011	31 Dec 2010
<b>Assets</b>			
<b>Non-current assets</b>			
Deferred tax assets	1	1,474	1,650
Intangible assets	1,8	5,164	4,937
Property, plant and equipment	1,8	24,118	23,470
Equity-accounted investees	4,8,10,11	11,092	10,223
Other non-current assets		1,875	2,269
<b>Total non-current assets</b>		<b>43,723</b>	<b>42,549</b>
<b>Current assets</b>			
Inventories	1,5,8	12,683	9,644
Trade receivables	8	8,680	6,644
Prepaid expenses and other current assets	8	2,936	3,668
Cash and cash equivalents	8	5,868	2,946
Non-current assets classified as held-for-sale		11	12
<b>Total current assets</b>		<b>30,177</b>	<b>22,915</b>
<b>Total assets</b>	<b>3</b>	<b>73,900</b>	<b>65,464</b>

# Condensed consolidated interim statement of financial position

<i>NOK millions, except for number of shares</i>	Notes	31 Dec 2011	31 Dec 2010
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital reduced for treasury stock	9	485	490
Premium paid-in capital	9	117	435
Total paid-in capital		603	926
Other reserves	9	282	(152)
Retained earnings		43,737	34,411
Total equity attributable to shareholders of the parent	9	44,623	35,185
Non-controlling interests		157	149
Total equity		44,779	35,334
<b>Non-current liabilities</b>			
Employee benefits	1	2,673	2,254
Deferred tax liabilities	1,8	3,489	3,660
Other long-term liabilities		234	283
Long-term provisions	1	252	430
Long-term interest-bearing debt	6,8	10,280	11,139
Total non-current liabilities		16,927	17,766
<b>Current liabilities</b>			
Trade and other payables	8	8,523	8,111
Current tax liabilities	8	1,324	1,019
Short-term provisions		318	321
Other short-term liabilities	8	901	763
Bank loans and other interest-bearing short-term debt		707	1,968
Current portion of long-term debt		420	180
Total current liabilities		12,193	12,363
Total equity and liabilities		73,900	65,464
Number of shares outstanding <sup>1)</sup>	2	285,456,159	288,381,903

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

The Board of Directors and Chief Executive Officer  
Yara International ASA  
Oslo, 6 February 2012



Øivind Lund  
Chairperson



Elisabeth Harstad  
Board member



Leiv L. Nergaard  
Board member




Hilde Merete Aasheim  
Board member




Bernt Reitan  
Board member



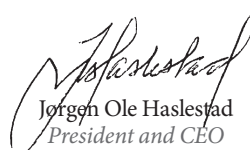
Kristine Haukalid  
Board member



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	2011	2010
<b>Operating activities</b>			
Operating income	3	13,240	7,467
<b>Adjustments to reconcile operating income to net cash provided by operating activities</b>			
Depreciation and amortization		2,677	2,440
Write-down and reversals, net	7	139	(193)
Tax paid		(1,827)	(727)
Dividend from equity-accounted investees	4	1,480	827
Change in net operating capital <sup>1)</sup>		(4,990)	(1,705)
Other		(3,354)	(1,014)
Net cash from operating activities		7,363	7,093
<b>Investing activities</b>			
Purchases of property, plant and equipment	3	(2,899)	(3,090)
Purchases of other long-term investments	3,4	(302)	(707)
Net sales/(purchases) of short-term investments		801	(800)
Proceeds from sales of property, plant and equipment		34	84
Proceeds from sales of other long-term investments	4	2,797	5,038
Net cash from/(used in) investing activities		431	524
<b>Financing activities</b>			
Loan proceeds/(repayments), net		(2,371)	(4,342)
Purchase of treasury shares	2,9	(647)	(115)
Redeemed shares Norwegian State	2	(116)	-
Dividend	9	(1,584)	(1,300)
Net cash transfers (to)/from non-controlling interests	4	(113)	(67)
Net cash from/(used in) financing activities		(4,833)	(5,825)
Foreign currency effects on cash flows		(40)	180
Net increase (decrease) in cash and cash equivalents		2,922	1,972
Cash and cash equivalents at beginning of period		2,946	974
Cash and cash equivalents at end of period		5,868	2,946
Bank deposits not available for the use of other group companies		311	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](http://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 10 for more information about changes to estimation uncertainties.

### Note 2

## Shares

	Ordinary shares	Own shares <sup>1)</sup>
Balance at 31 December 2009	288,831,918	(667)
Treasury shares - share buy-back program <sup>2)</sup>	-	(450,000)
Treasury shares - employee trust	-	652
Balance at 31 December 2010	288,831,918	(450,015)
Treasury shares - share buy-back program <sup>2)</sup>	-	(300,000)
Redeemed shares Norwegian State <sup>3)</sup>	(425,759)	-
Shares cancelled <sup>3)</sup>	(750,000)	750,000
Treasury shares - employee trust	-	15
Treasury shares - share buy-back program <sup>3)</sup>	-	(2,200,000)
Balance at 31 December 2011	287,656,159	(2,200,000)

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	4Q 2011	4Q 2010	2011	2010
<b>External revenue and other income</b>				
Downstream	13,015	12,570	54,381	46,569
Industrial	4,139	2,456	12,539	9,216
Upstream	3,543	2,435	13,335	8,791
Other and eliminations	33	63	96	798
<b>Total</b>	<b>20,730</b>	<b>17,525</b>	<b>80,352</b>	<b>65,374</b>
<b>Internal revenue and other income</b>				
Downstream	237	270	1,056	1,680
Industrial	17	52	92	150
Upstream	8,347	6,294	30,176	22,871
Other and eliminations	(8,601)	(6,616)	(31,323)	(24,701)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue and other income</b>				
Downstream	13,252	12,840	55,437	48,249
Industrial	4,156	2,509	12,631	9,366
Upstream	11,890	8,729	43,510	31,663
Other and eliminations	(8,568)	(6,553)	(31,227)	(23,903)
<b>Total</b>	<b>20,730</b>	<b>17,525</b>	<b>80,352</b>	<b>65,374</b>
<b>Operating income</b>				
Downstream	527	907	4,330	3,424
Industrial	1,009	81	1,667	850
Upstream	2,212	916	7,757	2,884
Other and eliminations	(120)	(42)	(515)	308
<b>Total</b>	<b>3,628</b>	<b>1,862</b>	<b>13,240</b>	<b>7,467</b>
<b>EBITDA</b>				
Downstream	704	1,098	5,085	7,796
Industrial	1,129	168	2,001	1,135
Upstream	3,221	1,735	11,446	5,975
Other and eliminations	(72)	(9)	(370)	410
<b>Total</b>	<b>4,982</b>	<b>2,992</b>	<b>18,163</b>	<b>15,315</b>
<b>Investments</b>				
Downstream	265	208	892	1,095
Industrial	243	76	320	197
Upstream	602	776	2,322	2,998
Other and eliminations	20	16	109	83
<b>Total</b>	<b>1,130</b>	<b>1,075</b>	<b>3,643</b>	<b>4,373</b>
<b>Total Assets <sup>1)</sup></b>				
Downstream	22,356	19,018	22,356	19,018
Industrial	5,126	3,853	5,126	3,853
Upstream	40,091	37,558	40,091	37,558
Other and eliminations	6,327	5,034	6,327	5,034
<b>Total</b>	<b>73,900</b>	<b>65,464</b>	<b>73,900</b>	<b>65,464</b>

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

<i>NOK millions, except percentages</i>	4Q 2011	4Q 2010	2011	2010
<b>CROGI (12-month rolling average)</b>				
Yara	-	-	20.9%	17.4%
Downstream	-	-	19.7%	32.1%
Industrial	-	-	28.1%	17.8%
Upstream	-	-	17.6%	10.2%
<b>ROCE (12-month rolling average)</b>				
Yara	-	-	25.8%	20.6%
Downstream	-	-	22.7%	39.1%
Industrial	-	-	37.3%	22.8%
Upstream	-	-	21.1%	10.1%
<b>Reconciliation of EBITDA to Income before tax</b>				
EBITDA	4,982	2,992	18,163	15,315
Depreciation and amortization <sup>1)</sup>	(798)	(643)	(2,725)	(2,512)
Foreign exchange gain/(loss)	(175)	(135)	(215)	(676)
Interest expense and other financial items	(211)	(252)	(818)	(948)
Income before tax	3,798	1,961	14,404	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 <sup>1)</sup>	EBIT	Depreciation and amortization <sup>2)</sup>	EBITDA
<b>4Q 2011</b>						
Downstream	527	-	50	577	128	704
Industrial	1,009	6	1	1,016	113	1,129
Upstream	2,212	453	2	2,666	555	3,221
Other and eliminations	(120)	-	45	(75)	3	(72)
Total	3,628	459	97	4,184	798	4,982
<b>4Q 2010</b>						
Downstream	907	30	55	992	106	1,098
Industrial	81	29	-	110	58	168
Upstream	916	349	2	1,266	469	1,735
Other and eliminations	(42)	(1)	23	(20)	11	(9)
Total	1,862	406	80	2,348	643	2,992
<b>2011</b>						
Downstream	4,330	83	194	4,607	477	5,085
Industrial	1,667	68	2	1,737	265	2,001
Upstream	7,757	1,738	3	9,498	1,949	11,446
Other and eliminations	(515)	-	110	(404)	34	(370)
Total	13,240	1,889	309	15,438	2,725	18,163
<b>2010</b>						
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****ACQUISITIONS AND OTHER RELATED INITIATIVES**

In January 2011, Yara acquired the remaining 60% ownership in the Australian entity Yara Nipro Pty. Ltd. See note 8 for more information.

In fourth quarter 2011, Yara acquired the Swedish company Petro Miljö AB from PetroKraft AB. See note 8 for more information.

Yara completed the minority buyout of the shares in Yara Brazil in fourth quarter. The consideration was NOK 91 million. The carrying value of the minority shares was NOK 10 million and NOK 81 million has been recognized in retained earnings.

**DISPOSALS AND OTHER RELATED INITIATIVES**

In August 2011, Yara sold its 37.692% stake in the associated entity Yaibera Holding ("Rossosh") with a gain of NOK 1,479 million, including cumulative currency translation loss of NOK 160 million reclassified from equity. The gain is included in "other income" in 2011 condensed consolidated interim statement of income, and is recognized in the Upstream segment. The consideration of NOK 2,149 million is included in investing activities in 2011 condensed consolidated interim statement of cash flows. Shortly before the sale, Yara also received a dividend of NOK 343 million. The dividend is included in operating activities in 2011 condensed consolidated interim statement of cash flows. In 2011, Yara has recognized NOK 112 million as its share of net income. Full year 2010 share of net income was NOK 138 million. The carrying value of the Rossosh investment was NOK 756 million at the end of 2010.

On 5 October 2011, Yara reduced its ownership in the jointly controlled entity Yara Praxair Holding AS from 50% to 34%. A gain of NOK 309 million was recognized in fourth quarter. Yara has also recognized a fair value revaluation gain on the remaining 34% ownership as Yara lost joint control over the entity. This gain is NOK 658 million. The accounting gains have been reported in the Industrial segment in "other income". The consideration was NOK 329 million and is included in investing activities in fourth quarter 2011 condensed consolidated interim statement of cash flows. Yara classifies Yara Praxair Holding AS as an associated entity after this transaction and continues to use the equity method. The carrying value of Yara's 34% ownership at the end of fourth quarter 2011 is NOK 702 million. Yara's share of net income recognized in 2011 is NOK 47 million. Total recognized share of net income in 2010 was NOK 71 million.

In fourth quarter Yara sold its 49% stake in JSC Nordic Rus Holding. The consideration was NOK 29 million and is included in investing activities in fourth quarter 2011 condensed consolidated interim statement of cash flows. The accounting gains of NOK 42 million has been reported in the Other segment in "other income" in the condensed interim statement of income.

Yara also sold its non-marketable shares in Hankkija Maatalous in fourth quarter 2011. A consideration of NOK 101 million is included in investing activities in fourth quarter 2011 condensed consolidated interim statement of cash flows. The accounting effects were minor.

## Note 5

## Inventory

NOK millions	31 Dec 2011	31 Dec 2010
Finished goods	7,952	5,617
Work in progress	536	395
Raw materials	4,195	3,632
<b>Total</b>	<b>12,683</b>	<b>9,644</b>
<b>Write-down</b>		
Balance at 1 January	(98)	(291)
Reversal/(write-down), net	(164)	194
Foreign currency translation	(3)	(1)
Closing balance	(265)	(98)

## Note 6

## Long-term debt

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

NOK millions	Debentures	Bank Loans	Capital lease and other long term loans	Total
2013	-	1,242	25	1,267
2014	3,699	96	34	3,829
2015	-	92	17	109
2016	1,068	94	22	1,184
2017	-	91	21	113
Thereafter	2,966	543	269	3,778
<b>Total</b>	<b>7,732</b>	<b>2,158</b>	<b>389</b>	<b>10,280</b>

## Note 7

**Impairment testing**

In fourth quarter 2011 goodwill has been tested for impairment in accordance with the requirements in IFRS. The goodwill testing is performed at the lowest level within Yara at which the goodwill is monitored for internal management purposes. Impairment testing is performed as of 31 December 2011.

Impairment of property, plant and equipment of NOK 59 million was recognized in fourth quarter 2011 related to the plant in Pardies, France. The uncertain economic conditions in the local markets coupled with required maintenance investments are forecast to result in a deterioration of cash flow from the Pardies plant thereby leading to impairment.

Impairment of decommissioning assets of NOK 44 million was recognized in fourth quarter, following increased provisions.

## Note 8

**Business combinations**

On 10 January 2011, Yara acquired the remaining 60% ownership interest of the company Yara Nipro Pty. Ltd. in Australia. Yara Nipro is a market leader in bulk liquid fertilizers in Eastern Australia. After the transaction, Yara owns and controls all shares of Yara 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 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% 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
<b>Assets</b>			
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
<b>Total assets</b>	<b>176</b>	<b>118</b>	<b>294</b>
<b>Liabilities</b>			
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
<b>Total liabilities</b>	<b>106</b>	<b>35</b>	<b>142</b>
<b>Total identifiable net assets at fair value</b>			<b>153</b>
Goodwill arising on acquisition			107
Fair value of previously held 40% equity interest in Nipro			(86)
Purchase consideration transferred for 60% 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	2011
<b>Analysis of cash flows on acquisition</b>	
Cash consideration for 60% 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)
<b>Gain recognized on previously held 40% ownership interest</b>	
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, Yara Nipro has contributed NOK 261 million of revenue and NOK 22 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 income before tax would have been NOK 80,362 million and NOK 14,407 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 a part of investment activities. Total assets consolidated at the time Yara gained control were NOK 149 million, mainly related to trade receivables of NOK 63 million and property, plant and equipment of NOK 37 million. Total liabilities were NOK 114 million, mainly related to accounts payable of NOK 76 million.

In fourth quarter 2011, Yara acquired the Swedish company Petro Miljö AB from PetroKraft AB, for a total cash consideration of NOK 72 million. 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. Intangible assets of NOK 10 million and goodwill of NOK 54 million have been recognized. Total assets consolidated at the time Yara gained control were NOK 92 million. In addition to goodwill and intangible assets, total assets were mainly related to other short-term receivable of NOK 16 million and external bank accounts of NOK 5 million. Total liabilities were NOK 17 million, mainly related to prepayments from customers of NOK 13 million.

## Note 9

### Dividend and share buy-back program

During first quarter 2011, Yara purchased 300,000 own shares under the 2010 buy-back program 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). The dividend was paid out with NOK 1,499 million during second quarter and NOK 85 million during third quarter 2011. The General Meeting also approved a new share buy-back program, authorizing the Board to acquire up to 5% 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. The payment took place during third quarter 2011.

During third quarter 2011, Yara purchased 1 million own shares under the 2011 buy-back program for a total consideration of NOK 262 million.

In fourth quarter, Yara purchased 1.2 million own shares under the 2011 buy-back program for a total consideration of NOK 297 million.

## Note 10

**LIFECO** *investment*

Yara's jointly controlled entity Libyan Norwegian Fertilizer Company (Lifeco) temporarily suspended its operations in February 2011 following the unrest in Libya. Yara's share of Lifeco's loss in fourth quarter is NOK 31 million and loss year-to-date NOK 131 million. The carrying value of the equity-accounted investment in Lifeco is NOK 1,436 million at the end of fourth quarter 2011. Yara has tested the investment for impairment. The main uncertainty is the length of the suspension period. Yara is targeting a third-quarter start-up, with full production by end 2012, contingent on site preparations commencing during February 2012 and natural gas supplies being available by summer. 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. At this point in time, Yara has no information about material physical damage to or depletion of the assets not reflected in Lifeco's financial statements. Yara will continue to take all new information into

consideration going forward. Approximately NOK 839 million of the carrying value of Yara's investment is related to bank deposits in Libyan banks, and NOK 611 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.

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.

## Note 11

**Post** *balance sheet events*

Yara International ASA and OCP S.A. have agreed to establish a 50/50 joint venture in Brazil and the entry into corresponding phosphate rock supply and other commercial arrangements. The proposed joint venture will as a first step involve OCP gaining a 50% interest in Yara's existing terminal and production plant in Rio Grande. Through the joint venture, OCP and Yara will have access to the existing port, terminal and storage facilities, which they plan to develop through investments in the short to medium term. Yara's Rio Grande SSP plant has an annual capacity of approximately 650 kilotons, consuming approximately 350 kilotons of phosphate rock. OCP and Yara expect that completion of the investment and the agreements will take place in first quarter 2012, subject to regulatory approval.

On 1 February 2012, Yara acquired additional 16% of Burrup Holdings Limited (BHL) for USD 143 million, increasing its ownership share in the company to 51%. Concurrently, Apache Energy has acquired the remaining 49% of the shares in BHL, and signed a new shareholders' agreement with Yara. The wholly-owned BHL subsidiary, Burrup Fertilisers Pty Ltd (BFPL), operates an ammonia plant completed in 2006 and located at the Burrup Peninsula in Western Australia, with an annual production capability of approximately 850,000 metric tons.

BFPL entered into a revised long-term natural gas supply contract with Apache Energy in November 2011. The Burrup Nitrates project will now proceed with 75.5% Yara ownership and 24.5% Apache ownership, to construct a TAN plant with annual nameplate capacity of 330,000 metric tons in close proximity to the existing Burrup ammonia plant. The proposed TAN plant's close proximity to the Pilbara mining industry together with adjacent ammonia supply gives it a distinct advantage over other ammonium nitrate suppliers. Yara has an agreement to market the entire output from the plant.

Yara will consolidate BHL and its subsidiaries from the acquisition date, including possible goodwill, and measure all identifiable assets acquired and liabilities assumed at their acquisition-date fair values. The 49% interest of Apache will be presented as non-controlling interests in Yara's statement of financial position. Yara's previously held 35% equity interest will be remeasured at fair value, and the gain or loss, if any, will be recognized in first quarter 2012 statement of income. The carrying value of this investment was NOK 1,899 million as at 31 December 2011.

Yara board will propose to the Annual General Meeting a dividend of NOK 7 per share for 2011.

# Quarterly *historical information*

## EBITDA

<i>NOK millions</i>	4Q 2011	3Q 2011	2Q 2011	1Q 2011	4Q 2010	3Q 2010	2Q 2010	1Q 2010
Downstream	704	1,302	1,354	1,724	1,098	966	4,649	1,083
Industrial	1,129	323	275	275	168	326	297	344
Upstream	3,221	4,071	1,801	2,354	1,735	1,194	1,707	1,338
Other and eliminations	(72)	(252)	25	(72)	(9)	1	(67)	486
Total	4,982	5,444	3,455	4,281	2,992	2,486	6,587	3,251

## RESULTS

<i>NOK millions, except per share information</i>	4Q 2011	3Q 2011	2Q 2011	1Q 2011	4Q 2010	3Q 2010	2Q 2010	1Q 2010
Revenue and other income	20,730	21,181	18,634	19,806	17,525	16,533	15,679	15,638
Operating income	3,628	4,398	2,219	2,995	1,862	1,402	1,888	2,315
EBITDA	4,982	5,444	3,455	4,281	2,992	2,486	6,587	3,251
Net income after non-controlling interests	3,386	3,566	2,225	2,889	1,564	1,927	3,716	1,522
Earnings per share (NOK)	11.84	12.42	7.73	10.02	5.42	6.68	12.86	5.27

<i>USD <sup>1)</sup> millions, except per share information</i>	4Q 2011	3Q 2011	2Q 2011	1Q 2011	4Q 2010	3Q 2010	2Q 2010	1Q 2010
Revenue and other income	3,607	3,861	3,427	3,464	2,961	2,703	2,524	2,667
Operating income	635	804	408	524	315	229	307	394
EBITDA	870	994	635	749	506	406	1,057	553
Net income after non-controlling interests	573	653	410	506	270	316	596	259
Earnings per share (USD)	2.00	2.28	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.

# Notes

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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.