Report to shareholders

Fourth quarter 2011

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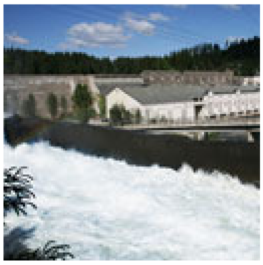
Fourth-quarter 2011 highlights

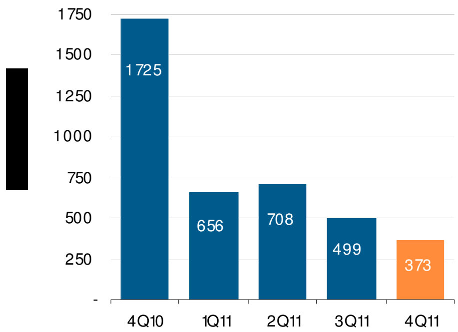
- ✓ EBITDA: NOK 207 million, including NOK 166 million loss on sale of REC shareholding.
- ✓ Basic operations within core business performed well.
- ✓ Reduced demand for energy due to mild temperatures in the quarter - down 18 percent
- ✓ Hydropower generation: 10 percent above normal for the quarter.
- ✓ Hydropower sales price: NOK 0.25 per kWh, down 43 percent from 4Q 2010.
- ✓ Network: Major storm “Dagmar” results in additional costs of NOK 56 million.
- ✓ The Board will propose a NOK 2.50 per-share dividend for the 2011 accounting year.

Earnings per share
Excluding REC

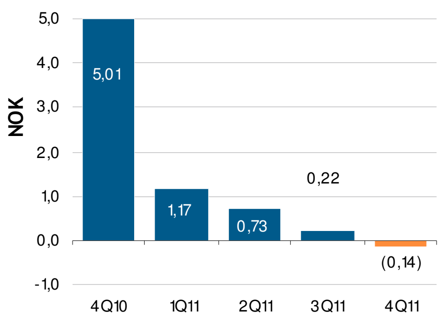
NOK -0.14



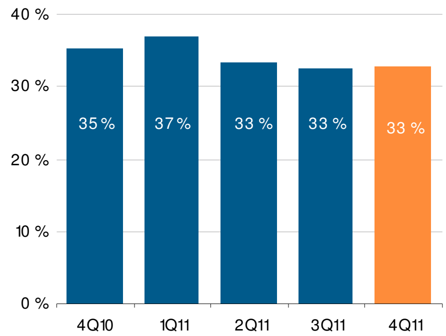
EBITDA (excl. REC)



Earnings per share (excl. REC)



Equity ratio



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

Key figures

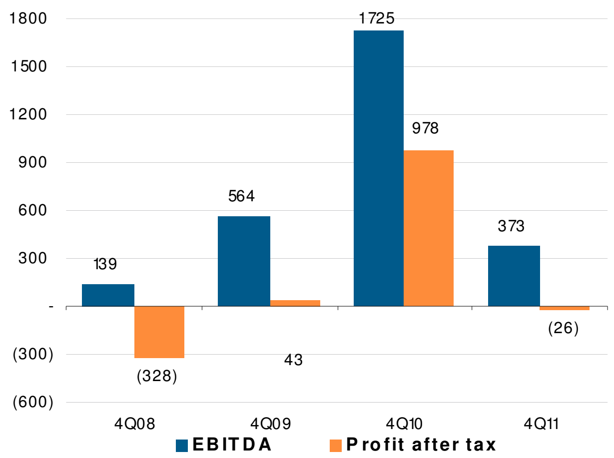
Fourth quarter			Year	
2010	**2011**	**Profit and loss (NOK million)**	**2011**	**2010**
5 189	**3 112**	Operating revenues	**13 704**	15 829
1 725	**207**	EBITDA	**1 145**	1 923
1 135	**8**	Operating profit	**343**	653
1 076	**(81)**	Profit before tax and discontinued operations	**(241)**	182
978	**(196)**	Profit after tax	**(698)**	(392)
		Capital matters		
29 613	**24 726**	Total assets	**24 726**	29 613
35 %	**33 %**	Equity ratio	**33 %**	35 %
13 067	**9 321**	Net interest-bearing debt	**9 321**	13 067
		Per-share figures (NOK)		
5,01	**(1,01)**	Profit (EPS)	**(3,58)**	(2,01)
(8,2)	**(1,4)**	Cash flow from operations	**18,0**	2,9
		Key figures		
0,44	**0,25**	Power prices (NOK per kWh)	**0,32**	0,39
1 473	**1 324**	Heat and powerproduction (GWh)	**4 963**	5 069
5 246	**4 369**	Power sales (GWh)	**15 474**	15 867

Fourth-quarter 2011 summary

Fourth-quarter 2011 results

The Hafslund Group achieved an EBITDA of NOK 373 million (NOK 1 725 million) in the fourth quarter of 2011; the EBITDA figure is stated excluding the loss effect of the Group's investment in Renewable Energy Corporation (REC). Hafslund sold REC shares for a total of NOK 300 million; the sales generated a NOK 166 million accounting loss in the quarter. The Group's operating profit reflects both lower power prices and reduced demand for the Power Sales and District Heating businesses due to relatively mild temperatures in the fourth quarter of 2011. The Network power distribution business suffered an above-average number of service interruptions due to two powerful storms, Berit and Dagmar, late in the fourth quarter. Dagmar resulted in costs of approximately NOK 56 million. Heat and power production in the quarter totaled 1 324 GWh, down ten percent from the fourth quarter of 2010 despite a nine percent increase in hydropower generation. The production decline is attributable to milder fourth-quarter 2011 weather, which reduced the demand for district heating. Hafslund's Hydropower business sold its power production at NOK 0.25 per kWh in the quarter, down 43 percent compared with the fourth quarter of 2010.

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



Financial expenses in the fourth quarter of 2011 amounted to NOK 89 million (NOK 59 million). Net interest-bearing debt was NOK 9.3 billion as of 31 December 2011. The average loan portfolio coupon rate was 4.5 percent as of the close of the fourth quarter of 2011, unchanged from the close of the third quarter of 2011. Financial expenses in the fourth quarter of 2011 include a positive profit effect of NOK 25 million (NOK 94 million) stemming from an increase in forward interest rates that affected the market value of the Group's loan portfolio.

The Group's pre-tax profit for the fourth quarter of 2011 was NOK -81 million (NOK 1 076 million). The Group's tax expense amounted to NOK 115 million; the tax charge includes Norway's tax on hydropower facilities, which amounted to NOK 52 million (NOK 55 million) in the quarter. The Group's after-tax profit for the fourth quarter of 2011, excluding profit effect of the REC investment, was NOK -26 million, which corresponds to a per-share profit of NOK -0.14.

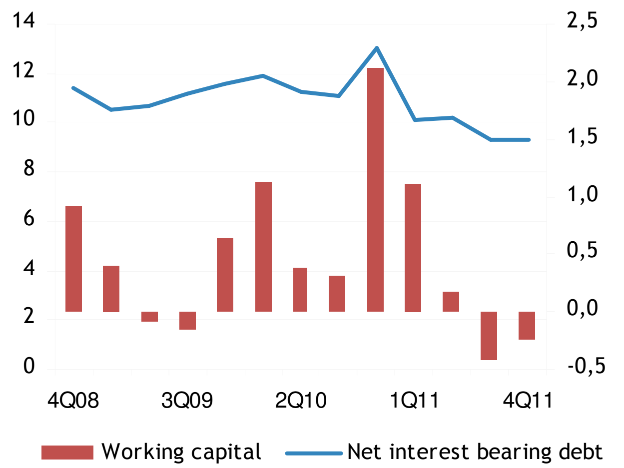
Cash flow and capital matters - fourth quarter 2011

Cash flow from operations amounted to NOK -271 million in the fourth quarter of 2011; the figure includes a NOK 201 million increase in working capital. As of 31 December 2011, working capital amounted to a positive NOK 248 million. For comparison, the working capital load at year-end 2010 was NOK 2 126 million. The decrease in working capital compared with the fourth quarter of 2010 is attributable to significantly lower wholesale prices for power contracts traded via Nasdaq OMX, lower demand due to milder temperatures, and the implementation in October of monthly billing of Hafslund customers paying both power and grid rental charges. EBITDA amounted to NOK 207 million, which is NOK 276 million higher than the associated cash flow from operations before change in working capital. The difference is attributable to NOK 298 million in tax payments, NOK 127 million in interest payments, and a NOK 149 million non-liquidity effect largely attributable to the loss on the Group's REC share sale for which capital freed up is presented as a component of the investment activities under cash flow. Operational and expansion investments amounted to NOK 396 million (NOK 468 million), of which 75 percent is attributable to investments in the Group's District Heating and Network businesses. Capital freed up from the sale of shares and loans amounted to NOK 740 million and is attributable to the sale of shares in REC and Network Norway.

The above-mentioned factors resulted in a total cash flow from operations and net investments of NOK 37 million in the fourth quarter of 2011.

Total assets of the Hafslund Group as of 31 December 2011 amounted to NOK 24.7 billion, down NOK 0.8 billion in the quarter. The decline is attributable to factors that include capital freed up through the sale of shares. Net interest-bearing debt amounted to NOK 9.3 billion as of 31 December 2011, unchanged from 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.

Net interest-bearing debt and working capital
(in NOK billion)



2011 summary

2011 results

Hafslund had an EBITDA of NOK 2 235 million (NOK 3 914 million) in 2011, the figure excludes the profit effect of the Group's REC investment. Further, the REC investment's share-value decline resulted in a charge against 2011 operating profit of NOK 1 090 million (NOK -1 991 million). Operating profit from Hafslund's core business activities amounted to NOK 1 507 million, down NOK 466 million from 2010. The decline from 2010 is attributable to factors that include NOK 0.07 per kWh lower prices for Hydropower production, value decline on Power Sales' derivatives contracts, weaker Network profits due to lower regulatory income ceiling amounts as a consequence of low prevailing interest rates on benchmark Norwegian government bonds, and costs associated with the major storm "Dagmar" late in 2011. The Hafslund Group's total energy production in 2011 amounted to 4 963 GWh, down two percent from 2010. Financial expenses amounted to NOK 584 million (NOK 471 million) in 2011. Net interest-bearing debt was NOK 9.3 billion, down NOK 3.7 billion from year-end 2010. The loan portfolio features a coupon interest of 4.5 percent, up 0.5 percentage point in 2011. Financial expenses were charged NOK 89 million (plus NOK 25 million) due to the effect of lower forward interest rates on the market value of Hafslund's loan portfolio in 2011. Pre-tax profit amounted to NOK -241 million (NOK 182 million) in 2011; the figure includes a value decline/loss of NOK 1 090 million arising from the Group's REC investment. The year's NOK 457 million tax expense includes Norway's tax on hydropower facilities of NOK 200 million (NOK 257 million). The Hafslund Group had an after-tax profit of NOK -698 million (NOK -392 million) in 2011.

The Board of Directors will recommend to Hafslund's 24 April 2012 annual general meeting that a dividend of NOK 2.50 per share be paid for the 2011 accounting year. The proposed dividend corresponds to a total dividend disbursement of NOK 488 million.

2011 cash flow

Cash flow from operations amounted to NOK 3 513 million in 2011; the figure reflects a NOK 2 260 million decrease in working capital. EBITDA for the year amounted to NOK 1 145 million, which is NOK 108 million lower than the associated cash flow from operations before change in working capital. The difference is attributable to NOK 1 030 million in tax and interest payments, and the counter effect of value decline on financial assets without liquidity effect — largely the NOK 1 090 million charge against profit associated with the REC investment. The Group's capital and expansion investments totaled NOK 1 172 million (NOK 1 647 million) in 2011. Capital freed up amounted to NOK 2 647 million and is attributable to winding down the Group's venture business and sale of central grid infrastructure and associated real estate to Statnett.

Cash flow applied to dividends and debt repayment amounted to NOK 5.2 billion in 2011 as follows: NOK 1.5 billion in dividends to Hafslund shareholders and NOK 3.7 billion to reduce net interest-bearing debt.

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, which mainly apply a strategy of spot-market exposure with a certain degree of hedging. The Power Sales business uses hedging to minimize uncertainty associated with power prices. Power market counterparty risk is minimized through trade in standardized contracts that are cleared and settled via Nasdaq OMX Commodities. 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 18 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.

At the end of 2011 Hafslund had unused credit facilities amounting to NOK 4,400 million. This is considered to be sufficient to cover both working capital and debt refinancing the next 12 months. Hafslund is present in both domestic and foreign capital markets. Despite the turmoil in the financial markets, Hafslund has so far in 2012 experienced good demand for its commercial papers and bonds.The Group's treasury department continuously manages and hedges foreign currency exposure to reduce currency risk associated with power trading, foreign-denominated loans, and other FOREX exposure. Hafslund is exposed to interest-rate risk as it affects the company's interest-bearing loans. Further, the interest level on 5-year government bonds affects the regulated income ceiling of 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.

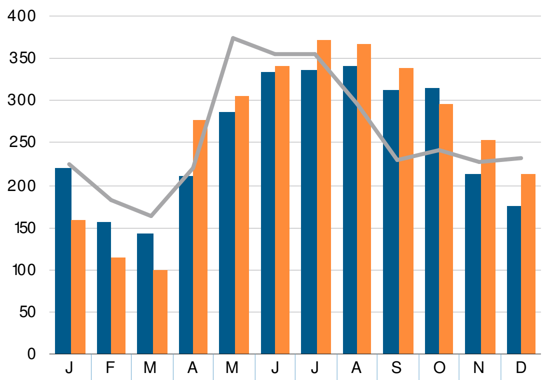
Business segments

Hydropower

	Fourth quarter		Year	
NOK million	**2011**	2010	**2011**	2010
Operating revenues	**195**	315	**999**	1 196
EBITDA	**135**	252	**788**	972
Operating profit	**125**	241	**743**	929
Power price (NOK per kWh)	**0,25**	0,44	**0,32**	0,39
Production (GWh)	**765**	702	**3 135**	3 041
Investments	**21**	36	**57**	161

Hafslund's Hydropower business had operating revenues of NOK 195 million in the fourth quarter of 2011. Revenue decline compared with the fourth quarter of 2010 is largely attributable to lower wholesale prices for power contracts traded via Nasdaq OMX, despite somewhat higher production in the fourth quarter of 2011. Hydropower posted a fourth-quarter 2011 operating profit of NOK 125 million (NOK 241 million).The Hafslund Group's strategy is to sell most of 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 fourth quarter of 2011 was NOK 0.25 per kWh, down 43 percent compared with the year-earlier figure. Lower power prices resulted in a NOK 133 million negative profit contribution compared with the fourth quarter of 2010. For comparison, the NO1 spot price was NOK 0.26 per kWh (NOK 0.50 per kWh) in the fourth quarter of 2011.

Hydropower generation vs 10-year average
(GWh)



	J	F	M	A	M	J	J	A	S	O	N	D
2010	221	156	142	210	286	333	335	342	313	314	214	174
2011	158	113	99	277	306	340	371	367	337	297	254	214
Mean	225	182	163	221	375	355	355	296	229	241	227	231

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

Hydropower generation in the fourth quarter of 2011 was 765 GWh, up 63 GWh compared with the fourth quarter of 2010. Higher production resulted in a NOK 16 million positive profit contribution compared with the year-earlier figure. Further, power generation was ten percent above normal for the reporting period. As of mid-January 2012, aggregate hydrologic reservoir levels in Hafslund's drainage basin were at 119 percent of normal for the season; total stored energy amounted to 1 755 GWh. Of this figure, snow pack amounted to slightly under 64 percent of total reservoir energy content. Projections based on production thus far in 2012, scheduled availability of production facilities, current hydropower reservoir levels, and provided normal precipitation, indicate that Hafslund's first-quarter 2012 power generation will be approximately 610 GWh, which is 65 GWh or 12 percent above normal for the reporting period. Operating expenses amounted to NOK 59 million (NOK 63 million) in the fourth quarter of 2011. Expenses are in part attributable to maintenance on two of the larger-sized generators. As of 31 December 2011, Hydropower's capital employed was NOK 4.4 billion.

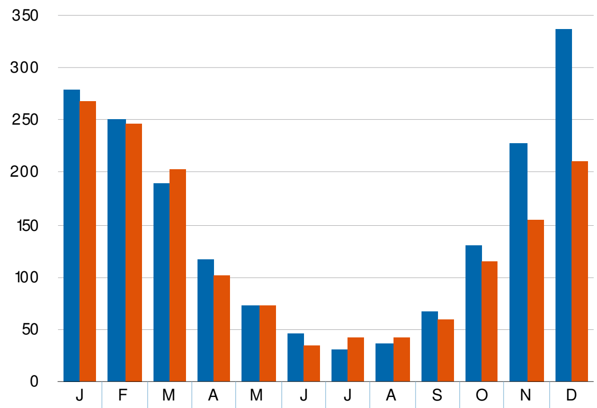
District Heating

	Fourth quarter		Year	
NOK million	**2011**	2010	**2011**	2010
Operating revenues	**256**	462	**978**	1 144
EBITDA	**57**	93	**216**	283
Operating profit	**24**	62	**94**	165
Sales price (NOK per kWh)	**0,60**	0,75	**0,71**	0,72
Production cost (NOK per kWh)	**0,27**	0,48	**0,36**	0,39
Gross margin (NOK per kWh)	**0,33**	0,27	**0,35**	0,33
Production volume (GWh)	**479**	694	**1 548**	1 782
Investments	**137**	210	**428**	432

Hafslund's District Heating business had fourth-quarter 2011 operating revenues of NOK 256 million. The 45-percent revenue decline compared with the corresponding 2010 figure is attributable to lower district heating prices and a reduction in demand due to significantly milder temperatures in the fourth quarter of 2011 than in 2010. Typically, about 33 percent of total annual production is generated and distributed in the fourth quarter of the year, making it a seasonally strong quarter. EBITDA amounted to NOK 57 million (NOK 93 million).

The achieved sales price was NOK 0.60 per kWh, NOK 0.15 per kWh lower than the year-earlier figure. The decrease is attributable to lower wholesale prices for power contracts traded via Nasdaq OMX. Energy purchases and re-sales associated with waste incineration facilities owned by the City of Oslo (EGE) accounted for 185 GWh (136 GWh) of the quarter's 479 GWh production.

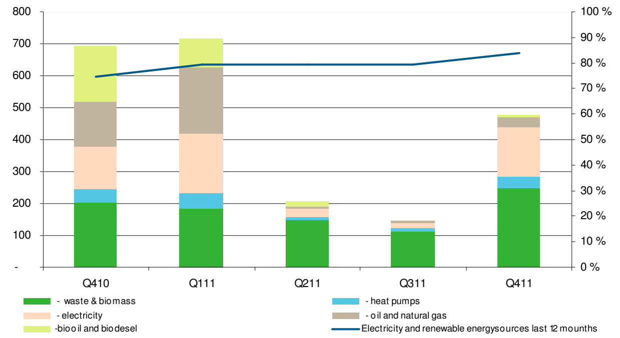
District Heating's annual production profil
(GWh)



	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	115	154	210

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 84 percent of total energy consumption over the most recent 12 months, up ten 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 next side presents production costs per kWh and for each energy source, District Heating prices achieved, and gross contribution margin. The gross contribution margin was NOK 0.33 per kWh, an increase of NOK 0.06 per kWh compared with the fourth quarter of 2010. The total fourth-quarter 2011 gross contribution margin was NOK 124 million (NOK 143 million). Lower production volumes led to a NOK 42 million decline in contribution margin, whereas the higher contribution margin per kWh provided a NOK 26 million contribution increase. Operating expenses in the fourth quarter of 2011 of NOK 67 million (NOK 50 million) are above normal for the quarter due to higher maintenance activity levels and an increase in project costs.

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

Amounths in NOK per kWh	Q410	Q111	Q211	Q311	Q411
Waste & biomass	0,18	0,20	0,20	0,20	**0,18**
Heat pumps	0,22	0,21	0,18	0,06	**0,13**
Bio-oil and bio-diesel	0,77	0,68	0,62	-	**0,61**
Electricity	0,61	0,57	0,60	0,46	**0,35**
Oil & natural gas	0,53	0,55	0,71	0,45	**0,59**
Total production cost	0,48	0,46	0,30	0,24	**0,27**
Sales price	0,75	0,80	0,72	0,60	**0,60**
Gross margin	0,27	0,34	0,42	0,36	**0,33**

Investments in the fourth quarter of 2011 totaled NOK 137 million (NOK 210 million). The largest investment was NOK 102 million for customer tie-ins to the network, followed by NOK 32 million for increased production capacity based on renewable energy sources. Now 95 percent completed, the new peak-load plant in Oslo's Rodeløkka district has an 88 MW boiler designed to burn bio-oil, with light heating oil as an alternative. Pilot energy deliveries are planned for March 2012. In the reporting period, 58 customers with a total projected annual energy outtake of 32 GWh were added to the grid; in 2011, customers with a total projected energy outtake of 71 GWh went on-line. The Group's District Heating business had NOK 4.7 billion in capital employed as of 31 December 2011.

Heat and Bioenergy

	Fourth quarter		Year	
NOK million	**2011**	2010	**2011**	2010
Operating revenues	**35**	33	**145**	115
EBITDA	**(34)**	(7)	**(36)**	(51)
Operating profit, herof:	**(44)**	(310)	**(73)**	(386)
- Bioenergy	**(38)**	(314)	**(80)**	(384)
- Heat	**(5)**	5	**7**	(2)
Energy production (GWh)	**80**	77	**280**	246
Sales price (NOK per kWh)	**0,25**	0,25	**0,26**	0,25
Waste (thousand tons)	**34**	32	**129**	114
Investments	**11**	1	**47**	189

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 35 million (NOK 33 million) in the fourth quarter of 2011; EBITDA for the quarter was NOK 4 million (NOK 13 million). Operating revenue decline compared with the fourth quarter of 2010 is largely attributable to a non-recurring NOK 8 million charge. Energy production was 80 GWh; four percent above the year-earlier figure. The NOK 0.25 per kWh sales price achieved in the fourth quarter of 2011 is on a par with the year-earlier level. Revenues from waste-derived fuel comprised 41 percent (45 percent) of revenues in the fourth quarter of 2011.

Hafslund's Bioenergy business, which comprises a wood pellets factory located at Averøya, had no fourth-quarter 2011 revenues. Production at the factory has been shut down since late November 2011 as a result of the storm Berit, when a lightning strike destroyed two large transformers. Due to lengthy repair periods, production is scheduled to resume in February 2012. The NOK -38 million fourth-quarter 2011 operating profit figure includes a write-down on raw materials inventories and renegotiated raw materials and sales contracts totaling NOK 28 million. The facility had 7 500 metric tons of finished pellets in its inventory as of 31 December 2011.

Heat and Bioenergy's total capital employed was NOK 1.0 billion as of 31 December 2011. To adapt to the organizational modifications implemented in the fall of 2011, the Heat business will be reported as part of the District Heating business segment as of 1 January 2012. Correspondingly, the Bioenergy business will be reported as part of Other Activities as of 2012.

Network

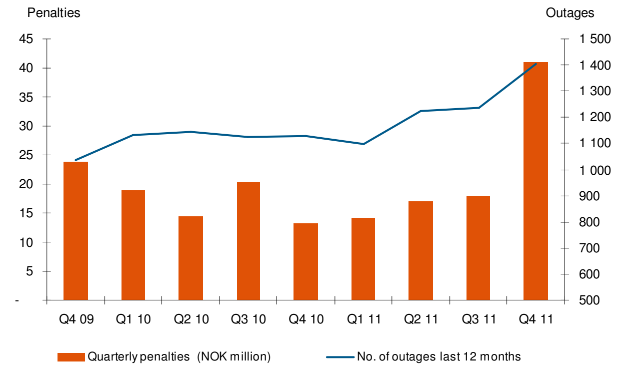
	Fourth quarter		Year	
NOK million	**2011**	2010	**2011**	2010
Operating revenues	**1 033**	1 344	**4 202**	4 804
EBITDA	**211**	246	**983**	1 077
Operating profit	**88**	109	**469**	532
Investments	**161**	164	**433**	485

Hafslund's Network business had fourth-quarter 2011 operating revenues of NOK 1 033 million (NOK 1 344 million). The revenue decline is largely 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 81 million in so-called excess income (NOK 32 million under income). Note 4 to the accounts in this report to shareholders discusses the accounting treatment of excess/under income.

EBITDA amounted to NOK 211 million (NOK 246 million) in the fourth quarter of 2011; operating profit for the quarter was NOK 88 million (NOK 109 million). The quarter's operating costs were affected by the storm Dagmar, which resulted in estimated costs of NOK 56 million, penalties levied for power outages of NOK 25 million (so-called KILE penalties), NOK 14 million compensation paid to customers, and NOK 17 million in repairs. Network's contribution margin of NOK 600 million (NOK 538 million) includes the quarter's excess income of NOK 81 million and NOK 41 million (NOK 13 million) in KILE penalties. Operating expenses amounted to NOK 389 million in the quarter. Network's profit for 2011 is impacted by a regulated income ceiling that incorporates a 2.6 percent interest rate on 5-year Norwegian government bonds.

The table on the following page 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. However, the fourth-quarter storm Dagmar resulted in a roughly NOK 25 million increase in KILE penalties and significantly impacted a comparison with the corresponding year-earlier figure. Statistically, storms like Dagmar occur only once every 30 years, although the grid business experienced similar consequences of a storm in the fourth quarter of 2003. Delivery performance in the fourth quarter of 2003 were also profoundly affected by harsh weather between Christmas and the New Year and the storm Berit that struck in November.

Service interruptions and related penalties



Hafslund Network delivered 4.7 TWh (5.4 TWh) of electric power to distribution-grid customers in the fourth quarter of 2011. As of 31 December 2011, Network's capital employed amounted to NOK 9.3 billion.

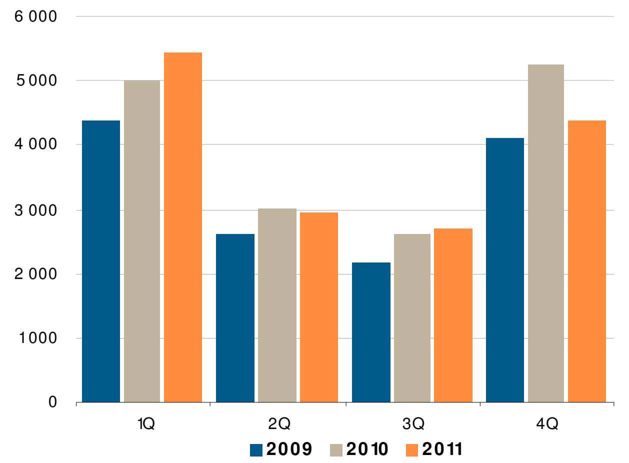
Power Sales

	Fourth quarter		Year	
NOK million	**2011**	2010	**2011**	2010
Operating revenues	**1 502**	2 888	**6 984**	8 021
EBITDA	**32**	86	**211**	360
Operating profit	**29**	83	**201**	348
Power sales (GWh)	**4 369**	5 246	**15 474**	15 867

Hafslund's Power Sales business had fourth-quarter 2011 operating revenues of NOK 1 502 million, down 48 percent compared with the fourth quarter of 2010. The revenue decline is attributable to significantly lower prices for wholesale power contracts traded via Nasdaq OMX and a drop in demand due to very mild temperatures in the quarter compared with the fourth quarter of 2010. Power Sales' fourth-quarter 2011 operating profit of NOK 29 million (NOK 83 million) is below expectations for a seasonally strong quarter. The decline is due to the quarter's lower contribution margins and volumes, and somewhat higher sales and marketing costs. After-tax earnings per customer in the fourth quarter of 2011 were approximately NOK 24.

Hafslund's Power Sales business sold 4 369 GWh of power in the fourth quarter of 2011, down 17 percent compared with the fourth quarter of 2010. The revenue decline is mainly attributable to lower power consumption due to relatively mild weather; the revenue decline occurred despite customer-base growth of 29 000 compared with the fourth quarter of 2010. Power sold to residential-market customers totaled 2 860 GWh (3 618 GWh). Corporate customers purchased 1 498 GWh (1 629 GWh) in the quarter. At year-end 2011, Hafslund Power Sales had some 878 000 customers through wholly or partly-owned companies, an increase of 15 000 customers in the fourth quarter.

Power Sales – Volume sold
(GWh)



Power Sales' capital employed was NOK 1.1 billion (NOK 3.4 billion) as of 31 December 2011. The reduction is attributable to a NOK 2.2 billion decline in working capital resulting from significantly cheaper wholesale power contracts, diminished demand due to mild temperatures in the quarter, and a switch to monthly invoicing for a large proportion of residential-market customers as of October 2011.

Venture

	Fourth quarter		Year	
NOK million	**2011**	2010	**2011**	2010
Operating revenues	**107**	169	**414**	549
EBITDA (exlc. REC)	**(34)**	930	**35**	1 077
Operating profit (excl. REC)	**(44)**	832	**(2)**	887
Profit effect of REC shares	**(166)**	0	**(1 090)**	(1 991)

Hafslund Venture had fourth-quarter 2011 operating revenues of NOK 107 million (NOK 169 million). The revenue decline compared with the fourth 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 -44 million (NOK 832 million) in the fourth quarter of 2011. The fourth-quarter 2011 operating profit figure reflects a downturn in the market value development of Venture's portfolio, and costs associated with the discontinuation of the business segment as of 2012.

Total capital freed up in the fourth quarter of 2011 amounted to NOK 740 million, and is associated with the sale of shares in REC and Network Norway. Hafslund and Eidsiva Vekst have agreed to merge components of Hafslund's remaining venture portfolio into a joint venture company to be called Energy Future Invest AS (EFI). Hafslund and Eidsiva will each hold a 49.5 percent ownership interest in EFI. The joint venture will have a portfolio comprising 12 wholly or partially owned companies, and a strong cash position. The agreement goes into effect 20 January 2012. After that date, the Hafslund Group's total capital employed in Embriq (ownership: 84 percent) and EFI (ownership: 49.5 percent) will be about NOK 300 million. As of January 2012, activities of the former business segment Hafslund Venture will be reported under Other Activities.

Other Activities

	Fourth quarter		Year	
NOK million	**2011**	2010	**2011**	2010
Support	**(53)**	(40)	**(153)**	(129)
Power trading	**0**	23	**(21)**	29
Real estate	**3**	4	**17**	24
Billing & customer service	**7**	18	**76**	95
Financial income, etc	**40**	64	**88**	102
Other	**(3)**	49	**(6)**	49
Total operating profit	**(5)**	118	**0**	170

The Hafslund Group's Other Activities, which include real estate management, power trading, and staff and support functions, had a fourth-quarter 2011 operating profit of NOK -5 million (NOK 118 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.

Electricity certificates

Norwegian legislation governing a market in so-called green certificates for electric power went into effect 1 January 2012. The purpose of the electricity certificate law is to increase the supply of power generated from renewable energy sources. Norway's parliament, Stortinget, voted in June 2011 to participate in a joint Norwegian-Swedish certificate system; Sweden began trade in electricity certificates in 2003. The goal is to secure an additional 26.4 TWh of annual production capacity in Norway and Sweden by 2020 from renewable sources such as hydropower/tidal/wave, etc., wind, solar, and bioenergy. The program also furthers Norway's compliance with the European Union's renewable energy directive.

The Norwegian Water Resources and Energy Directorate (NVE) is responsible for the certificate system in Norway and works with the Swedish Energy Agency on the joint Norwegian-Swedish electricity certificate market. The public and businesses in Norway foster new green energy resources through the certificate system, which is financed via an additional per-KWh charge. NVE estimates that the program will cost a typical household consuming 20 000 kWh annually about NOK 150 in 2012.

CEO Christian Berg resigns from Hafslund

Chief Executive Officer Christian Berg has resigned from his position in Hafslund. As from 6 January, Deputy CEO Finn Bjorn Ruyter are assigned as acting CEO. The Board have started a process of finding Berg's successor.

Shares and shareholder matters

As of 31 December 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 Norge		3 880	3 880	2.0 %
MP Pensjon PK	5	1 579	1 584	0.8 %
Folketrygdfondet	85	885	970	0.5 %
Hafslund ASA		397	397	0.2 %
AS Herdebred	107	276	383	0.2 %
New Alternatives Fund, Inc	328		328	0.2 %
Handelsbanken Helsinki	141	173	314	0.2 %
10 largest shareholders	111 245	73 243	184 488	94.5 %
Other shareholders	4 183	6 515	10 698	5.5 %
Total	115 428	79 758	195 186	100 %

Hafslund had 7 082 shareholders as of 31 December 2011. The ten largest shareholders own a total of 94.5 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 fourth quarter of 2011, Hafslund's market capitalization was NOK 11.3 billion; the figure is based on a per-share price for Class A and Class B shares of NOK 58.00.

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 sound balance sheet, robust financing structure with long-term lines of credit, and considerable liquid assets, and thus is well prepared to meet turmoil in financial markets. 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, 1 February 2012

Board of Directors

Hafslund ASA.

Group profit and loss account

Fourth quarter 2010	Fourth quarter 2011	NOK million	Year 2011	Year 2010
5 189	**3 112**	Operating revenues	**13 704**	15 829
1 013	**(139)**	Gain/loss financial items	**(1 050)**	(883)
(3 917)	**(1 971)**	Purchased materials and energy	**(9 015)**	(10 871)
(57)	**(236)**	Salaries and other personnel expenses	**(864)**	(582)
(503)	**(559)**	Other operating expenses	**(1 630)**	(1 571)
1 725	**207**	**EBITDA**	**1 145**	1 923
(590)	**(199)**	Depreciation	**(803)**	(1 270)
1 135	**8**	**Operating profit**	**343**	653
(153)	**(114)**	Financial interest etc	**(495)**	(498)
94	**25**	Change in market value loan portfolio	**(89)**	27
(59)	**(89)**	**Financial expenses**	**(584)**	(471)
1 076	**(81)**	**Profit before tax and discontinued operations**	**(241)**	182
(98)	**(115)**	Tax	**(457)**	(574)
978	**(196)**	**Profit after tax**	**(698)**	(392)
5,01	**(1,01)**	Earnings per share (in NOK)	**(3,58)**	(2,01)

Comprehensive income

978	**(196)**	**Profit after tax**	**(698)**	(392)
		Other comprehensive income items:		
(189)	**0**	REC market value changes	**(194)**	138
1	**0**	Tax on REC market value changes	**2**	(2)
3	**6**	Translation differences	**0**	11
793	**(190)**	**Comprehensive income for the period:**	**(890)**	(245)
792	**(187)**	Profit attributable to shareholders of Hafslund ASA	**(888)**	(246)
1	**(3)**	Profit attributable to minority interests	**(2)**	1
793	**(190)**		**(890)**	(245)

Group balance sheet

NOK million	31.12.2011	30.09.2011	31.12.2010	30.09.2010
Intangible assets	**2 394**	2 381	2 389	2 440
Fixed assets	**18 632**	18 431	18 557	19 168
Financial assets	**579**	1 380	2 831	3 012
Accounts receivable and inventory	**2 250**	2 011	5 625	2 330
Cash and cash equivalents	**870**	1 287	211	392
Assets	**24 726**	25 489	29 613	27 343
Equity, majority	**8 108**	8 290	10 458	9 667
Equity, minority	**23**	20	5	3
Allocations for liabilities	**3 167**	3 231	3 046	3 502
Long-term interest-bearing liabilities	**9 047**	10 181	11 321	11 080
Short-term interest-bearing liabilities	**1 802**	1 163	2 338	815
Short term non-interest-bearing liabilities	**2 579**	2 603	2 444	2 275
Equity and liabilities	**24 726**	25 489	29 613	27 343

Group cash flow statement

	Fourth quarter		Year	
NOK million	**2011**	2010	**2011**	2010
EBITDA	**207**	1 725	**1 145**	1 923
Paid interest	**(127)**	(125)	**(540)**	(536)
Paid taxes	**(298)**	(142)	**(490)**	(148)
Market value changes and other items without cash flow effect	**149**	(1 000)	**1 138**	982
Change in accounts receivables, etc.	**(280)**	(1 871)	**2 860**	(1 414)
Change in liabilities, etc.	**79**	(183)	**(600)**	(242)
Cash flow from operations	**(271)**	(1 596)	**3 513**	565
Investments (operation and expansion)	**(396)**	(468)	**(1 172)**	(1 647)
Sale of assets including business segments	**0**	0	**325**	5
Venture investments, etc	**704**	12	**2 322**	336
Cash flow investments activities	**308**	(455)	**1 475**	(1 305)
Change net interest-bearing debt and dicontinued operations	**(466)**	1 871	**(2 879)**	1 080
Dividend and other equity changes	**11**	0	**(1 450)**	(439)
Cash flow financing activities	**(455)**	1 871	**(4 329)**	641
Change in cash and cash equivalents in period	**(418)**	(181)	**659**	(100)
Cash and casg equivalents at beginning of period	**1 288**	392	**211**	311
Cash and cash equivalents at end of period	**870**	211	**870**	211

Equity reconciliation

	Year	
NOK million	**2011**	2010
Equtiy as of 1 January	**10 464**	11 154
Comprehensive income	**(890)**	(245)
Change, minority interests	**10**	(3)
Dividend	**(1 461)**	(439)
Other changes affecting equtiy	**9**	(3)
Equtiy at end of reporting period	**8 132**	10 464

Notes to the accounts

1) Framework and key accounting principles

The consolidated Group accounts for the fourth quarter of 2011 ending 31 December 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 fourth quarter 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

On 9 December 2011, Hafslund sold its 8.93 percent ownership interest in Renewable Energy Corporation ASA (REC); the 89 million shares were sold at a per-share price of NOK 3.40. The sale gave rise to a NOK 166 million accounting loss in the fourth quarter of 2011. The REC investment was classified as available for sale, and was valued at fair value with any value changes recognized in the statement of comprehensive income. The sale and write-down of the Group's REC investment resulted in a reclassification of total value regulation, from comprehensive income to profit and loss under Gain/loss financial items, of NOK 1 090 million in 2011 and NOK 166 million in the fourth quarter of the year. Of the total NOK 1 284 million value decline in 2011, NOK 194 million has been charged to comprehensive profit and loss.

3) Investment activities transferred to joint venture

On 22 December 2011, Hafslund Venture and Eidsiva Vekst agreed to merge their investment activities in a new joint venture company, Energy Future Invest AS (EFI). The transaction among the co-owners, to be completed effective 20 January 2012 will result in a NOK 10 million accounting gain for Hafslund. Eidsiva and Hafslund will each have a 49.5 percent shareholding in EFI. The merged portfolio will comprise 12 companies, wholly or partially owned, and considerable cash and cash equivalents. Hafslund and Eidsiva want EFI to be an innovative, long-term investor with financial clout, focused chiefly on developing energy-related companies.

4) 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 2 312 million was recorded in 2011 and NOK 541 million was recorded in the fourth quarter of the year; the figures are NOK 580 million and NOK 193 million lower than the corresponding 2010 figures, respectively. Network's profit for 2011 includes an "excess income" figure of NOK 212 million; the corresponding figure for the fourth quarter was NOK 81 million. The year-earlier comparative figures were a NOK 203 million "under income" in 2010 and a NOK 32 million "under income" in the fourth 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 212 million "excess income" in 2011, Hafslund had an aggregate "excess income" of NOK 155 million as of 31 December 2011.

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

As of 31 December 2011, the accounting value of Hafslund's loan portfolio was NOK 10 838 million, of which NOK 9 036 million is long-term debt and NOK 1 802 million is classified as short-term debt. Changes in the fair value of loans resulted in a NOK 25 million positive profit effect in the fourth quarter of 2011. Changes in the fair value of interest and currency derivatives had an aggregate NOK 11 million negative profit effect in the fourth quarter. In the fourth quarter of 2011, credit spreads on all terms to maturity were approximately 15 basis points for debt maturing within 18 months, some 20 basis points for terms to maturity between two and four years, and somewhat less for longer terms to maturity. Swap interests fell approximately five to ten basis points. The net effect of these factors was that market interest, including Hafslund's credit spread, increased somewhat for terms to maturity between two and five years, but remained largely unchanged for other terms to maturity. Changes in the fair value of loans are recorded under Financial expenses, whereas changes in the value of interest and currency derivatives are recorded as 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 47 percent, and floating-interest-rate loans made up the remaining 53 percent as of 31 December 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 will mature 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 31 December 2011, this figure amounted to NOK 3 006 million.

6) Business segment reporting

Fourth quarter			Year	
2010	**2011**	NOK million	**2011**	2010
315	**195**	Hydropower	**999**	1 196
462	**256**	District Heating	**978**	1 144
33	**35**	Heat and bioenergy	**145**	115
1 344	**1 033**	Network	**4 202**	4 804
2 888	**1 502**	Power sales	**6 984**	8 021
169	**107**	Venture	**414**	549
(23)	**(15)**	Other activities/eliminations	**(17)**	1
5 189	**3 112**	**Total operating revenues**	**13 704**	15 829
0	**2**	Hydropower	**2**	3
2	**0**	District Heating	**1**	3
2	**1**	Heat and bioenergy	**4**	6
16	**12**	Network	**34**	41
0	**0**	Power sales	**0**	0
21	**22**	Venture	**71**	35
160	**134**	Other activities	**463**	547
201	**172**	**Of which, sales between segments**	**576**	633
241	**125**	Hydropower	**743**	929
62	**24**	District Heating	**94**	165
(310)	**(44)**	Heat and bioenergy	**(73)**	(386)
109	**88**	Network	**469**	532
83	**29**	Power sales	**201**	348
832	**(210)**	Venture	**(1 092)**	(1 104)
118	**(5)**	Other activities/eliminations	**0**	170
1 135	**8**	**Total operating profit**	**343**	653

7) Operating assets

Investments in operating assets amounted to NOK 1 214 million in 2011 and NOK 407 million the fourth quarter of the year. The figures are attributable in full to investments in ordinary operating and expansion investments.

8) Transactions with closely 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 31 December 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 fourth 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:

NOK million	Sales of goods and services	Purchases of goods and services	Accounts payable	Accounts receivable
Fourth quarter:				
City of Oslo	55	34		
Infratek ASA	7	90		
In 2011:				
City of Oslo	254	119	41	19
Infratek ASA	29	365	4	80

The Group has extended loans to Hafslund Venture portfolio companies that totaled NOK 3 million as of 31 December 2011.

9) 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 2011, the Group has recognized value losses on power contracts. Spot market prices rose somewhat in the fourth quarter of the year, for which the Group recognized a slight value increase in the quarter. 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.

10) 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.

11) Sale of shareholdings

Hafslund sold its shareholdings in Cogen AS and Network Norway AS in 2011. The sales freed up capital totaling NOK 908 million. Included in this amount is the NOK 440 million settlement for the Network Norway divestiture that was completed in the fourth quarter of 2011. The aforementioned investments were recognized at market value on an ongoing basis. See also the discussion of the sale of the Group's shareholding in Renewable Energy Corporation in Note 2 to the accounts.

12) 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.

Taxable gain upon realization of Renewable Energy Corporation ASA convertible bonds

In December 2011, Norway's supreme court dismissed an appeal by Hafslund in which the company argued that, upon realization of Renewable Energy Corporation convertible bonds, the NOK 1 624 million gain on the subscription right component should not be subject to taxation. The decision has no further effects on tax payments nor any further accounting consequences for Hafslund.

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 brought the matter before a court of law. Regarding the sale of Hatros II AS, the Central Tax Office for Large Enterprises (Sfs) notified Hafslund that treatment of the Hatros II share sale is governed by the principle of assigning appropriate financial responsibility. As of 31 December 2011, Hafslund had made accounting allocations of NOK 95 million associated with these sales.

Group key figures - quarterly reporting

Group profit and loss account

NOK million	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09
Operating revenues	3 112	2 269	3 118	5 206	5 189	2 720	3 026	4 895	3 032
Gain/loss financial items	(139)	(377)	(527)	(7)	1 013	45	(723)	(1 219)	(103)
Purchased materials and energy	(1 971)	(1 184)	(1 873)	(3 988)	(3 917)	(1 561)	(1 716)	(3 677)	(1 865)
Salaries and other personnel expenses	(236)	(190)	(203)	(235)	(57)	(174)	(190)	(160)	(187)
Other operating expenses	(559)	(379)	(371)	(321)	(503)	(351)	(357)	(359)	(450)
EBITDA	207	139	144	656	1 725	679	39	(520)	427
Depreciation	(199)	(203)	(200)	(201)	(590)	(222)	(245)	(213)	(222)
Operating profit	8	(64)	(56)	455	1 135	457	(206)	(733)	205
Financial interest etc	(114)	(123)	(136)	(121)	(153)	(117)	(124)	(104)	(144)
Change in market value loan portfolio	25	(66)	(74)	25	94	(29)	(37)	(1)	(82)
Financial expenses	(89)	(189)	(210)	(96)	(59)	(145)	(161)	(105)	(225)
Profit before tax and discontinued operations	(81)	(253)	(266)	359	1 076	312	(367)	(839)	(20)
Tax	(115)	(61)	(150)	(130)	(98)	(164)	(179)	(133)	(74)
Profit discontinued operations	0	0	0	0	0	0	0	0	0
Profit after tax	(196)	(314)	(416)	228	978	148	(546)	(972)	(94)
Majority's share of profit	(193)	(314)	(416)	227	977	146	(544)	(971)	(91)
Minority's share of profit	(3)	(0)	(0)	1	1	2	(2)	(0)	(3)
Earnings per share (in NOK)	(1,01)	(1,61)	(2,13)	1,17	5,01	0,76	(2,80)	(4,98)	(0,48)

Group balance sheet

NOK million	31.12.11	30.09.11	30.06.11	31.03.11	31.12.10	30.09.10	30.06.10	31.03.10	31.12.09
Intangible assets	2 394	2 381	2 379	2 388	2 389	2 440	2 400	2 299	2 288
Fixed assets	18 632	18 431	18 342	18 580	18 557	19 168	18 969	18 880	18 809
Financial assets	579	1 380	1 792	2 674	2 831	3 012	2 637	3 481	4 737
Accounts receivable and inventory	2 250	2 011	2 375	4 311	5 625	2 330	2 407	3 996	2 773
Cash and cash equivalents	870	1 287	911	1 456	211	392	1 241	828	311
Assets	24 726	25 489	25 799	29 408	29 613	27 343	27 653	29 484	28 918
Equity, majority	8 108	8 290	8 610	10 838	10 458	9 667	9 131	10 116	11 143
Equtiy, minority	23	20	11	11	5	3	8	10	11
Allocations for liabilities	3 167	3 231	3 170	3 103	3 046	3 502	3 448	3 362	3 287
Long-term interest-bearing liabilities	9 047	10 181	10 520	10 346	11 321	11 080	11 249	10 908	9 805
Short-term interest-bearing liabilitis	1 802	1 163	1 295	1 903	2 338	815	1 682	2 413	2 741
Short term non-interest-bearing liabilities	2 579	2 603	2 193	3 208	2 444	2 275	2 135	2 675	1 931
Equity and liabilities	24 726	25 489	25 799	29 408	29 613	27 343	27 653	29 484	28 918

Group cash flow statement

NOK million	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09
EBITDA	207	139	144	656	1 725	679	39	(520)	427
Interest paid	(127)	(81)	(142)	(190)	(125)	(92)	(130)	(189)	(134)
Taxes paid	(298)	-	(94)	(98)	(142)	-	(20)	14	(94)
Value change and other non cashflow effect	149	398	569	22	(1 000)	(33)	787	1 228	107
Change in receivables	(280)	373	1 904	864	(1 871)	111	1 609	(1 263)	(967)
Change in trade credit etc	79	267	(1 005)	59	(183)	11	(800)	730	78
Cash flow from operations	(271)	1 095	1 376	1 313	(1 596)	676	1 485	(0)	(583)
Investments (operation and expansion)	(396)	(288)	(256)	(232)	(468)	(498)	(423)	(258)	(499)
Sale of assets including business segments	-	-	325	-	-	-	5	-	6
Venture investments etc	704	101	(23)	1 540	12	38	292	(6)	550
Cash flow to investments activities	308	(187)	46	1 308	(455)	(460)	(126)	(264)	57
Change interest-bearing debt and dicontinued operations	(466)	(533)	(505)	(1 376)	1 871	(1 065)	(507)	781	536
Dividend and other equity changes	11	-	(1 461)	-	-	-	(439)	-	-
Cash flow financing activities	(455)	(533)	(1 966)	(1 376)	1 871	(1 065)	(946)	781	536
Change in cash and cash equivalents in period	(418)	376	(544)	1 245	(181)	(849)	413	517	11
Cash and cash equivalents at beginning of period	1 288	912	1 456	211	392	1 241	828	311	300
Cash and cash equivalents at end of period	870	1 288	912	1 456	211	392	1 241	828	311

Business segment reporting

NOK million	4Q11	3Q11	2Q11	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09
Hydropower	195	268	359	178	315	354	289	238	202
District heating	256	79	133	511	462	79	136	467	245
Heat and bioenergy	35	32	31	46	33	26	26	29	12
Network	1 033	884	967	1 318	1 344	1 013	1 050	1 396	1 008
Power sales	1 502	911	1 528	3 043	2 888	1 120	1 391	2 621	1 378
Venture	107	96	98	113	169	122	128	130	176
Other activities/eliminations	(15)	(1)	2	(3)	(23)	5	6	12	11
Total sales income	3 112	2 269	3 118	5 206	5 189	2 720	3 026	4 895	3 032
Hydropower	135	211	308	134	252	303	240	178	154
District heating	57	3	26	130	93	6	32	152	58
Heat and bioenergy	(34)	(12)	0	10	(7)	(42)	(7)	5	(6)
Network	211	248	264	260	246	282	275	274	314
Power sales	32	21	37	121	86	34	187	52	51
Venture	(200)	(342)	(532)	19	930	60	(704)	(1 199)	(168)
Other activities/eliminations	5	9	41	(18)	126	35	16	18	24
Total EBITDA	207	139	144	656	1 725	679	39	(520)	427
Hydropower	125	199	296	123	241	292	229	167	144
District heating	24	(26)	(5)	101	62	(22)	2	123	31
Heat and bioenergy	(44)	(22)	(9)	1	(310)	(58)	(15)	(3)	(7)
Network	88	118	132	131	109	148	138	137	179
Power sales	29	18	37	117	83	30	185	49	49
Venture	(210)	(352)	(540)	9	832	39	(755)	(1 219)	(191)
Other activities/eliminations	(5)	1	33	(28)	118	28	11	12	0
Total operating profit	8	(64)	(56)	455	1 135	457	(206)	(733)	205

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
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