Report to shareholders

Third quarter 2011

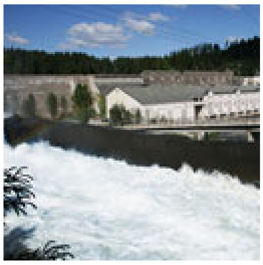
Contents

Third-quarter 2011 highlights

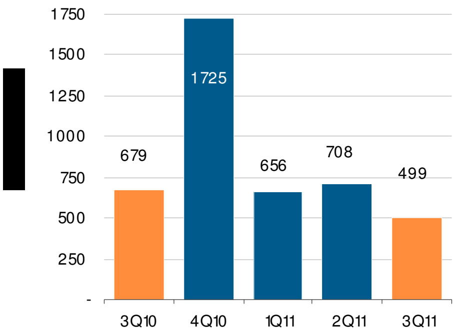
- ✓ Strong third-quarter cash flow: NOK 0.9 billion for repayment of interest-bearing debt.
- ✓ Hydropower reservoir content in south-eastern Norway continued to improve due to considerable precipitation.
- ✓ High hydropower production: 22 percent above normal for the quarter.
- ✓ Hydropower sales price: NOK 0.25 per kWh, down 31 percent from 3Q 2010.
- ✓ Effect of REC investment's share price development on operating profit: minus NOK 360 million (3Q 2010: NOK 0 million).
- ✓ Sale of Cogen and Network Norway shareholdings frees up NOK 534 million of Hafslund capital.


Earnings per share
Excluding REC

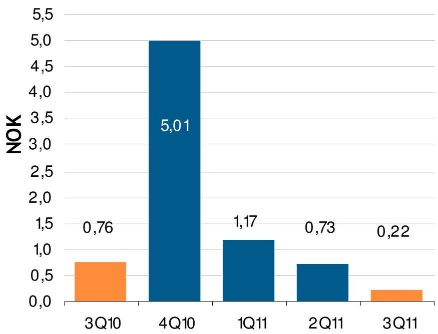
NOK 0.22



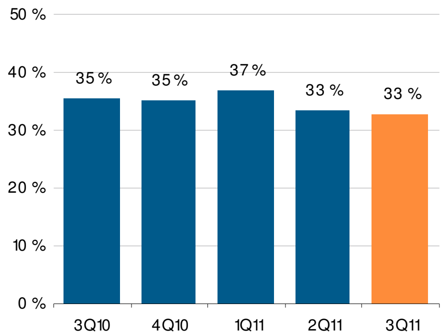
EBITDA (excl. REC)



Earnings per share (excl. REC)



Equity ratio



Figures are in NOK unless otherwise stated. Comparative 2010 figures appear in parentheses.

Key figures

Third quarter			YTD	
2010	**2011**	**Profit and loss (NOK million)**	**2011**	**2010**
2 720	**2 269**	Operating revenues	**10 592**	10 641
679	**139**	EBITDA	**938**	198
457	**(64)**	Operating profit	**335**	(482)
312	**(253)**	Profit before tax and discontinued operations	**(160)**	(894)
148	**(314)**	Profit after tax	**(502)**	(1 370)
		Capital matters		
27 343	**25 489**	Total assets	**25 489**	27 343
35 %	**33 %**	Equity ratio	**33 %**	35 %
11 074	**9 291**	Net interest-bearing debt	**9 291**	11 074
		Per-share figures (NOK)		
0.76	**(1.61)**	Profit (EPS)	**(2.57)**	(7.02)
3.5	**5.6**	Cash flow from operations	**19.4**	11.1
		Key figures		
0.36	**0.25**	Power prices (NOK per kWh)	**0.34**	0.38
1 175	**1 282**	Energy production (GWh)	**3 638**	3 587
2 613	**2 700**	Power sales (GWh)	**11 167**	10 621

Third-quarter 2011 summary

Third-quarter 2011 results

The Hafslund Group achieved an EBITDA of NOK 499 million (NOK 679 million) in the third quarter of 2011; the EBITDA figure is stated excluding the profit effect of the Group's investment in Renewable Energy Corporation (REC). The Group's operating profit was negatively affected by a further REC investment value decline of NOK 360 million (NOK 0 million) in the third quarter of 2011. A NOK 71 million charge to operating profit is associated with market value changes of power, interest, and currency derivatives, which are valued at fair value through profit and loss on a current basis.

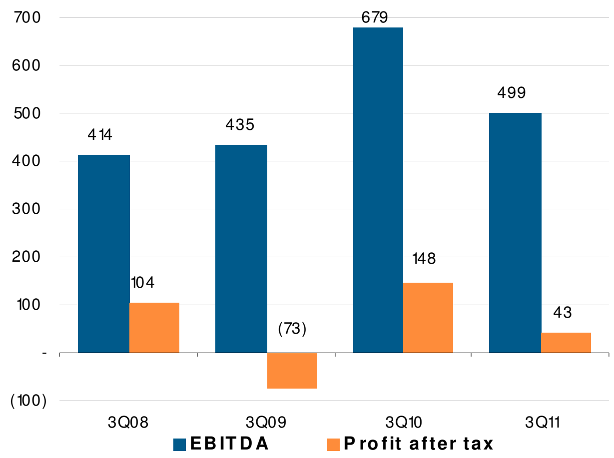
Profit from operations in the quarter reflects normal seasonal variations at the Group's profit centers. The reporting period featured high hydropower generation due to considerable precipitation and a major drop in power prices, particularly late in the third quarter. Hafslund's Hydropower business sold its power production at NOK 0.25 per kWh in the quarter, down 31 percent compared with the third quarter of 2010. Total energy production in the quarter was 1 282 GWh, up nine percent from the third quarter of 2010.

Financial expenses in the third quarter of 2011 amounted to NOK 189 million (NOK 145 million). Net interest-bearing debt was NOK 9.3 billion as of 30 September 2011, down NOK 0.9 billion in the quarter. The average loan portfolio coupon rate was 4.5 percent as of the close of the third quarter of 2011, an increase of 0.1 percentage points from the close of the second quarter of 2011. Financial expenses in the third quarter of 2011 include a NOK 66 million (NOK -29 million) charge due to lower forward interest rates, which affected the market value of the Group's loan portfolio.

The Group's pre-tax profit for the third quarter of 2011 was NOK -253 million (NOK 312 million); the pre-tax profit figure must be viewed in light of the REC investment value change and a NOK 137 million charge due to value changes on the Group's derivatives and loan portfolio. The Group's tax expense amounted to NOK 61 million; the tax charge includes Norway's tax on hydropower facilities, which amounted to NOK 35 million (NOK 88 million) in the quarter. The Group's after-tax profit for the third quarter of 2011, excluding the profit effect of the REC investment, was NOK 43 million, which corresponds to a per-share profit of NOK 0.22 (NOK 0.76); the figures are identical to the diluted per-share figures.

Hafslund

Third-quarter profit 2008-2011 (excl. REC) (NOK million)



Net interest-bearing debt
(in NOK billion)

Cash flow and capital matters - third quarter 2011

Cash flow from operations amounted to NOK 1 095 million in the third quarter of 2011; the figure reflects a NOK 640 million decrease in working capital. As of 30 September 2011, working capital amounted to NOK 406 million (NOK -315 million). EBITDA amounted to NOK 139 million, which is NOK 316 million lower than the associated cash flow from operations before change in working capital. The difference is attributable to NOK 81 million in interest payments, and a NOK 398 million non-liquidity effect associated with the value decline on the Group's financial assets, mainly the NOK 360 million charge to profit stemming from the REC investment.

Operational and expansion investments amounted to NOK 288 million (NOK 498 million), of which 75 percent is attributable to investments in the Group's District Heating and Network businesses. NOK 101 million of Group capital was freed up through share sales in the third quarter of 2011, largely as a result of settlement received for the Cogen AS shares. Settlement for the Network Norway shareholding was received in early October, and thus the associated liquidity effect will be recorded in the fourth quarter of the year.

The above-mentioned factors resulted in a total cash flow from operations and net investments of NOK 908 million in the third quarter of 2011.

Total assets of the Hafslund Group as of 30 September 2011 amounted to NOK 25.5 billion, down NOK 0.3 billion in the quarter. The decline is largely attributable to a NOK 0.4 billion share-value decline on the Group's REC investment and a NOK 0.4 billion decrease in capital tied up in receivables, which were partly offset by the NOK 0.4 billion increase in bank deposits in the quarter. Net interest-bearing debt amounted to NOK 9.3 billion as of 30 September 2011, down NOK 0.9 billion in the third quarter of the year. The Group has a strong balance sheet, a financing structure with long-term lines of credit, and considerable liquid assets.

Risk

Hafslund's activities are exposed to regulatory, legal, financial, governmental policy, and market-related risk, as well as operational risk. Risk assessment represents an integral part of all business activities, and the company's collective risk is subject to management evaluation. Hafslund has established guidelines and frameworks governing active risk management in various areas.

Hafslund is a solid industrial participant, well equipped to handle poor loan market liquidity. The Group has established several long-term revolving credit facilities to ensure adequate funds are available, even in periods in which it is difficult to secure financing.

Power prices constitute one of several key factors determining the Group's profit. Power prices particularly affect the Group's energy production businesses. The Power Sales business uses hedging to minimize uncertainty associated with power prices. Power market counterparty risk is minimized through trade in standardized contracts settled via Nasdaq OMX. Spot-market power contract prices affect the Group's annual operating profit level. A NOK 0.01 per kWh change in power prices leads to an approximately NOK 36 million change in operating profit and a roughly NOK 19 million change in the Group's after-tax profit for the year.

Due to Hafslund's greater targeting of renewable energy, the Group is exposed to risk associated with input factors other than electric power. This applies particularly to district heating, waste incineration, and bioenergy. A designated Group risk-management team assesses and adopts strategies for managing such risk categories, in accordance with the risk profile established by management.

The Group's treasury department continuously manages and hedges foreign currency exposure to reduce currency risk associated with power trading, loans denominated in foreign currencies, and other FOREX exposure. Hafslund is exposed to interest-rate risk as it affects the company's interest-bearing loans and the interest level applied by regulators in determining the income ceiling for the Group's Network business. Balanced management of fixed- and floating-interest debt in the company's interest portfolio is also used to lessen interest-rate risk.

Several of the Group's energy supply activities are subject to licensing and significant public regulation, particularly power generation, district heating, and the Network power distribution businesses. The Network business is a natural monopoly subject to government regulation of its income. The current regulatory regime offers poor predictability as to future income frameworks and returns on grid investments.

Customer-base developments represent a key risk factor for the Power Sales business. Although the business holds significant customer receivables, most of which are smaller-sized amounts owed by households, losses on these receivables are historically negligible.

Business segments

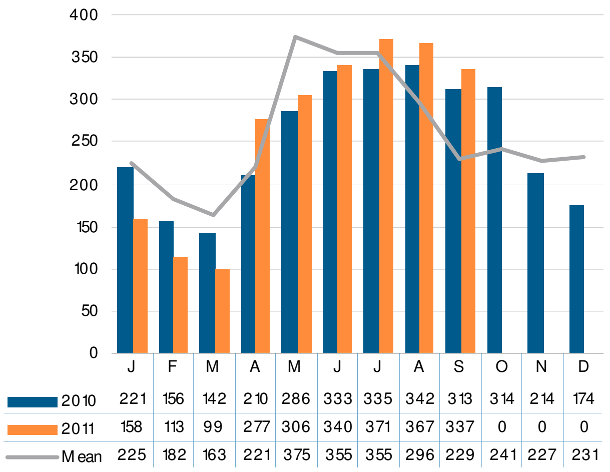
Hydropower

	Third quarter		YTD	
NOK million	**2011**	2010	**2011**	2010
Operating revenues	**268**	354	**804**	881
EBITDA	**211**	303	**652**	720
Operating profit	**199**	292	**618**	688
Power price (NOK per kWh)	**0.25**	0.36	**0.34**	0.38
Production (GWh)	**1 075**	990	**2 369**	2 339
Investments	**4**	54	**36**	126

Hafslund's Hydropower business had operating revenues of NOK 268 million in the third quarter of 2011. Revenue decline compared with the third quarter of 2010 is attributable to a 31-percent decrease in power prices, despite an eight-percent production volume increase. Hydropower posted a third-quarter 2011 operating profit of NOK 199 million, down NOK 93 million compared with the third quarter of 2010.

The Hafslund Group's strategy is to sell the power it produces in the spot market, with only limited price hedging. This strategy causes profits from Hafslund's Hydropower business to be largely driven by power contract price developments on the Nasdaq OMX exchange for Norway's price area NO1. The volume-weighted sales price achieved by the Hydropower business in the third quarter of 2011 was NOK 0.25 per kWh, or roughly NOK 0.11 per kWh below the year-earlier figure. Lower power prices resulted in a NOK 104 million negative profit contribution compared with the third quarter of 2010. For comparison, the NO1 spot price was NOK 0.25 per kWh (NOK 0.36 per kWh) in the third quarter of 2011.

Hydropower generation vs 10-year average
(GWh)



Note: Mean = 10-year average production, adjusted for capacity improvements

Hydropower generation in the third quarter of 2011 was 1 075 GWh, up 85 GWh compared with the third quarter of 2010. Higher production resulted in a NOK 21 million positive profit contribution compared with the year-earlier figure. Further, power generation was 22 percent above normal for the reporting period. As of mid-October 2011, aggregate hydrologic reservoir levels in Hafslund's drainage basin were at 118 percent of normal for the season; total stored energy amounted to 1 137 GWh. Of this figure, snow pack amounted to slightly under 17 percent of total reservoir energy content. Projections based on production thus far in 2011, scheduled availability of production facilities, current hydropower reservoir levels, and provided normal precipitation, indicate that Hafslund's fourth-quarter 2011 power generation will be approximately 775 GWh, which is 90 GWh or 13 percent above normal for the reporting period.

Operating expenses amounted to NOK 57 million (NOK 51 million) in the third quarter of 2011. Expenses were above normal level for the quarter, due to scheduled maintenance that included work on a reservoir dam.

The decline in Hydropower's investments from the third quarter of 2010 must be viewed in light of the completion of the expansion and upgrade program in the spring of 2011. As of 30 September 2011, Hydropower's capital employed was NOK 4.4 billion.

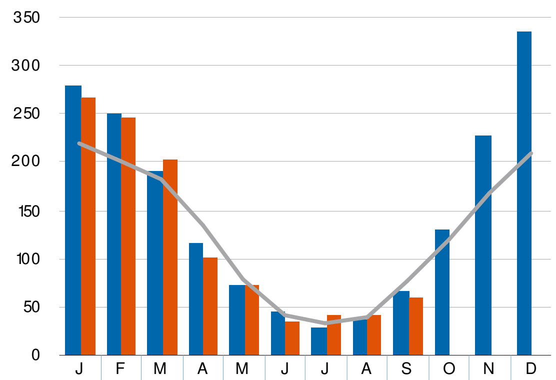
District Heating

NOK million	Third quarter 2011	Third quarter 2010	YTD 2011	YTD 2010
Operating revenues	**79**	79	**722**	682
EBITDA	**3**	6	**159**	190
Operating profit	**(26)**	(22)	**70**	103
Sales price (NOK per kWh)	**0.60**	0.66	**0.76**	0.70
Production cost (NOK per kWh)	**0.24**	0.25	**0.40**	0.34
Gross margin (NOK per kWh)	**0.36**	0.41	**0.36**	0.36
Production volume (GWh)	**144**	134	**1 069**	1 088
Investments	**107**	112	**291**	222

Hafslund's District Heating business had third-quarter 2011 operating revenues of NOK 79 million. The District Heating sales price for the quarter was NOK 0.60 per kWh, down NOK 0.06 per kWh compared with the third quarter of 2010. However, a 10 GWh increase in production volume resulted in revenues on a par with the third quarter of 2010. Typically, about 10 percent of total annual production is generated and distributed in the third quarter of the year, making it the year's weakest quarter. EBITDA amounted to NOK 3 million (NOK 6 million) in the third quarter.

The decrease in District Heating's end-user price is largely attributable to lower wholesale prices for power contracts traded via Nasdaq OMX. Organic growth is primarily responsible for greater third-quarter production. Energy purchases and re-sales associated with waste incineration facilities owned by the City of Oslo (EGE) accounted for 110 GWh (84 GWh) of the quarter's 144 GWh production.

District Heating's annual production profil (GWh)

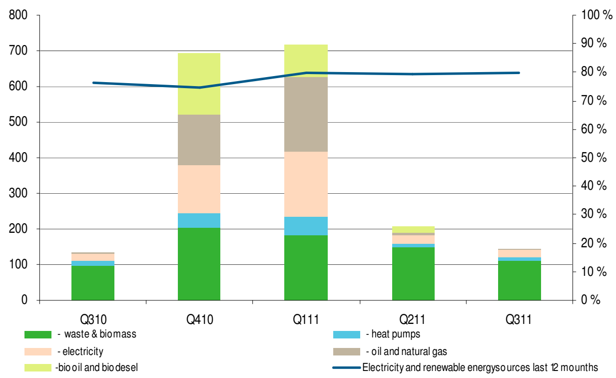


	J	F	M	A	M	J	J	A	S	O	N	D
2010	280	250	190	116	73	45	30	37	67	130	228	336
2011	268	246	203	101	72	35	42	42	60			
Mean	220	200	182	134	79	42	34	40	77	120	168	209

Note: Mean = projected 2011 production provided normal temperatures (average past 10 years) and existing and planned customer tie-ins.

The following table presents District Heating's production volume, production mix of energy sources for the five most recent quarters, and 12-month rolling average of total electricity and renewable energy inputs. Production based on electricity and renewable resources amounted to 80 percent of total energy consumption over the most recent 12 months, up six percentage points from the 31 December 2010 figure. The increase reflects greater use of bio-oil to meet peak-load demand and delivery start-up from a new incineration line at Oslo's municipal production facility at Klemetstrud.

Energy sources - District Heating
- in GWh and percent electricity and renewable sources



The table on the following page presents production costs per kWh and for each energy source, District Heating prices achieved, and gross contribution margin. Production costs amounted to NOK 0.24 per kWh in the third quarter of 2011, down NOK 0.01 per kWh compared with the third quarter of 2010. The gross contribution margin was NOK 0.36 per kWh, a decrease of NOK 0.05 per kWh compared with the third quarter of 2010. The total third-quarter 2011 gross contribution margin was NOK 43 million (NOK 46 million). The NOK 3 million decline is attributable to a NOK 7 million reduction due to lower prices, which was partly offset by a NOK 4 million improvement resulting from increased production volumes. Operating expenses in the third quarter of 2011 of NOK 40 million are on a par with the year-earlier figure and reflect normal activity levels for the reporting period.

Production cost per energy source, sales price, and gross contribution margin

Amounths in NOK per kWh	Q310	Q410	Q111	Q211	Q311
Waste & biomass	0.19	0.18	0.20	0.20	**0.20**
Heat pumps	0.12	0.22	0.21	0.18	**0.06**
Bio-oil and bio-diesel	0.00	0.77	0.68	0.62	**0.00**
Electricity	0.58	0.61	0.57	0.60	**0.46**
Oil & natural gas	0.58	0.53	0.55	0.71	**0.45**
Total production cost	0.25	0.48	0.46	0.30	**0.24**
Sales price	0.66	0.75	0.80	0.72	**0.60**
Gross margin	0.41	0.27	0.34	0.42	**0.36**

Investments in the third quarter of 2011 totaled NOK 107 million (NOK 112 million). Greater production based on renewable energy sources accounted for NOK 39 million of the funds invested. In this category is a new peak-load plant in Oslo's Rodeløkka district that will have a 100 MW boiler fueled by bio-oil or light heating oil. The facility, which is 75 percent completed, is scheduled for start-up of energy deliveries in January 2012. Third-quarter investments in new customer tie-ins amounted to NOK 68 million. In the first nine months of 2011, contracts were signed with 75 new customers with a total projected annual energy outtake of 39 GWh. The Group's District Heating business had NOK 4.6 billion in capital employed as of 30 September 2011.

Heat and Bioenergy

	Third quarter		YTD	
NOK million	**2011**	2010	**2011**	2010
Operating revenues	**32**	26	**109**	82
EBITDA	**(12)**	(42)	**(1)**	(44)
Operating profit, herof:	**(22)**	(58)	**(29)**	(76)
- Bioenergy	**(19)**	(54)	**(42)**	(70)
- Heat	**(2)**	(4)	**13**	(6)
Energy production (GWh)	**63**	51	**200**	160
Sales price (NOK per kWh)	**0.24**	0.24	**0.26**	0.25
Waste (thousand tons)	**29**	28	**96**	82
Investments	**10**	91	**36**	188

The Heat and Bioenergy segment comprises two businesses: energy recovery from household and industrial waste (Heat) and production of wood pellets biofuel (Bioenergy).

Operating revenues of the Heat segment amounted to NOK 30 million (NOK 26 million) in the third quarter of 2011; EBITDA for the quarter was NOK 7 million (NOK 4 million). Operating revenue growth compared with the third quarter of 2010 is attributable to a 24 percent increase in energy production. Revenues from waste-derived fuel comprised 42 percent of revenues in the third quarter of 2011. Production in the quarter was satisfactory: the Borregaard facility produced 41 GWh (29 GWh) and Fredrikstad's output was 22 GWh (22 GWh).

Hafslund's Bioenergy business, which comprises a wood pellets factory located at Averøya, had third-quarter 2011 revenues of NOK 2.4 million (NOK 0 million) and an EBITDA of NOK -19 million (NOK -47 million). The third-quarter 2010 EBITDA reflects a NOK 32 million write-down of the wood chips inventory. Pilot operations of the facilities have begun, and 2 700 metric tons of pellets were sold in the third quarter of 2011. A gradual increase in capacity utilization is planned until the second half of 2012.

Heat and Bioenergy's total capital employed was NOK 1.0 billion as of 30 September 2011.

Network

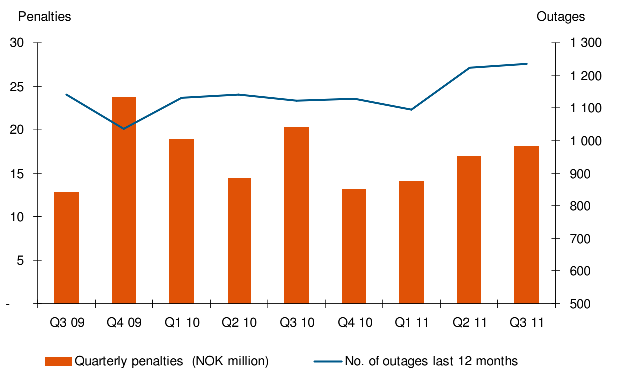
	Third quarter		YTD	
NOK million	**2011**	2010	**2011**	2010
Operating revenues	**884**	1 013	**3 169**	3 459
EBITDA	**248**	282	**772**	832
Operating profit	**118**	148	**381**	422
Investments	**110**	145	**271**	320

Hafslund's Network business had third-quarter 2011 operating revenues of NOK 884 million (NOK 1 013 million). The revenue decline is attributable to a lower regulated-income ceiling and a decrease in central transmission grid (Statnett) costs, which are reinvoiced. The quarter's revenue and profit figures were positively affected by NOK 68 million in so-called excess income (NOK 20 million under income). Note 3 to the accounts in this report to shareholders discusses the accounting treatment of excess/under income.

Network's third-quarter 2011 contribution margin was NOK 559 million (NOK 554 million). Operating and maintenance costs in the quarter amounted to NOK 310 million, up 14 percent compared with the third quarter of 2010 due to higher maintenance activity levels. EBITDA for the third quarter of 2011 amounted to NOK 248 million (NOK 282 million).

Based on the income framework notification Hafslund has received from the regulatory body NVE for 2011, projected over/under income, planned maintenance activities, and current low interest rates, operating profit for 2011 is projected at nearly NOK 500 million.

Service interruptions and related penalties



The above table shows the 12-month rolling average of Hafslund Network service interruptions (right-hand axis) and so-called KILE penalties for non-delivery of energy, in NOK million (left-hand axis). KILE is an acronym for quality adjustment to the income ceiling for non-delivered energy. Hafslund's grid operations generally feature very high delivery quality. Although the frequency of service interruptions has increased, outage duration and consequences for customers have diminished. Hafslund Network delivered 2.8 TWh (2.9 TWh) of electric power to distribution-grid customers in the third quarter of 2011.

Investments by the Network business totaled NOK 110 million in the third quarter of 2011, down NOK 35 million compared with the third quarter of 2010. As of 30 September 2011, Network's capital employed amounted to NOK 9.1 billion.

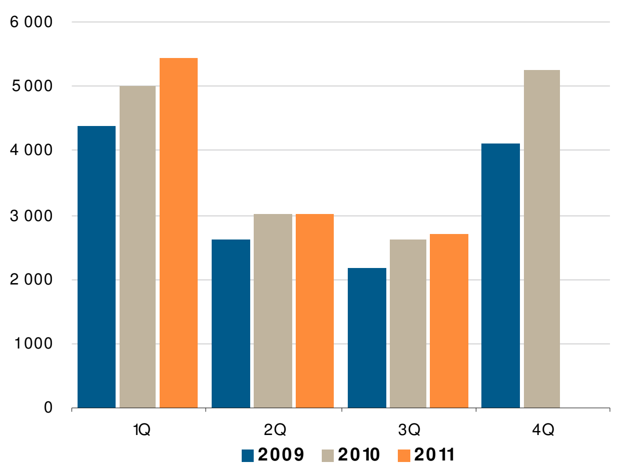
Power Sales

	Third quarter		YTD	
NOK million	**2011**	2010	**2011**	2010
Operating revenues	**911**	1 120	**5 482**	5 133
EBITDA	**21**	34	**179**	273
Operating profit	**18**	30	**172**	264
Power sales (GWh)	**2 700**	2 613	**11 167**	10 621

Hafslund's Power Sales business had third-quarter 2011 operating revenues of NOK 911 million, down 19 percent compared with the third quarter of 2010. The revenue decline is largely attributable to significantly lower prices for wholesale power contracts traded via Nasdaq OMX.

Power Sales' third-quarter 2011 operating profit of NOK 18 million (NOK 30 million) is below expectations this seasonally weak quarter. The decline is mainly due to a charge of NOK 47 million (NOK 0 million) against third-quarter 2011 profit associated with changes in the value of power derivatives, which are recognized at market value through profit and loss on a current basis. Power Sales hedges its fixed-price contracts with customers; the NOK 47 million charge is a consequence of sharply lower forward contract prices for upcoming quarters. After-tax earnings per customer in the third quarter of 2011 were approximately NOK 15.

Power Sales – Volume sold
(GWh)



Sales business sold 2 700 GWh of power in the third quarter of 2011, up approximately three percent compared with the third quarter of 2010. The increase is largely attributable to moderate customer-base expansion compared with the third quarter of 2010. Power sold to residential-market customers totaled 1 693 GWh (1 682 GWh). Corporate customers purchased 1 007 GWh (931 GWh) in the quarter. As of 30 September 2011, Hafslund Power Sales had some 863 000 customers through wholly or partly-owned companies, up slightly from the second quarter of the year.

As the hydrological balance improved, wholesale power prices at Nasdaq OMX fell significantly throughout the third quarter of 2011. End-user prices displayed the same downward trend as wholesale power prices under the impact of fierce competition that squeezed margins, and most suppliers implemented multiple price adjustments in the quarter.

Power Sales' capital employed was NOK 1.3 billion (NOK 1.8 billion) as of 30 September 2011, down NOK 0.3 billion in the quarter. Capital employed generally fluctuates with the volume of power delivered in a quarter and Nasdaq OMX wholesale power price developments.

Venture

	Third quarter		YTD	
NOK million	**2011**	2010	**2011**	2010
Operating revenues	**96**	122	**308**	381
EBITDA (exlc. REC)	**18**	60	**69**	148
Operating profit (excl. REC)	**8**	39	**42**	55
Profit effect of REC shares	**(360)**	0	**(924)**	(1 991)

Hafslund Venture had third-quarter 2011 operating revenues of NOK 96 million (NOK 122 million). The operating revenue figure is attributable to companies in which Venture's shareholding exceeds 50 percent. The revenue decline compared with the third quarter of 2010 must be viewed in light of the sale of Hafslund's fiber optic network business late in the year.

Operating profit (exclusive of the Group's REC investment) was NOK 8 million (NOK 39 million) in the third quarter of 2011. Other than the REC investment, Venture's portfolio comprises shares in non-listed companies, which are largely recognized at market value. The shareholdings in Cogen AS and Network Norway AS were sold in the third quarter of 2011. Total capital freed up, including loans and interest, amounted to NOK 534 million, of which NOK 439 million was received in early October as settlement for Hafslund's stake in Network Norway. The two share sales resulted in a total gain/value increase of NOK 31 million in the quarter, compared with the market valuation applied in the closing of the second-quarter 2011 accounts.

Following settlement received for sale of the Network Norway shares, Venture's capital employed, including loans to portfolio companies but exclusive of the Group's REC investment, amounted to just over NOK 300 million. Hafslund owns some 89 million REC shares, which corresponds to an 8.93 percent ownership interest in the solar power manufacturing company. As of 30 September 2011, the market value of the Group's REC investment was NOK 467 million, based on REC's closing price of NOK 5.24 per share. Operating profit was charged NOK 360 million (NOK 0 million) as a consequence of the third-quarter value decline. See Note 2 to the accounts (below in this report to shareholders), which discusses the accounting treatment of the Group's REC investment.

Other Activities

	Third quarter		YTD	
NOK million	**2011**	2010	**2011**	2010
Support	**(29)**	(30)	**(100)**	(89)
Power trading	**(2)**	(0)	**(21)**	6
Real estate	**5**	7	**14**	20
Billing & customer service	**23**	34	**69**	77
Financial income, etc	**4**	18	**44**	38
Total operating profit	**1**	28	**5**	52

The Hafslund Group's Other Activities, which include real estate management, power trading, and staff and support functions, had a third-quarter 2011 operating profit of NOK 1 million (NOK 28 million). The above table presents the operating profit of Other Activities' profit centers. The item Financial income, etc. includes value growth on interest and currency derivatives and profit from the Group's Infratek investment, which is classified as an associated company.

Other matters

Government's regulated framework conditions

Network

The European Union's Third Electricity Directive was adopted in July 2009 as part of the EU's third package of energy-market legislation. Negotiations are ongoing between Norwegian authorities and the EU Commission as to how Norway as an EEA member is to implement the requirements of the Third Energy Directive in national legislation. The Directive challenges the Norwegian model in several arenas. Requirements for an independent regulator could well bring changes in the regulatory scope of Norway's Water Resources and Energy Directorate (NVE) and, in the most extreme scenario, make NVE entirely independent of Norway's Ministry of Petroleum and Energy and perhaps even Statnett, the nation's Transmission System Operator. The Third Electricity Directive also challenges the Norwegian regime regarding power system ownership, operating responsibility, and regulation of the regional and central power grid, as well as the interface between regional and central grids. Coordinated implementation of the EU directive required EEA decisions well ahead of the March 2011 implementation deadline. Such decisions are still pending, and processing of Third Electricity Directive issues continues.

In March 2011, new competence regulations affecting licensees were adopted by Norway's Ministry of Petroleum and Energy, albeit with a somewhat less comprehensive scope than originally outlined. The regulations became effective 1 July 2011, while certain requirements carry a 1 July 2013 implementation deadline.

A June 2011 decision stipulated that Norway's grid companies must implement advanced metering and management systems (AMS) at all metering points by 1 January 2017. In addition, regulations require grid companies in Hafslund Network's region to have installed meters at no less than 80 percent of its metering points by 1 January 2016.

Shares and shareholder matters

As of 30 September 2011

(1000' shares)	A-shares	B-shares	Total	Holding
Oslo Kommune	67 525	37 343	104 868	53.7 %
Fortum Forvaltning AS	37 853	28 706	66 559	34.1 %
Østfold Energi AS	5 201	4	5 205	2.7 %
Odin Norden	-	2 446	2 446	1.3 %
MP Pensjon PK	5	1 579	1 584	0.8 %
Odin Norge	-	1 224	1 224	0.6 %
Folketrygdfondet	85	494	579	0.3 %
Hafslund ASA	-	397	397	0.2 %
AS Herdebred	107	276	383	0.2 %
New Alternatives Fund, Inc	328	-	328	0.2 %
10 largest shareholders	111 104	72 469	183 573	94.1 %
Other shareholders	4 324	7 289	11 613	5.9 %
Total	115 428	79 758	195 186	100 %

Hafslund had 7 124 shareholders as of 30 September 2011. The ten largest shareholders own a total of 94.1 percent of the company's share capital. Hafslund's two classes of shares are listed on the Oslo Stock Exchange. As of the close of the third quarter of 2011, Hafslund's market capitalization was NOK 11.5 billion; the figure is based on a per-share price for Class A shares of NOK 58.70 and for Class B shares of NOK 59.00.

Outlook

Hafslund's overall objective is to consolidate its position as Norway's leading integrated energy company, based on profitable growth. In the Board's opinion, the company and its management have the necessary experience and expertise to continue to develop the company toward this goal.

Power-market price developments exert considerable influence over the Hafslund Group's profit performance, particularly at its Hydropower and District Heating businesses. Changes in the regulatory regime governing grid companies in Norway can significantly affect the earnings of the Network business. The policy choices made by officials in Norway and the rest of Europe to combat global warming will affect power prices and the types of renewable energy projects that will prove financially viable.

Hafslund is well positioned to support climate policy goals and participate in business opportunities generated by climate policies. Hafslund is also well positioned for increased integration of the Nordic end-user markets for Power Sales.

In the Board's opinion, Hafslund is well prepared to meet the challenges the Group will face. The Group has a strong balance sheet, a financing structure with long-term lines of credit, and considerable liquid assets and is well prepared to meet turmoil in the financial market .The Group's targeting of renewable energy, energy distribution infrastructure, and a strong market position in retail and corporate power sales, enables Hafslund to continue its role as Norway's leading integrated energy company. In the Board's opinion, Hafslund has built a solid foundation — both commercially and financially — for satisfactory development of the company.

Oslo, 27 October 2011

Board of Directors

Hafslund ASA.

Group profit and loss account

Third quarter 2010	Third quarter 2011	NOK million	YTD 2011	YTD 2010
2 720	**2 269**	Operating revenues	**10 592**	10 641
45	**(377)**	Gain/loss financial items	**(911)**	(1 896)
(1 561)	**(1 184)**	Purchased materials and energy	**(7 044)**	(6 954)
(174)	**(190)**	Salaries and other personnel expenses	**(627)**	(525)
(351)	**(379)**	Other operating expenses	**(1 071)**	(1 067)
679	**139**	**EBITDA**	**938**	198
(222)	**(203)**	Depreciation	**(604)**	(680)
457	**(64)**	**Operating profit**	**335**	(482)
(117)	**(123)**	Financial interest etc	**(381)**	(345)
(29)	**(66)**	Change in market value loan portfolio	**(114)**	(67)
(145)	**(189)**	**Financial expenses**	**(495)**	(412)
312	**(253)**	**Profit before tax and discontinued operations**	**(160)**	(894)
(164)	**(61)**	Tax	**(341)**	(476)
148	**(314)**	**Profit after tax**	**(502)**	(1 370)
0,76	**(1,61)**	Earnings per share (in NOK)	**(2,57)**	(7,02)

Comprehensive income

2010	2011	NOK million	2011	2010
148	**(314)**	**Profit after tax**	**(502)**	(1 370)
		Other comprehensive income items:		
384	**0**	REC market value changes	**(194)**	327
(2)	**0**	Tax on REC market value changes	**2**	(3)
10	**2**	Translation differences	**(6)**	8
540	**(312)**	**Comprehensive income for the period:**	**(700)**	(1 038)
538	**(312)**	Profit attributable to shareholders of Hafslund ASA	**(700)**	(1 038)
2	**(0)**	Profit attributable to minority interests	**1**	0
540	**(312)**		**(700)**	(1 038)

Group balance sheet

NOK million	30.09.2011	30.06.2011	30.09.2010	31.12.2010
Intangible assets	**2 381**	2 379	2 440	2 389
Fixed assets	**18 431**	18 342	19 168	18 557
Financial assets	**1 380**	1 792	3 012	2 831
Accounts receivable and inventory	**2 011**	2 375	2 330	5 625
Cash and cash equivalents	**1 287**	911	392	211
Assets	**25 489**	25 799	27 343	29 613
Equity, majority	**8 290**	8 610	9 667	10 458
Equity, minority	**20**	11	3	5
Allocations for liabilities	**3 231**	3 170	3 502	3 046
Long-term interest-bearing liabilities	**10 181**	10 520	11 080	11 321
Short-term interest-bearing liabilities	**1 163**	1 295	815	2 338
Short term non-interest-bearing liabilities	**2 603**	2 193	2 275	2 444
Equity and liabilities	**25 489**	25 799	27 343	29 613

Group cash flow statement

	Third quarter		YTD	
NOK million	**2011**	2010	**2011**	2010
EBITDA	**139**	679	**938**	718
Paid interest	**(81)**	(92)	**(413)**	(222)
Paid taxes	**0**	0	**(192)**	(20)
Market value changes and other items without cash flow effect	**398**	(33)	**989**	754
Change in accounts receivables, etc.	**373**	111	**3 141**	1 720
Change in liabilities, etc.	**267**	11	**(679)**	(789)
Cash flow from operations	**1 095**	676	**3 784**	2 161
Investments (operation and expansion)	**(288)**	(498)	**(776)**	(921)
Sale of assets including business segments	**0**	0	**325**	5
Venture investments, etc	**101**	38	**1 618**	330
Cash flow investments activities	**(187)**	(460)	**1 167**	(586)
Change net interest-bearing debt and dicontinued operations	**(533)**	(1 065)	**(2 414)**	(1 572)
Dividend and other equity changes	**0**	0	**(1 461)**	(439)
Cash flow financing activities	**(533)**	(1 065)	**(3 875)**	(2 011)
Change in cash and cash equivalents in period	**376**	(849)	**1 076**	(435)
Cash and casg equivalents at beginning of period	**912**	1 241	**211**	827
Cash and cash equivalents at end of period	**1 287**	392	**1 287**	392

Equity reconciliation

	YTD		Year
NOK million	**2011**	2010	2010
Equtiy as of 1 January	**10 464**	11 154	11 154
Comprehensive income	**(700)**	(1 038)	(245)
Change, minority interests	**6**	(5)	(3)
Dividend	**(1 461)**	(438)	(439)
Other changes affecting equtiy	**2**	(2)	(3)
Equtiy at end of reporting period	**8 311**	9 671	10 464

Notes to the accounts

1) Framework and key accounting principles

The consolidated Group accounts for the third quarter of 2011 ending 30 September 2011 have been prepared and presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated accounts comprise those of Hafslund ASA and its associated companies and subsidiaries. The accounts for the first six months of 2011 are unaudited. Hafslund prepares and presents its quarterly consolidated accounts according to IAS 34, Interim Financial Reporting. The information provided in interim reports is not as comprehensive as that provided in annual accounts; thus, quarterly reports should be viewed in conjunction with Hafslund's 2010 annual accounts. Accounting principles applied in the quarterly accounts are the same as those described in Note 2 to the 2010 annual accounts of the Hafslund Group.

2) Valuation of financial assets available for sale

Hafslund's shareholding in Renewable Energy Corporation (REC) represents a significant investment for the Group. Hafslund owns 89 million REC shares, which represent an 8.93 percent ownership interest.

The REC investment is classified as available for sale, and is valued at fair value with any value changes recognized in the statement of comprehensive income. The investment is tested for impairment at the close of each reporting period. In the event of significant value impairment, value changes previously recorded in comprehensive income are reclassified and charged to operating profit. As of the close of the third quarter of 2011, the per-share REC price had dropped to NOK 5.24. Of the NOK 1 117 million in total value impairment as of 30 September 2011, NOK 194 million was charged to comprehensive income and NOK 923 million to operating profit. The NOK 360 million value decline in the third quarter of 2011 has been charged to operating profit in its entirety. For comparison, NOK 1 991 million had been charged to operating profit as of 30 September 2010; the charges were recorded in the first six months of 2010. Value growth after a recognized impairment is charged to comprehensive income and any subsequent value impairment is charged to operating profit. The current carrying value of the REC shareholding reflects the per-share closing price of NOK 5.24 on the balance sheet date, 30 September 2011. Any future positive value changes will be charged to comprehensive income, while any value impairment below the NOK 5.24 per-share closing price will be charged to operating profit.

3) Network activities — income ceiling and excess/under income

IFRS-imposed accounting treatment of grid rental charges disallows balance sheet recording of certain revenue receivables and liabilities. Grid rental revenues are recognized at the time of invoicing. The amount recognized corresponds to the reporting period's delivered volume settled at the current tariff. A grid company's regulated income ceiling is established by the Norwegian Water Resources and Energy Directorate (NVE). Total allowed revenue comprises the company's income ceiling plus central grid (Statnett) transmission costs, Norway's Enova energy conservation surcharge, and applicable taxes such as Norway's hydropower facility tax and real estate taxes, while penalty charges for service outages are excluded.

Any difference between invoiced amounts and the regulated income ceiling established by NVE is called excess/under income. IFRS defines such excess/under income as a regulatory liability/asset that does not generally qualify for balance sheet recognition. The reasoning behind this is that no contract has been entered into with any specific customer and thus, in theory, the receivable is contingent upon a future delivery. However, revenues in individual years may deviate from the revenue level permitted by NVE. Tariffs are managed based on the premise that annual revenues, over time, will accord with the allowed revenue level. The term "excess income" is used if grid rental income is greater than the income ceiling determined by NVE for the year in question. Similarly, the term "under income" applies if grid rental income is lower than the allowed ceiling.

The 2011 income ceiling recognized in Network's accounts is based on the income framework notification Hafslund has received from NVE, less transmission costs. Accordingly, NOK 1 771 million was recorded in the first nine months of 2011 and NOK 489 million was recorded in the third quarter of the year; the figures are NOK 387 million and NOK 130 million lower than the corresponding 2010 figures, respectively. Network's profit for the first nine months of 2011 includes an "excess income" figure of NOK 131 million; the corresponding figure for the third quarter was NOK 69 million. The year-earlier comparative figures were a NOK 171 million "under income" in the first nine months of 2010 and a NOK 20 million "under income" in the third quarter of 2010.

At year-end 2010, Hafslund Network had an aggregate "under income" including interest of NOK 57 million. By recording to profit NOK 131 million "excess income" in the first nine months of 2011, Hafslund had an aggregate "excess income" of NOK 74 million as of 30 September 2011.

4) Interest-bearing loans, interest, and FOREX derivatives

As of 30 September 2011, the accounting value of Hafslund's loan portfolio was NOK 11 330 million, of which NOK 10 170 million is long-term debt and NOK 1 160 million is classified as short-term debt. Changes in the fair value of loans resulted in a NOK 66 million negative profit effect in the third quarter of 2011. Changes in the fair value of interest and currency derivatives had an aggregate NOK 14 million negative profit effect in the third quarter.

In the third quarter of 2011, credit spreads on all terms to maturity ranged from a few basis points on debt maturing within 18 months to between 20 and 30 basis points for terms up to 10 years. NIBOR interest increased by about 10 basis points for terms to maturity of up to six months and declined up to 20 basis points for 12-month maturities. Swap interests fell approximately 60 to 85 basis points; the decrease was greatest for terms to maturity of about three years and least for maturities exceeding five years. The net effect of these factors was that market interest, including Hafslund's credit spread, increased marginally for terms to maturity of up to six months, but decreased for longer maturities.

Changes in the fair value of loans are recorded under Financial expenses, whereas changes in the value of interest and currency derivatives are recorded under Gain/loss financial items. There are no financial covenants associated with the Group's loan portfolio. Of the total loan and interest derivatives portfolio, fixed-interest loans amounted to 48 percent, and floating-interest-rate loans made up the remaining 52 percent, as of 30 September 2011.

In the second quarter of 2011, Hafslund entered into an agreement with a syndicate comprising six Nordic banks on a NOK 3 600 million revolving credit facility that refinances the Group's EUR 400 million facility which matures in 2012. The new credit facility has a term to maturity of five years with two one-year extension options (5+1+1). Hafslund achieved favorable terms, and the loan agreement does not feature any financial covenants. The credit facility will be used as a general liquidity reserve.

The Group's foreign currency exposure is largely associated with euro-denominated revenues from power production sold via Nasdaq OMX. Some of this currency risk is hedged on an ongoing basis. Regarding loans in foreign currencies, the Group enters into interest and foreign currency swaps so that payments of interest and principal are in Norwegian kroner. The Group's wood pellets business, which is in a start-up phase, is expected to have a significant proportion of its cash inflows and outflows in foreign currencies. The Group's finance department centrally manages currency risk.

Through 31 December 2009, the Group's loan portfolio was valued at fair value through profit and loss. As of the first quarter of 2010, new loans are valued at their amortized cost; as of 30 September 2011, this figure amounted to NOK 2 833 million.

5) Operating assets

Investments in operating assets amounted to NOK 298 million in the third quarter of 2011 and NOK 807 million in the first nine months of the year. The figures are attributable in full to investments in ordinary operating and expansion investments.

6) Transactions with related parties

The Group sells goods and services to and purchases them from closely related parties as part of its normal business operations. In 2011, the Group purchased goods and services from and sold goods and services to the closely related parties the City of Oslo and Infratek ASA. As of 30 September 2011, the City of Oslo owned 53.7 percent of Hafslund ASA shares. Further, Hafslund ASA owned 43.3 percent of Infratek ASA as of the close of the third quarter of 2011. Examples of significant sales to the City of Oslo are power, street light operation, and associated maintenance and investments. Significant purchases include payments for energy recovered from waste incineration purchased from the City's energy recovery department. Infratek ASA delivers contracting services such as facility planning, engineering, and management; and construction, maintenance, and contingency services for electric power grids, district heating networks, and street lighting systems. All transactions are conducted at market terms. The following table presents transactions with closely related parties in the third quarter and first nine months of 2011:

NOK million	Sales of goods and services	Purchases of goods and services	Accounts payable	Accounts receivable
Third quarter:				
City of Oslo	27	22		
Infratek ASA	6	147		
YTD:				
City of Oslo	199	85	19	10
Infratek ASA	22	275	1	55

The Group has extended loans to Hafslund Venture portfolio companies that totaled NOK 104 million as of 30 September 2011.

7) Business segment reporting

Third quarter			YTD	
2010	2011	NOK million	2011	2010
354	268	Hydropower	804	881
79	79	District Heating	722	682
26	32	Heat and bioenergy	109	82
1 013	884	Network	3 169	3 459
1 120	911	Power sales	5 482	5 133
122	96	Venture	308	381
5	(1)	Other activities/eliminations	(2)	23
2 720	2 269	**Total operating revenues**	10 592	10 641
3	0	Hydropower	0	3
0	0	District Heating	1	1
2	1	Heat and bioenergy	3	4
13	16	Network	22	24
0	0	Power sales	0	0
4	16	Venture	49	14
106	68	Other activities	329	354
127	101	**Of which, sales between segments**	404	399
292	199	Hydropower	618	688
(22)	(26)	District Heating	70	103
(58)	(22)	Heat and bioenergy	(29)	(76)
148	118	Network	381	422
30	18	Power sales	172	264
39	(352)	Venture	(882)	(1 936)
28	1	Other activities/eliminations	5	52
457	(64)	**Total operating profit**	335	(482)

8) Power contract value changes

To hedge power price commitments and secure profit margins, Hafslund enters into financially settled power derivative contracts as needed to cover the cost of physical power deliveries. Financial power contracts are recognized at fair value. The objective of the Group's trade in financial power contracts is to hedge its customer portfolios; transactions are not concluded solely for trading purposes. In a market featuring falling spot power prices, such as occurred in the third quarter of 2011 and the first nine months of the year, the Group has recognized value losses on power contracts. Hafslund offers Power Sales customers various agreements that provide power-price guarantees. To a considerable extent, value losses on power contracts will be offset by gains associated with end-user contracts. The Group's end-user contracts do not qualify for treatment according to IAS 39 Financial Instruments; they are recognized using the lower value principle. Financial power contracts and value changes associated with them are recognized in the accounts of the Power Sales business segment.

9) Sale of central distribution grid infrastructure

In late 2010, Hafslund agreed to sell its central distribution grid infrastructure and related real estate in Oslo to Statnett SF. The agreement includes sale of the central grid substations at Smestad, Sogn, Ulven, and Furuset along with their associated real estate. The agreement was finalized and the sale completed in May 2011. Hafslund's central grid facilities were sold for NOK 310 million; the sale resulted in a NOK 6 million gain.

10) Sale of shareholdings

Hafslund has entered into agreements to sell its shareholdings in Cogen AS and Network Norway AS. The sales will free up NOK 534 million of Hafslund Group capital; of this amount, the NOK 439 million settlement for the Network Norway divestiture was received in early October 2011. Historically, the carrying value of the aforementioned investments was their current market value.

11) Contingencies

Please refer to the discussion of disputes in Note 25 to Hafslund's 2010 consolidated accounts. Only subsequent developments in ongoing cases are presented below.

Tax on the gain on sale of Renewable Energy Corporation ASA convertible bonds

The matter concerns the 2006 tax return filed by Hafslund Venture AS and the tax consequences of the exercise of subscription rights associated with convertible bonds issued by Renewable Energy Corporation (REC). Upon the March 2006 conversion of said bonds, Hafslund Venture AS received 32 604 060 REC shares. In its tax return, Hafslund applied de-composition of taxable components. Accordingly, the proportionate gain associated with the bond was treated as taxable, whereas gains associated with the subscription rights were regarded as tax-exempt income from financial instruments pursuant to the exemption method found in Norway's tax law (Skatteloven), Section 2-38. The Central Tax Office for Large Enterprises (Sfs) ruled to the contrary, that all gains are subject to taxation as the receivables component must be regarded as the dominant element. Hafslund brought the matter to court, but lost in both the court of first instance and on appeal regarding the principal issue that the aforementioned gains may be de-composed and the subsidiary issue that the convertible loans should be taxed based on the perspective of materiality (treatment accorded the most similar constructs). Hafslund has appealed the matter to Norway's highest court; proceedings are expected to be held 15-17 November 2011.

Tax on the gain on sale of shares

Pursuant to the Group's strategy to professionalize its real estate operations and further streamline its role as a distribution grid owner, the Hafslund Group spun off several properties in 2006 and 2007 from Hafslund Nett AS. A total of 58 properties were transferred to 11 different real estate companies organized under the Group's real estate business. The shares in two of the companies, Hatros I AS and Hatros II AS, were sold in 2006 and 2007. Hafslund deemed the share sales to be non-taxable in accordance with the exemption method. Nevertheless, the Central Tax Office for Large Enterprises (Sfs) has ruled to the contrary, that the spin-off and subsequent sale of the shares in Hatros I in 2006 are covered by the principle of assigning appropriate financial responsibility. Hafslund appealed the decision to the Norwegian Tax Administration (Skatteklagenemnda). In June 2011, Hafslund received the decision of the Norwegian Tax Administration, which upholds the application of the principle of assigning appropriate financial responsibility. The decision is not subject to further administrative appeal. Hafslund has decided to bring the matter before a court of law.

Group key figures - quarterly reporting

Group profit and loss account

NOK million	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09	3Q09
Operating revenues	2 269	3 118	5 206	5 189	2 720	3 026	4 895	3 032	1 834
Gain/loss financial items	(377)	(527)	(7)	1 013	45	(723)	(1 219)	(103)	(42)
Purchased materials and energy	(1 184)	(1 873)	(3 988)	(3 917)	(1 561)	(1 716)	(3 677)	(1 865)	(874)
Salaries and other personnel expenses	(190)	(203)	(235)	(57)	(174)	(190)	(160)	(187)	(179)
Other operating expenses	(379)	(371)	(321)	(503)	(351)	(357)	(359)	(450)	(304)
EBITDA	139	144	656	1 725	679	39	(520)	427	435
Depreciation	(203)	(200)	(201)	(590)	(222)	(245)	(213)	(222)	(235)
Operating profit	(64)	(56)	455	1 135	457	(206)	(733)	205	200
Financial interest etc	(123)	(136)	(121)	(153)	(117)	(124)	(104)	(144)	(118)
Change in market value loan portfolio	(66)	(74)	25	94	(29)	(37)	(1)	(82)	(151)
Financial expenses	(189)	(210)	(96)	(59)	(145)	(161)	(105)	(225)	(269)
Profit before tax and discontinued operations	(253)	(266)	359	1 076	312	(367)	(839)	(20)	(69)
Tax	(61)	(150)	(130)	(98)	(164)	(179)	(133)	(74)	(5)
Profit discontinued operations	0	0	0	0	0	0	0	0	0
Profit after tax	(314)	(416)	228	978	148	(546)	(972)	(94)	(73)
Majority's share of profit	(314)	(416)	227	977	146	(544)	(971)	(91)	(72)
Minority's share of profit	(0)	(0)	1	1	2	(2)	(0)	(3)	(1)
Earnings per share (in NOK)	(1,61)	(2,13)	1,17	5,01	0,76	(2,80)	(4,98)	(0,48)	(0,38)

Group balance sheet

NOK million	30.09.11	30.06.11	31.03.11	31.12.10	30.09.10	30.06.10	31.03.10	31.12.09	30.09.09
Intangible assets	2 381	2 379	2 388	2 389	2 440	2 400	2 299	2 288	2 295
Fixed assets	18 431	18 342	18 580	18 557	19 168	18 969	18 880	18 809	18 504
Financial assets	1 380	1 792	2 674	2 831	3 012	2 637	3 481	4 737	6 109
Accounts receivable and inventory	2 011	2 375	4 311	5 625	2 330	2 407	3 996	2 773	1 766
Cash and cash equivalents	1 287	911	1 456	211	392	1 241	828	311	300
Assets	25 489	25 799	29 408	29 613	27 343	27 653	29 484	28 918	28 974
Equity, majority	8 290	8 610	10 838	10 458	9 667	9 131	10 116	11 143	11 827
Equtiy, minority	20	11	11	5	3	8	10	11	15
Allocations for liabilities	3 231	3 170	3 103	3 046	3 502	3 448	3 362	3 287	3 297
Long-term interest-bearing liabilities	10 181	10 520	10 346	11 321	11 080	11 249	10 908	9 805	8 949
Short-term interest-bearing liabilitis	1 163	1 295	1 903	2 338	815	1 682	2 413	2 741	2 983
Short term non-interest-bearing liabilities	2 603	2 193	3 208	2 444	2 275	2 135	2 675	1 931	1 903
Equity and liabilities	25 489	25 799	29 408	29 613	27 343	27 653	29 484	28 918	28 974

Group cash flow statement

NOK million	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09	3Q09
EBITDA	139	144	656	1 725	679	39	(520)	427	435
Interest paid	(81)	(142)	(190)	(125)	(92)	(130)	(189)	(134)	(127)
Taxes paid	-	(94)	(98)	(142)	-	(20)	14	(94)	-
Value change and other non cashflow effect	398	569	22	(1 000)	(33)	787	1 228	107	37
Change in receivables	373	1 904	864	(1 871)	111	1 609	(1 263)	(967)	222
Change in trade credit etc	267	(1 005)	59	(183)	11	(800)	730	78	(87)
Cash flow from operations	1 095	1 376	1 313	(1 596)	676	1 485	(0)	(583)	480
Investments (operation and expansion)	(288)	(256)	(232)	(468)	(498)	(423)	(258)	(499)	(385)
Sale of assets including business segments	-	325	-	-	-	5	-	6	37
Venture investments etc	101	(23)	1 540	12	38	292	(6)	550	(634)
Cash flow to investments activities	(187)	46	1 308	(455)	(460)	(126)	(264)	57	(982)
Change interest-bearing debt and dicontinued operations	(533)	(505)	(1 376)	1 871	(1 065)	(507)	781	536	(140)
Dividend and other equity changes	-	(1 461)	-	-	-	(439)	-	-	-
Cash flow financing activities	(533)	(1 966)	(1 376)	1 871	(1 065)	(946)	781	536	(140)
Change in cash and cash equivalents in period	376	(544)	1 245	(181)	(849)	413	517	11	(642)
Cash and cash equivalents at beginning of period	912	1 456	211	392	1 241	827	310	300	942
Cash and cash equivalents at end of period	1 287	912	1 456	211	392	1 241	827	310	300

Business segment reporting

NOK million	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09	3Q09
Hydropower	268	359	178	315	354	289	238	202	236
District heating	79	133	511	462	79	136	467	245	48
Heat and bioenergy	32	31	46	33	26	26	29	12	13
Network	884	967	1 318	1 344	1 013	1 050	1 396	1 008	698
Power sales	911	1 528	3 043	2 888	1 120	1 391	2 621	1 378	662
Venture	96	98	113	169	122	128	130	176	152
Other activities/eliminations	(1)	2	(3)	(23)	5	6	12	11	26
Total sales income	2 269	3 118	5 206	5 189	2 720	3 026	4 895	3 032	1 834
Hydropower	211	308	134	252	303	240	178	154	186
District heating	3	26	130	93	6	32	152	58	(11)
Heat and bioenergy	(12)	0	10	(7)	(42)	(7)	5	(6)	(2)
Network	248	264	260	246	282	275	274	314	243
Power sales	21	37	121	86	34	187	52	51	22
Venture	(342)	(532)	19	930	60	(704)	(1 199)	(168)	(63)
Other activities/eliminations	9	41	(18)	126	35	16	18	24	60
Total EBITDA	139	144	656	1 725	679	39	(520)	427	435
Hydropower	199	296	123	241	292	229	167	144	175
District heating	(26)	(5)	101	62	(22)	2	123	31	(43)
Heat and bioenergy	(22)	(9)	1	(310)	(58)	(15)	(3)	(7)	(9)
Network	118	132	131	109	148	138	137	179	108
Power sales	18	37	117	83	30	185	49	49	20
Venture	(352)	(540)	9	832	39	(755)	(1 219)	(191)	(108)
Other activities/eliminations	1	33	(28)	118	28	11	12	0	56
Total operating profit	(64)	(56)	455	1 135	457	(206)	(733)	205	200

Financial calendar

1. Fourth-quarter report 2011 – 2. February 2012
2. Annual general meeting – 24. April 2012
3. First-quarter 2012 report – 4. May 2012
3. Second-quarter 2012 report - 11July 2012
4. Third-quarter 2012 report - 25 October 2012

Investor information

1. Additional information is available from Hafslund's website::
    - o www.hafslund.no
    - o You can subscribe to Hafslund press releases

2. Group SVP Treasury and CFO, Finn Bjørn Ruyter
    - o Finn.Bjorn.Ruyter@hafslund.no
    - o tel: +47 911 38 199

3. SVP Communications, Karen Onsager
    - o Karen.onsager@hafslund.no
    - o tel: +47 920 87 007

4. Financial director, Morten J. Hansen
    - o mjh@hafslund.no
    - o tel: +47 908 28 577

Hafslund ASA
Drammensveien 144, Skøyen
N-0247 Oslo, Norway

Tel: + 47 22 43 50 00
Faks + 47 22 43 51 69

www.hafslund.no
email: firmapost@hafslund.no