Report to shareholders

First quarter 2011

Hafslund

Contents

Hafslund

First-quarter 2011 highlights

> EBITDA: NOK 656 million – operations in line with last year.

> Power Sales and District Heating: Strong demand in the first quarter of 2011.

> Hydropower production: Low drainage basin influx resulted in 35 percent below-normal hydropower generation in the quarter.

> Hydropower sales price: NOK 0.47 per kWh, up four percent from 1Q 2010.

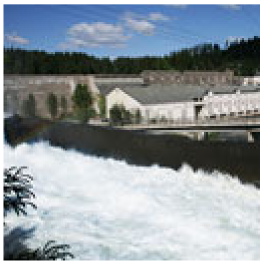
> Network: Profit level was normal for the quarter.

> High cash flow in the quarter: NOK 2.6 billion, of which NOK 1.5 billion is attributable to capital freed through asset sales.

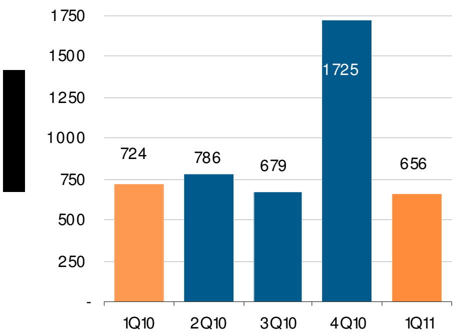
> Board of Directors recommends an extraordinary dividend of NOK 5.0 per share in addition to an ordinary dividend of NOK 2.50 per share for the 2010 accounting year.

Earnings per share

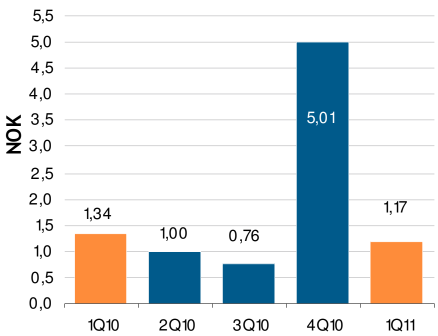
NOK 1.17



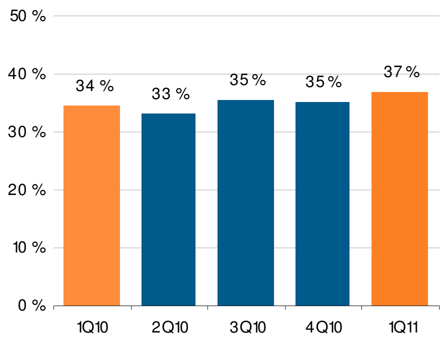
> **EBITDA (excl. REC)**



> **Earnings per share (excl. REC)**



> **Equity ratio**



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

Key figures

First quarter			Year	
2010	**2011**	**Profit and loss (NOK million)**	**2010**	**2009**
4 895	**5 206**	Operating revenues	15 829	10 670
(520)	**656**	EBITDA	1 923	2 076
(733)	**455**	Operating profit	653	1 194
(839)	**359**	Profit before tax and discontinued operations	182	533
(972)	**228**	Profit after tax	(392)	198
		Capital matters		
29 484	**29 408**	Total assets	29 613	28 918
34 %	**37 %**	Equity ratio	35 %	39 %
11 873	**10 139**	Net interest-bearing debt	13 067	11 601
		Per-share figures (NOK)		
(4,98)	**1,17**	Profit (EPS)	(2,01)	1,01
(0,0)	**6,7**	Cash flow from operations	2,9	9,6
		Key figures		
0,46	**0,47**	Power prices (NOK per kWh)	0,39	0,28
1 300	**1 163**	Energy production (GWh)	5 069	4 493
5 001	**5 453**	Power sales (GWh)	15 867	13 238

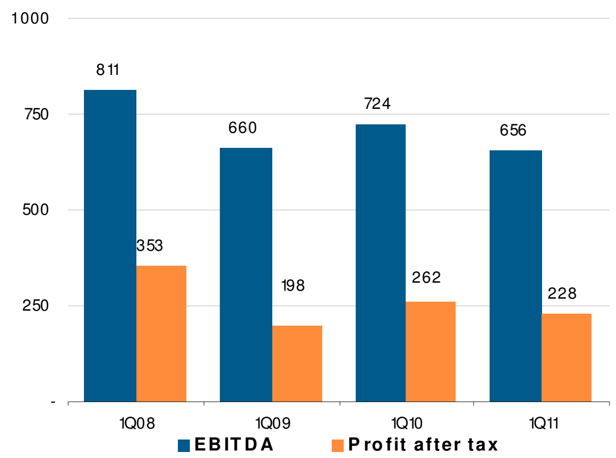
First-quarter 2011 summary

First-quarter 2011 results

The Hafslund Group achieved an EBITDA of NOK 656 million (NOK -520 million) in the first quarter of 2011. Underlying operations were stable; the reporting period featured strong demand at Hafslund's Power Sales and District Heating businesses, good power-grid supply quality, and low production at the Group's hydropower facilities. The Hydropower business sold its power production at NOK 0.474 per kWh in the quarter, up four percent compared with the first quarter of 2010. Operating profit was NOK 455 million in the first quarter of 2011. Hafslund's Hydropower, District Heating, Network, and Power Sales businesses contributed NOK 472 million to the Group's operating profit, which is on a par with the first-quarter 2010 level. The first-quarter 2010 operating profit figure includes a NOK 1 244 million value write-down of the Group's investment in Renewable Energy Corporation (REC).

Financial expenses in the first quarter of 2011 amounted to NOK 96 million (NOK 105 million). Net interest-bearing debt was NOK 10.1 billion as of 31 March 2011, down NOK 2.9 billion in the quarter. The average loan portfolio coupon rate was 4.2 percent as of the close of the first quarter of 2011, an increase of 0.2 percentage points from year-end 2010.

First-quarter 2008 - 2011 (excl. REC)
(NOK million)



The Group's pre-tax profit for the first quarter of 2011 was NOK 359 million (NOK -839 million). The Group's tax expense amounted to NOK 130 million, which corresponds to an effective tax rate of 36 percent of the period's pre-tax profit. The effective tax rate is affected by Norway's tax on hydropower facilities, which amounted to NOK 29 million (NOK 42 million) in the quarter. The Group's after-tax profit for the first quarter of 2011 was NOK 228 million (NOK -972 million), which corresponds to a per-share profit of NOK 1.17 (NOK -4.98); the figures are identical to the diluted per-share figures.

Cash flow and capital matters - first quarter 2011

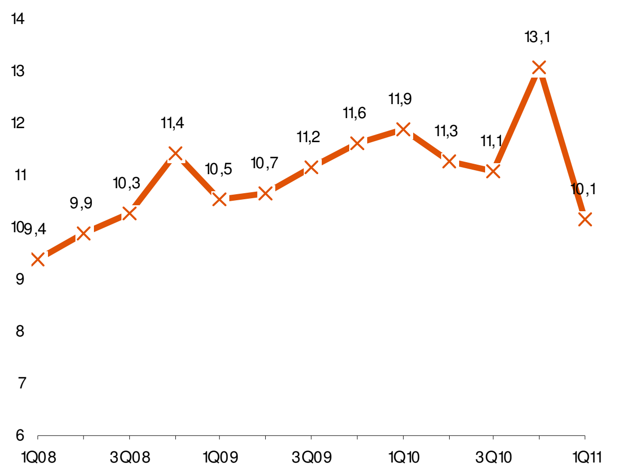
Cash flow from operations amounted to NOK 1313 million in the first quarter of 2011; the figure reflects a NOK 923 million decrease in working capital. The first quarter is a seasonally strong quarter that typically features reduced working capital. As of 31 March 2011, working capital amounted to NOK 1104 million (NOK 1128 million).

EBITDA amounted to NOK 656 million, which is NOK 266 million higher than the associated cash flow from operations before change in working capital. The difference is attributable to NOK 190 million in interest payments, NOK 98 million in taxes paid, and a NOK 22 million value decline on the Group's financial assets.

Operational and expansion investments amounted to NOK 232 million (NOK 258 million) in the quarter, primarily for expansion activities in the Group's District Heating and Hydropower businesses as well as Network reinvestments. Share sales freed up net capital totaling NOK 1 540 million in the quarter; the figure includes settlement for sales of the Group's fiber optic network business and Fesil shares.

The effect of the above-mentioned cash-flow components led to a NOK 2621 million reduction in the Group's gross interest-bearing debt in the first quarter of 2011.

Net interest-bearing debt
(in NOK billion)



Total assets of the Hafslund Group as of 31 March 2011 amounted to NOK 29.4 billion, down NOK 0.2 billion in the quarter. Net interest-bearing debt amounted to NOK 10 139 million as of 31 March 2011, down NOK 2 920 million in the quarter. The Group has a strong balance sheet and a robust financing structure with long-term lines of credit.

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 Group'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 34 million change in operating profit and a roughly NOK 18 million change in the Group's after-tax profit.

Due to Hafslund's greater targeting of renewable energy, the Group is exposed to risk associated with input factors other than power. This applies especially to the Group's district heating, waste incineration, and bioenergy businesses. 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, foreign-denominated loans, 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 hydropower 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.

Hafslund

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

	First quarter		Year	
NOK million	**2011**	2010	2010	2009
Operating revenues	**178**	238	1 196	856
EBITDA	**134**	178	972	661
Operating profit	**123**	167	929	618
Power price (NOK per kWh)	**0,47**	0,46	0,39	0,28
Production (GWh)	**371**	520	3 041	3 018
Investments	**24**	40	161	165

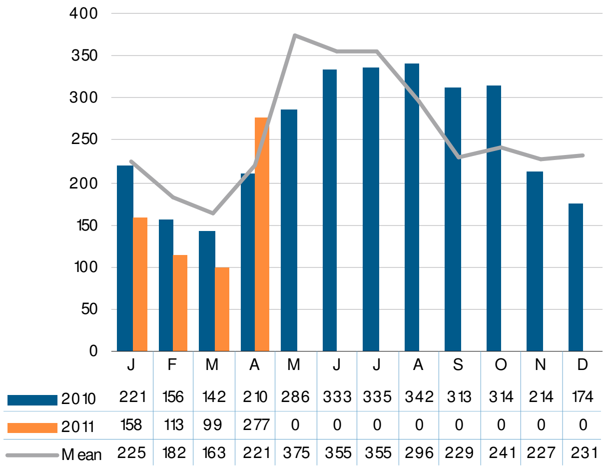
Hafslund's Hydropower business had operating revenues of NOK 178 million in the first quarter of 2011. The 25-percent revenue decline compared with the first quarter of 2010 is attributable to lower power production. Hydropower posted a first-quarter 2011 operating profit of NOK 123 million, down NOK 44 million compared with the first quarter of 2010. Profit decline is attributable to lower generation volumes.

The Hafslund Group's strategy is to sell the power it produces in the spot market, without a significant degree of price hedging. The Group uses this strategy in part to provide Hafslund's investors with direct exposure to Nordic-market power prices. Exposure to spot prices 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 in the first quarter of 2011 was NOK 0.47 per kWh, up NOK 0.01 per kWh compared with the year-earlier figure. Higher power prices resulted in a NOK 6 million increase in profit contribution, compared with the first quarter of 2010. For comparison, the NO1 spot price was NOK 0.53 per kWh (NOK 0.51 per kWh) in the first quarter of 2011.

Hydropower generation in the first quarter of 2011 was 371 GWh, down 149 GWh compared with the first quarter of 2010. Lower production resulted in a NOK 68 million negative profit contribution compared with the year-earlier figure. Generation in the first quarter was down 199 GWh compared to mean production. As of 2. May aggregate hydrologic reservoir levels in Hafslund's drainage basin were at 70 percent of normal for the season; total stored energy amounted to 1119 GWh. Of this figure, snow pack amounted to just under 47 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 second-quarter 2011 power generation will be approximately 830 GWh, which is 120 GWh or 13 percent below normal for the period.

Operating expenses amounted to NOK 44 million (NOK 60 million) in the first quarter of 2011. Expenses were at a normal level for the quarter, with a focus on maintenance and system performance ahead of spring-melt hydropower production. Higher operating expenses in the first quarter of 2010 reflect the generation-capacity upgrade project that is now in its final phase.

Hydropower generation vs 10-year average
(GWh)



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

Core components of the generation expansion and upgrade project, which has been ongoing since 2007, are construction of the new FKF 4 generator at Kykkelsrud and upgrades to the oldest generators at Hafslund's Vamma hydropower plant. FKF 4, a complete 40 MW power plant that began pilot operations 28. April 2011, and have run continually since that date. The new power plant cost approximately NOK 325 million. The NOK 150 million Vamma upgrade program has been completed and generators 1 through 6 are online. Greater efficiency and throughput will provide a five-percent production increase; lengthening the economic lifetime of installed capacity is another key profitability factor for the project. The new FKF 4 facility and Vamma upgrades will increase Hydropower's annual production by 100 GWh.

Hydropower investments, which amounted to NOK 24 million (NOK 40 million) in the quarter, must be viewed in light of the aforementioned expansion and upgrade program, now nearing completion. As of 31 March 2011, Hydropower's capital employed was NOK 4.4 billion.

> District Heating

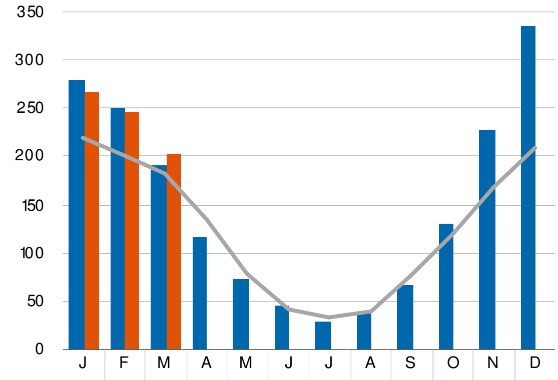
	First quarter		Year	
NOK million	**2011**	2010	2010	2009
Operating revenues	**511**	467	1 144	747
EBITDA	**130**	152	283	213
Operating profit	**101**	123	165	91
Sales price (NOK per kWh)	**0,80**	0,73	0,72	0,61
Production cost (NOK per kWh)	**0,46**	0,38	0,39	0,28
Gross margin (NOK per kWh)	**0,34**	0,35	0,34	0,34
Production volume (GWh)	**717**	720	1 782	1 382
Investments	**90**	46	432	397

Hafslund's District Heating business had first-quarter 2011 operating revenues of NOK 511 million, up nine percent from the corresponding 2010 reporting period. Revenue growth is attributable to higher prices to customers. Nevertheless, a slightly lower gross contribution margin per kWh due to higher production costs resulted in a profit decline compared with the first quarter of 2010. Typically, about 40 percent of total annual production is generated and distributed in the first quarter of the year, making it a seasonally strong quarter. EBITDA amounted to NOK 130 million in the quarter, down from NOK 152 million in the first quarter of 2010.

The achieved sales price was NOK 0.80 per kWh, up NOK 0.07 per kWh compared with the year-earlier figure. The increase is largely attributable to higher wholesale prices for power contracts traded via Nasdaq OMX. Spot prices and forward prices showed increases of just over NOK 0.05 per kWh compared with the corresponding first-quarter 2010 Nasdaq OMX figures. Further, oil prices were higher than in the first quarter of 2010, and thus oil could be used only to a limited extent to trim the cost of district heating.

The energy volume produced in the first quarter of 2011 was 717 GWh, which is 19 percent higher than normal for the first quarter of the year. District Heating demand growth must be viewed in light of the below-normal temperatures in the quarter. Energy purchases and re-sales associated with waste incineration facilities owned by the City of Oslo (EGE) accounted for 120 GWh (136 GWh) of the quarter's production.

District Heating's annual production profil (GWh)

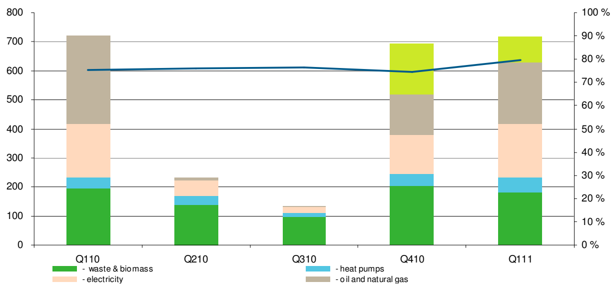


	J	F	M	A	M	J	J	A	S	O	N	D
2010	280	250	190	116	73	45	30	37	67	130	228	336
2011	268	246	203									
Mean	220	200	182	134	79	42	34	40	77	120	168	209

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. The production mix for the first quarter of 2011 reflects the below-normal temperatures and, as was the case in the fourth quarter of 2010, the use of a significant volume of bio-oil as a peak-load energy source. 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.

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



Production costs amounted to NOK 0.46 per kWh in the first quarter of 2011, up NOK 0.08 per kWh, compared with the first quarter of 2010. Increased costs are attributable to a combination of higher wholesale power prices at Nasdaq OMX, higher prices for fossil heating oil, lower deliveries of waste-derived heat from EGE, and the introduction of bio-oil as a peak-load fuel. The first-quarter 2011 gross contribution margin was NOK 0.34 per kWh, down NOK 0.01 per kWh from the first quarter of 2010.

The following table presents per-unit production cost by energy source, District Heating prices achieved, and gross contribution margin.

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

Amounths in NOK per kWh	Q110	Q210	Q310	Q410	Q111
Waste & biomass	0,17	0,18	0,19	0,18	0,20
Heat pumps	0,21	0,15	0,12	0,22	0,21
Bio-oil and bio-diesel	0,00	0,00	0,00	0,77	0,68
Electricity	0,53	0,48	0,58	0,61	0,57
Oil & natural gas	0,46	0,43	0,58	0,53	0,55
Total production cost	0,38	0,26	0,25	0,48	0,46
Sales price	0,73	0,65	0,66	0,75	0,80
Gross margin	0,35	0,39	0,41	0,27	0,34

District Heating's first-quarter 2011 contribution margin was NOK 180 million (NOK 191 million). Compared with the first quarter of 2010, increased district heating prices in the first quarter of 2011 resulted in a NOK 47 million positive contribution to profit. Offsetting this amount was a NOK 56 million negative profit contribution due to an increase in operating costs. Further affecting the year-on-year comparison were operating expenses of NOK 50 million (NOK 39 million), which reflect somewhat higher maintenance activity levels than normal for the quarter and somewhat higher district heating facility operating costs compared with the first quarter of 2010.

Investments in the first quarter of 2011 totaled NOK 90 million (NOK 46 million), mainly for expansions to network capacity. Of this amount, NOK 50 million is attributable to higher renewable energy production capacity. In the first quarter of 2011, contracts were signed for an aggregate projected annual energy outtake of 50 GWh; customer tie-ins for an annual energy outtake of 11 GWh were completed in the quarter. The Group's District Heating business had NOK 4.6 billion in capital employed as of 31 March 2011.

> Heat and Bioenergy

	First quarter		Year	
NOK million	**2011**	2010	2010	2009
Operating revenues	**46**	29	115	49
EBITDA	**10**	5	(51)	(11)
Operating profit, herof:	**1**	(3)	(386)	(27)
- Bioenergy	**(13)**	(4)	(384)	(8)
- Heat	**14**	0	(2)	(19)
Energy production (GWh)	**75**	60	246	93
Sales price (NOK per kWh)	**0,27**	0,25		
Waste (thousand tons)	**36**	27	114	57
Investments	**7**	65	189	342

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 for the Heat businesses amounted to NOK 46 million (NOK 29 million) in the first quarter of 2011; EBITDA for the quarter was NOK 23 million (NOK 8 million). The NOK 14 million operating profit growth is attributable to both higher energy production and a positive NOK 9 million non-recurring item. Energy production in the first quarter of 2011 was 75 GWh, up 15 GWh from the first quarter of 2010. Production growth is largely attributable to start-up of the new Borregaard facility in Sarpsborg. In the first quarter of 2011, energy production achieved a sales price of NOK 0.27 per kWh. A total of 36 144 metric tons (27 221 MT) of waste was incinerated in the quarter; 42.5 percent of operating revenues was attributable to waste incineration. The Heat business owns and operates two waste incineration plants, at Fredrikstad and Sarpsborg. The Sarpsborg facility was delivered to Hafslund on 23 February 2011. The unit has an annual capacity of 230 GWh of industrial steam; Borregaard has entered into a 15-year agreement to purchase the entire output volume. The Sarpsborg plant produced 39 GWh (25 GWh) of energy in the first quarter of 2011. At the anticipated 85 percent capacity utilization, energy deliveries are projected to amount to 195 GWh in 2011. The energy recovery plant at Fredrikstad has an annual generation capacity of 180 GWh of steam, district heating, and electricity, at full-scale operation. The facility produced 36 GWh (35 GWh) in the first quarter of 2011, and is expected to run at approximately 60 percent of capacity in 2011. Supply agreements have been concluded for some 70 percent of the waste material to be incinerated in the years 2011 to 2013.

Hafslund's Bioenergy business comprises a wood pellets factory located at Averøya with an annual technical production capacity of 450 000 metric tons of pellets. Recently, focus has been on implementing better techniques to exclude rock debris and on milling machinery that improves raw material processing. Having found the needed technology, facility start-up is expected in the second half of 2011. The Bioenergy business had a first-quarter 2011 operating profit of NOK -13 million.

Heat and Bioenergy had a total capital employed of NOK 1.0 billion as of 31 March 2011.

> Network

	First quarter		Year	
NOK million	**2011**	2010	2010	2009
Operating revenues	**1 318**	1 396	4 804	3 385
EBITDA	**260**	274	1 077	1 035
Operating profit	**131**	137	532	493
Investments	**62**	56	485	521

Hafslund's Network business had first-quarter 2011 operating revenues of NOK 1 318 million (NOK 1 396 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 28 million in so-called excess income (NOK 45 million under income). Note 3 to the accounts in this report to shareholders discusses the accounting treatment of excess/under income.

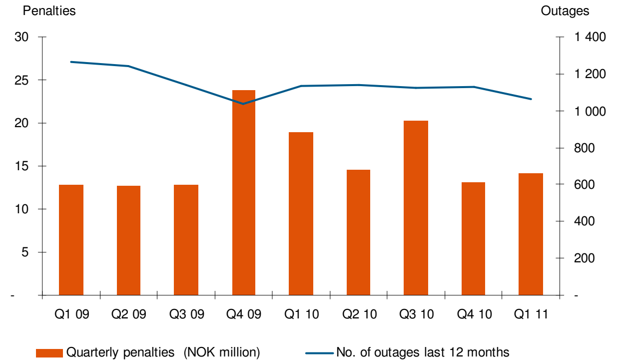
Operating revenues are based on the 2011 income ceiling, as determined by the regulatory authority NVE, which amounts to NOK 2 013 million (NOK 2 287 million). The income ceiling excludes central grid transmission costs and penalties for service interruptions.

Network's first-quarter 2011 contribution margin was NOK 547 million (NOK 533 million). Operating and maintenance costs in the quarter amounted to NOK 287 million (NOK 259 million). The cost increase compared with the first quarter of 2010 is attributable to somewhat higher maintenance activity levels and a positive NOK 9 million non-recurring item in the first quarter of 2010 associated with an agreement entered into by Norway's leading employer and employee organizations, the NHO and LO, on an amended early retirement (AFP) program. Operating profit for the first quarter of 2011 amounted to NOK 131 million (NOK 137 million).

Based on the 2011 income framework notification Hafslund has received from the regulatory body NVE, planned maintenance activities, and current interest rates, operating profit for 2011 is expected to be on a par with the level achieved in 2010.

Investments by the Network business totaled NOK 62 million (NOK 56 million) in the first quarter of 2011. As of 31 March 2011, Network's capital employed amounted to NOK 9.3 billion. The agreement to sell Hafslund's central grid facilities and associated real estate located in Oslo to Statnett SF is expected to be completed in the first half of 2011, now that NVE has approved the takeover by Norway's Transmission System Operator. The sale will release up to NOK 331 million of Network's capital.

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).

Delivery quality in 2010 improved by 14 percent compared with 2009, as determined by the number and duration of service interruptions. The trend continued into the first quarter of 2011. However, the quarter saw several power outages in the Romerike and Østfold regions caused by problems at Statnett's grid substations. Hafslund Network delivered 5.6 TWh (6.0 TWh) of electric power to distribution-grid customers in the first quarter of 2011.

> Power Sales

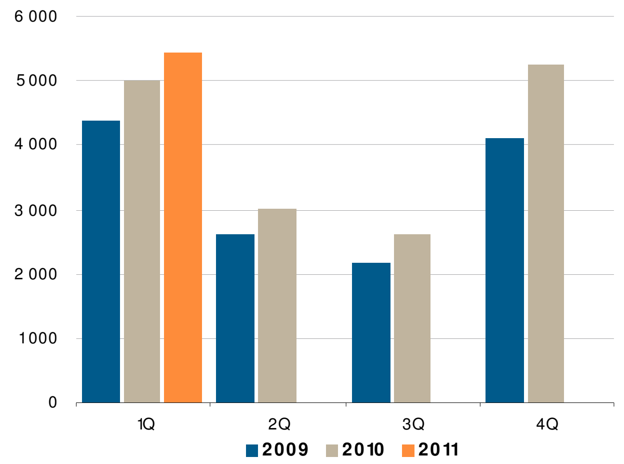
	First quarter		Year	
NOK million	**2011**	2010	2010	2009
Operating revenues	**3 043**	2 621	8 021	4 787
EBITDA	**121**	52	360	248
Operating profit	**117**	49	348	240
Power sales (GWh)	**5 453**	5 001	15 867	13 238

Hafslund's Power Sales business had first-quarter 2011 operating revenues of NOK 3 043 million, up 16 percent compared with the first quarter of 2010. Revenue growth is attributable to both higher prices for wholesale power contracts traded via Nasdaq OMX and a nine-percent increase in the volume of power sold, compared with the first quarter of 2010.

Power Sales' first-quarter 2011 operating profit of NOK 117 million (NOK 49 million) is satisfactory in a seasonally strong quarter. Profit improvement must be viewed in light of customer-base growth and overall profit and margin improvement, compared with the weak profitability of the first quarter of 2010. Further, NOK 23 million (NOK -3 million) was charged against first-quarter 2011 profit due to changes in the value of power derivatives, which are recognized at market value through profit and loss on a current basis. Power Sales' after-tax earnings per customer in the quarter were approximately NOK 100.

Hafslund's Power Sales business sold 5453 GWh of power in the first quarter of 2011, up nine percent compared with the corresponding year-earlier figure. Power sold to residential-market customers totaled 3762 GWh (3590 GWh). Corporate customers purchased 1691 GWh (1411 GWh) in the quarter. As of 31 March 2011, Hafslund Power Sales had some 851 000 customers, through wholly or partly-owned companies. Only minor customer-base changes occurred in the quarter.

Power Sales – Volume sold
(GWh)



The first quarter of 2011 was marked by significant power market turbulence and considerable media focus on power supply adequacy and prices. This situation led to a 45-percent increase in the number of customers contacting Hafslund's Customer Service Center, compared with the first quarter of 2010. Inquiries mainly concerned split invoicing, power consumption, and upcoming invoice amounts.

Power Sales' capital employed was NOK 3.0 billion as of 31 March 2011, down NOK 0.4 billion in the quarter. Capital employed generally fluctuates with the volume of power delivered in a quarter and wholesale power price developments at Nasdaq OMX.

> Venture

	First quarter		Year	
NOK million	**2011**	2010	2010	2009
Operating revenues	**113**	130	549	779
EBITDA (exlc. REC)	**19**	45	1 077	(61)
Operating profit (excl. REC)	**9**	25	887	(162)
Profit effect of REC shares	**0**	(1 244)	(1 991)	(137)

Hafslund Venture had first-quarter 2011 operating revenues of NOK 113 million (NOK 130 million). The operating revenue figure is attributable to companies in which Venture owns more than 50 percent.

Operating profit (exclusive of the Group's REC investment) was NOK 9 million (NOK 25 million) in the first quarter of 2011. A factor in the profit decline is the sale of Venture's fiber optic network business, which had revenues of NOK 44 million and an operating profit of NOK 24 million in the first quarter of 2010. Aside from the REC investment, Venture's portfolio comprises shares in non-listed companies, which are largely recognized at market value. The Fesil AS shareholding was sold for NOK 374 million. The sale resulted in a NOK 5 million gain in the first quarter of 2011 compared with the investment's market value at year-end 2010. Venture's capital employed, exclusive of the Group's REC investment and interest-bearing assets, amounted to NOK 744 million as of 31 March 2010.

Hafslund owns some 89 million REC shares, which corresponds to an 8.93 percent ownership interest in the solar power manufacturing company. As of 31 March 2011, the market value of the Group's REC investment was NOK 1 728 million, based on REC's closing price of NOK 19.41 per share. The NOK 144 million value growth since the close of the fourth quarter of 2010 is recognized in the comprehensive income statement for the first quarter of 2011. 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

NOK million	First quarter 2011	First quarter 2010	Year 2010	Year 2009
Support	**(40)**	(31)	(129)	(152)
Power trading	**(18)**	(3)	29	(10)
Real estate	**2**	5	24	(0)
Billing and customer service	**19**	24	95	101
Financial income, etc	**9**	17	102	191
Other activities	**0**	0	49	(53)
Total operating profit	**(28)**	12	170	77

The Hafslund Group's Other Activities, which include real estate management, power trading, and staff and support functions, had a first-quarter 2011 operating profit of NOK -28 million (NOK 12 million). The above table presents the operating profit of Other Activities' profit centers. The decline in profit from staff and support functions is largely attributable to a NOK 7 million positive non-recurring item recorded in the first quarter of 2010 associated with an agreement between the NHO and LO organizations on an amended AFP early retirement program.

Other matters

> ### Government's regulated framework conditions

Network

In a letter dated 24 June 2008, the Norwegian Water Resources and Energy Directorate (NVE) notified Hafslund that it had ruled that Hafslund Nett AS must maintain an in-house grid operations and control function and a minimum staffing level of some 250 man-years. Hafslund has appealed the decision. Norway's Ministry of Petroleum and Energy has not yet ruled on Hafslund's appeal in the matter. However, the Ministry has postponed the deadline by which NVE's ruling must be implemented, pending the Ministry's final determination regarding Hafslund's appeal.

In March 2011, the Ministry of Petroleum and Energy adopted regulations regarding licensees' competence that feature a somewhat more limited scope than previously indicated. The regulations go into effect on 1 July 2011; however, certain requirements carry a 1 July 2013 implementation deadline.

Pursuant to the newly adopted competence regulations, Hafslund Network must modify its business model and add some staffing man-years by 1 July 2013. The exact number of staff positions to be created has yet to be determined, because the regulations' wording is open to varying interpretations. Thus, necessary steps include a legal review and an industry-wide discussion as to the specifics of the new regulations.

NVE's ruling of 24 June 2008 remains with the Ministry of Petroleum and Energy for processing. However, Hafslund is working to overturn it, and anticipates success in the matter, now that rules and regulations have been adopted that establish competence requirements which differ from those determined by NVE.

In 2007, Norway's Ministry of Petroleum and Energy gave the go-ahead to NVE to facilitate the implementation of two-way meter-reading communications for all power grid customers. NVE has held several hearings in the matter. Based on the feedback received in these hearings, NVE has recommended delaying the decision regarding implementation. NVE's intention was to lessen grid companies' investment risk in Advanced Metering System (AMS) implementation. A goal was to clarify as many issues as possible that pertain to grid companies' choice of solutions. Accordingly, NVE has proposed that grid companies are granted a lead time of six-and-a-half years from the decision date in the matter (1 January 2018) to replace currently installed meters with AMS units. In January 2011, more compelling signals from policymakers led to a proposal to move up the deadline by one year, to year-end 2016. Furthermore, NVE proposes mandating that 80 percent of non-AMS meters are replaced by year-end 2015. NVE has indicated that it is likely to make a final decision in the matter by 1 July 2011.

Bulk waste and district heating market conditions

The inauguration of a Norwegian-Swedish green certificate market for electric power contracts as of 2012 should be paralleled by more funding programs for district heating. Several rationales apply: the certificate program constitutes a higher level of funding for electric power generation from renewable sources than current support for desirable energy alternatives such as district heating, and the approaching end to Enova's major funding of wind power will release significant funding for new programs. In meetings with Enova, Hafslund along with industry associations and the politically appointed leadership of Norway's Ministry of Petroleum and Energy, have asserted that district heating represents a renewable resource deserving access to funding comparable to that of green electricity. Enova's own evaluations show that funding for renewable-fuel-based energy resources has a far lower priority than, for example, wind power. Thus, it is incumbent on industry, government, and other interested parties to promote support for renewable-fuel energy production and distribution in the absence of mechanisms such as green electricity certificate markets.

> **Shares and shareholder matters**

As of 31 March 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	-	2 452	2 452	1.3 %
MP Pensjon PK	-	1 579	1 579	0.8 %
Odin Norge	-	1 222	1 222	0.6 %
Hafslund ASA	-	451	451	0.2 %
Folketrygdfondet	-	419	419	0.2 %
AS Herdebred	107	271	378	0.2 %
Bank of New Tork	328	-	328	0.2 %
10 largest shareholders	111 014	72 447	183 461	94.0 %
Other shareholders	4 414	7 311	11 725	6.0 %
Total	115 428	79 758	195 186	100 %

Hafslund had 7 109 shareholders as of 31 March 2011. The ten largest shareholders own a total of 94 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 first quarter of 2011, Hafslund's market capitalization was NOK 14.6 billion; the figure is based on a per-share price for Class A shares of NOK 74.50 and for Class B shares of NOK 75.00.

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. The European Union's 202020 climate package is a good example of policy decisions that are decisive to Hafslund's strategic targets and growth. Hafslund is well positioned to support climate policy goals and participate in business opportunities generated by climate policies.

In the Board's opinion, Hafslund is well prepared to meet the challenges the Group will face. The Group's targeting of renewable energy, distribution grid activities, and a strong market position in retail and corporate power sales, position Hafslund well 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.

The Group's development in recent years has featured a clearer focus on renewable energy and energy infrastructure development, along with greater power sales. Going forward, a close alignment with this strategy is expected.

Oslo, 4 May 2011

Board of Directors

Hafslund ASA.

Group profit and loss account

First quarter			Year	
2010	2011	NOK million	2010	2009
4 895	**5 206**	Operating revenues	15 829	10 670
(1 219)	**(7)**	Gain/loss financial items	(883)	(40)
(3 677)	**(3 988)**	Purchased materials and energy	(10 871)	(6 364)
(160)	**(235)**	Salaries and other personnel expenses	(582)	(772)
(359)	**(321)**	Other operating expenses	(1 571)	(1 418)
(520)	**656**	**EBITDA**	1 923	2 076
(213)	**(201)**	Depreciation	(1 270)	(882)
(733)	**455**	**Operating profit**	653	1 194
(104)	**(121)**	Financial interest etc	(498)	(526)
(1)	**25**	Change in market value loan portfolio	27	(135)
(105)	**(96)**	**Financial expenses**	(471)	(661)
(839)	**359**	**Profit before tax and discontinued operations**	182	533
(133)	**(130)**	Tax	(574)	(336)
(972)	**228**	**Profit after tax**	(392)	198
(4,98)	**1,17**	Earnings per share (in NOK)	(2,01)	1,01

Comprehensive income

2010	2011	NOK million	2010	2009
(972)	**228**	**Profit after tax**	(392)	198
		Other comprehensive income items:		
(78)	**144**	REC market value changes	138	(965)
22	**(1)**	Tax on REC market value changes	(2)	8
0	**3**	Translation differences	11	(5)
(1 028)	**374**	**Comprehensive income for the period:**	(245)	(764)
(1 028)	**373**	Profit attributable to shareholders of Hafslund ASA	(246)	(760)
0	**1**	Profit attributable to minority interests	1	(4)
(1 028)	**374**		(245)	(764)

Group balance sheet

NOK million	31.03.2011	31.03.2010	31.12.2010	31.12.2009
Intangible assets	**2 388**	2 299	2 389	2 288
Fixed assets	**18 580**	18 880	18 557	18 809
Financial assets	**2 674**	3 481	2 831	4 737
Accounts receivable and inventory	**4 311**	3 996	5 625	2 773
Cash and cash equivalents	**1 456**	828	211	311
Assets	**29 408**	29 484	29 613	28 918
Equity, majority	**10 838**	10 116	10 458	11 143
Equity, minority	**11**	10	5	11
Allocations for liabilities	**3 103**	3 362	3 046	3 287
Long-term interest-bearing liabilities	**10 346**	10 908	11 321	9 805
Short-term interest-bearing liabilities	**1 903**	2 413	2 338	2 741
Short term non-interest-bearing liabilities	**3 208**	2 675	2 444	1 931
Equity and liabilities	**29 408**	29 484	29 613	28 918

Group cash flow statement

NOK million	First quarter 2011	First quarter 2010	Year 2010	Year 2009
EBITDA	**656**	(520)	1 923	2 076
Paid interest	**(190)**	(189)	(536)	(627)
Paid taxes	**(98)**	14	(148)	(375)
Market value changes and other items without cash flow effect	**22**	1 228	982	102
Change in accounts receivables, etc.	**864**	(1 263)	(1 414)	433
Change in liabilities, etc.	**59**	730	(242)	267
Cash flow from operations	**1 313**	(0)	565	1 876
Investments (operation and expansion)	**(232)**	(258)	(1 647)	(1 653)
Sale of assets including business segments	**0**	0	5	43
Venture investments, etc	**1 540**	(6)	335	(120)
Cash flow investments activities	**1 308**	(264)	(1 306)	(1 730)
Change net interest-bearing debt and dicontinued operations	**(1 376)**	781	1 080	(76)
Dividend and other equity changes	**0**	0	(439)	(439)
Cash flow financing activities	**(1 376)**	781	641	(515)
Change in cash and cash equivalents in period	**1 245**	517	(100)	(370)
Cash and casg equivalents at beginning of period	**211**	311	311	681
Cash and cash equivalents at end of period	**1 456**	828	211	311

Equity reconciliation

NOK million	YTD 2011	YTD 2010	Year 2010
Equtiy as of 1 January	**10 463**	11 154	11 154
Comprehensive income	**374**	(1 028)	(245)
Change, minority interests	**6**		(3)
Dividend			(439)
Other changes affecting equtiy	**6**		(4)
Equtiy at end of reporting period	**10 849**	10 126	10 463

Notes to the accounts

1) Framework and key accounting principles

The consolidated Group accounts for the first quarter of 2011 ending 31 March 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 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

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. Significant value impairment is charged to operating profit. As of the close of the first six months of 2010, the per-share REC price had dropped to NOK 15.61, and NOK 1991 million in value impairment was charged to operating profit. Thereafter, fluctuations in the value of the REC shareholding are recognized in the comprehensive income statement, whereas any value impairment below the 30 June 2010 closing price of NOK 15.61 per share is charged to operating profit. The current carrying value of the REC shareholding reflects the per-share closing price of NOK 19.41 on the balance sheet date, 31 March 2011. The NOK 144 million value growth in the first quarter of 2011 is recorded in the comprehensive income statement. For comparison, a NOK 1244 million value impairment was charged to profit and loss in the first quarter of 2010.

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 723 million was recorded in the first quarter of the year; the figure is NOK 96 million lower than the corresponding 2010 figure. Network's first-quarter 2011 profit includes an "excess income" figure of NOK 28 million, compared with a NOK 45 million "under income" in the first quarter of 2010. At year-end 2010, Hafslund Network had an aggregate "excess income" including interest of NOK 57 million. By recording to profit NOK 28 million "excess income" in the first quarter of 2011, Hafslund had an aggregate under income of NOK 29 million as of 31 March 2011.

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

As of 31 March 2011, the accounting value of Hafslund's loan portfolio was NOK 12 228 million, of which NOK 10 278 million is long-term debt and NOK 1 950 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 first quarter of 2011. Changes in the fair value of interest and currency derivatives had an aggregate NOK 6 million positive profit effect in the first quarter of 2011.

In the first quarter of 2011, Hafslund's credit spreads featured a moderate margin of between ten and 20 basis points. Swap interest rose by up to 25 basis points for terms to maturity of up to one year, but rose between 40 bsp and 55 bsp for terms to maturity between one and seven years; the increase was somewhat less pronounced for longer terms to maturity. The net effect of these factors was that market interest, including Hafslund's credit spread, decreased somewhat for short terms to maturity (up to six months), but increased by up to 35 bsp for terms to maturity of up to five years. For terms to maturity greater than five years, the increase was less pronounced.

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 37 percent, and floating-interest-rate loans made up the remaining 63 percent, as of the close of the first quarter of 2011.

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 March 2011, this figure amounted to NOK 3 039 million.

5) Business segment reporting

First quarter			Year	
2010	**2011**	NOK million	2010	2009
238	**178**	Hydropower	1 196	856
467	**511**	District Heating	1 144	747
29	**46**	Heat and bioenergy	115	49
1 396	**1 318**	Network	4 804	3 385
2 621	**3 043**	Power sales	8 021	4 787
130	**113**	Venture	549	779
12	**(3)**	Other activities/eliminations	1	67
4 895	**5 206**	**Total operating revenues**	15 829	10 670
0	**0**	Hydropower	3	3
0	**0**	District Heating	3	2
1	**2**	Heat and bioenergy	6	6
3	**(2)**	Network	41	33
0	**0**	Power sales	-	-
6	**22**	Venture	35	28
122	**110**	Other activities	547	464
132	**131**	**Of which, sales between segments**	633	534
167	**123**	Hydropower	929	618
123	**101**	District Heating	165	91
(3)	**1**	Heat and bioenergy	(386)	(27)
137	**131**	Network	532	493
49	**117**	Power sales	348	240
(1 219)	**9**	Venture	(1 104)	(299)
12	**(28)**	Other activities/eliminations	170	77
(733)	**455**	**Total operating profit**	653	1 194

6) Operating assets

Investments in operating assets amounted to NOK 244 million in the first quarter of 2011. The figure is attributable in full to investments in ordinary operating and expansion investments.

7) Transactions with related parties

The Group sells goods and services to and purchases them from 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 related parties the City of Oslo and Infratek ASA. As of 31 March 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 first quarter of 2011.

Examples of significant sales to the City of Oslo are power, street light operation, and associated maintenance and investments. Hafslund also leases fiber optic network services to the City of Oslo. Significant purchases include payments for energy recovered from waste incineration purchased from the City's energy recovery department and right-of-way fees associated with fiber optic network development paid to the transportation department. Infratek ASA delivers contracting services such as facility planning, engineering, and management; and construction, maintenance, and contingency services for electric power grids, fiber optic networks, 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 first quarter of 2011:

NOK million	Sales of goods & services	Purchases of goods & services	Accounts receivable	Accounts payable
First quarter 2011:				
City of Oslo	3	33		14
Infratek ASA	2	65		52

The Group has extended loans to Hafslund Venture portfolio companies that totalled NOK 125 million as of 31 March 2011.

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 vale. 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 with falling spot power prices, such as occurred in the first quarter of 2011, 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, and 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.

Group key figures - quarterly reporting

Group profit and loss account

NOK million	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09	3Q09	2Q09	1Q09
Operating revenues	5 206	5 189	2 720	3 026	4 895	3 032	1 834	2 305	3 498
Gain/loss financial items	(7)	1 013	45	(723)	(1 219)	(103)	(42)	42	64
Purchased materials and energy	(3 988)	(3 917)	(1 561)	(1 716)	(3 677)	(1 865)	(874)	(1 255)	(2 370)
Salaries and other personnel expenses	(235)	(57)	(174)	(190)	(160)	(187)	(179)	(194)	(212)
Other operating expenses	(321)	(503)	(351)	(357)	(359)	(450)	(304)	(345)	(319)
EBITDA	656	1 725	679	39	(520)	427	435	553	660
Depreciation	(201)	(590)	(222)	(245)	(213)	(222)	(235)	(219)	(206)
Operating profit	455	1 135	457	(206)	(733)	205	200	334	455
Financial interest etc	(121)	(153)	(117)	(124)	(104)	(144)	(118)	(133)	(131)
Change in market value loan portfolio	25	94	(29)	(37)	(1)	(82)	(151)	119	(21)
Financial expenses	(96)	(59)	(145)	(161)	(105)	(225)	(269)	(14)	(153)
Profit before tax and discontinued operations	359	1 076	312	(367)	(839)	(20)	(69)	320	302
Tax	(130)	(98)	(164)	(179)	(133)	(74)	(5)	(152)	(104)
Profit discontinued operations	0	0	0	0	0	0	0	0	0
Profit after tax	228	978	148	(546)	(972)	(94)	(73)	167	198
Majority's share of profit	227	977	146	(544)	(971)	(91)	(72)	168	197
Minority's share of profit	1	1	2	(2)	(0)	(3)	(1)	(0)	0
Earnings per share (in NOK)	1,17	5,01	0,76	(2,80)	(4,98)	(0,48)	(0,38)	0,86	1,01

Group balance sheet

NOK million	31.03.11	31.12.10	30.09.10	30.06.10	31.03.10	31.12.09	30.09.09	30.06.09	31.03.09
Intangible assets	2 388	2 389	2 440	2 400	2 299	2 288	2 295	2 318	2 330
Fixed assets	18 580	18 557	19 168	18 969	18 880	18 809	18 504	18 332	18 148
Financial assets	2 674	2 831	3 012	2 637	3 481	4 737	6 109	5 446	5 514
Accounts receivable and inventory	4 311	5 625	2 330	2 407	3 996	2 773	1 766	1 944	3 082
Cash and cash equivalents	1 456	211	392	1 241	828	311	300	942	989
Assets	29 408	29 613	27 343	27 653	29 484	28 918	28 974	28 983	30 063
Equity, majority	10 838	10 458	9 667	9 131	10 116	11 143	11 827	11 791	12 110
Equtiy, minority	11	5	3	8	10	11	15	23	24
Allocations for liabilities	3 103	3 046	3 502	3 448	3 362	3 287	3 297	3 259	3 157
Long-term interest-bearing liabilities	10 346	11 321	11 080	11 249	10 908	9 805	8 949	8 807	8 562
Short-term interest-bearing liabilitis	1 903	2 338	815	1 682	2 413	2 741	2 983	3 119	3 384
Short term non-interest-bearing liabilities	3 208	2 444	2 275	2 135	2 675	1 931	1 903	1 984	2 827
Equity and liabilities	29 408	29 613	27 343	27 653	29 484	28 918	28 974	28 983	30 063

Hafslund

Group cash flow statement

NOK million	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09	3Q09	2Q09	1Q09
EBITDA	656	1 725	679	39	(520)	427	435	553	660
Interest paid	(190)	(125)	(92)	(130)	(189)	(134)	(127)	(135)	(231)
Taxes paid	(98)	(142)	-	(20)	14	(94)	-	(211)	(70)
Value change and other non cashflow effect	22	(1 000)	(33)	787	1 228	107	37	8	(50)
Change in receivables	864	(1 871)	111	1 609	(1 263)	(967)	222	1 199	(21)
Change in trade credit etc	59	(183)	11	(800)	730	78	(87)	(683)	959
Cash flow from operations	1 313	(1 596)	676	1 485	(0)	(583)	480	731	1 247
Investments (operation and expansion)	(232)	(468)	(498)	(423)	(258)	(499)	(385)	(404)	(365)
Sale of assets including business segments	-	-	-	5	-	6	37		-
Venture investments etc	1 540	12	38	292	(6)	550	(634)	(36)	1
Cash flow to investments activities	1 308	(455)	(460)	(126)	(264)	57	(982)	(440)	(364)
Change interest-bearing debt and dicontinued operations	(1 376)	1 870	(1 065)	(507)	781	536	(140)	101	(575)
Dividend and other equity changes	-	-	-	(439)	-	-	-	(439)	-
Cash flow financing activities	(1 376)	1 870	(1 065)	(946)	781	536	(140)	(338)	(575)
Change in cash and cash equivalents in period	1 245	(181)	(849)	413	517	11	(642)	(47)	309
Cash and cash equivalents at beginning of period	211	392	1 241	828	311	300	943	990	681
Cash and cash equivalents at end of period	1 456	211	392	1 241	828	311	300	943	990

>

Business segment reporting

NOK million	1Q11	4Q10	3Q10	2Q10	1Q10	4Q09	3Q09	2Q09	1Q09
Hydropower	178	315	354	289	238	202	236	265	153
District heating	511	462	79	136	467	245	48	106	349
Heat and bioenergy	46	33	26	26	29	12	13	11	13
Network	1 318	1 344	1 013	1 050	1 396	1 008	698	772	906
Power sales	3 043	2 888	1 120	1 391	2 621	1 378	662	938	1 809
Venture	113	169	122	128	130	176	152	196	255
Other activities/eliminations	(3)	(23)	5	6	12	11	26	17	13
Total sales income	5 206	5 189	2 720	3 026	4 895	3 032	1 834	2 305	3 498
Hydropower	134	252	303	240	178	154	186	219	102
District heating	130	93	6	32	152	58	(11)	25	140
Heat and bioenergy	10	(7)	(42)	(7)	5	(6)	(2)	(3)	0
Network	260	246	282	275	274	314	243	247	231
Power sales	121	86	34	187	52	51	22	45	130
Venture	19	930	60	(704)	(1 199)	(168)	(63)	16	17
Other activities/eliminations	(18)	126	35	16	18	24	60	3	40
Total EBITDA	656	1 725	679	39	(520)	427	435	553	660
Hydropower	123	241	292	229	167	144	175	207	92
District heating	101	62	(22)	2	123	31	(43)	(8)	111
Heat and bioenergy	1	(310)	(58)	(15)	(3)	(7)	(9)	(7)	(4)
Network	131	109	148	138	137	179	108	112	95
Power sales	117	83	30	185	49	49	20	43	128
Venture	9	832	39	(755)	(1 219)	(191)	(108)	(2)	1
Other activities/eliminations	(28)	118	28	11	12	0	56	(12)	32
Total operating profit	455	1 135	457	(206)	(733)	205	200	334	455

Financial calendar 2011

1. Annual general meeting - 4 May 2011
2. First-quarter 2011 report – 5. May 2011
3. Second-quarter 2011 report - 8 July 2011
4. Third-quarter 2011 report - 28 October 2011

Investor information

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

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