Report to shareholders

First quarter 2013

Hafslund

Contents

First quarter 2013 highlights

> Satisfactory first-quarter operating profit; EBITDA: NOK 638 million (NOK 621 million).

> Improved operating profit at underlying businesses: up 16 percent from 1Q 2012.

> Strong demand for energy due to cold weather in the reporting period.

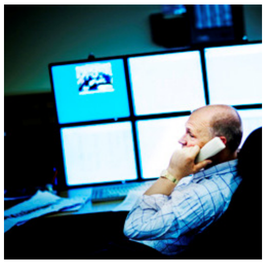
> Hydropower sales price: NOK 0.29 per kWh, up NOK 0.02 per kWh from 1Q 2012.

> High cash flow from operations: NOK 817 million in the quarter, including a NOK 465 million reduction in working capital.

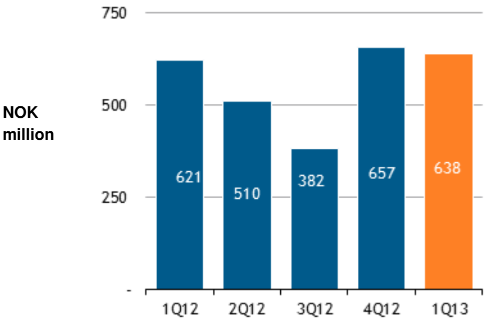
> Network investments: Deadline for completing rollout of automated metering systems (AMS) postponed two years, to 1 January 2019.

Earnings per share

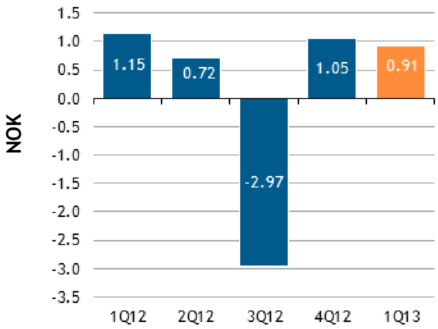
NOK 0.91



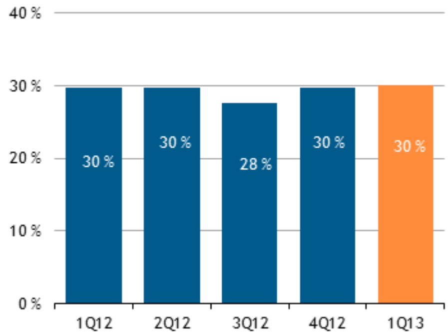
EBITDA



Earnings per share



Equity ratio



Key figures

Q1 12	Q1 13	Profit and loss (NOK million)	Year 12	Year11
3 728	**4 007**	Operating revenues	11 466	13 704
621	**638**	EBITDA	2 171	1 145
427	**440**	Operating profit	911	343
319	**283**	Profit before tax and discontinued operations	354	(241)
224	**178**	Profit after tax	(12)	(698)
		Capital matters		
30 %	**30 %**	Equity ratio	30 %	33 %
9 337	**9 942**	Net interest-bearing debt	10 648	9 321
		Per-share figures (NOK)		
1.15	**0.91**	Profit (EPS)	-0.06	-3.58
0.8	**4.2**	Cash flow from operations	1.2	18.0
		Key figures		
0.27	**0.29**	Power prices (NOK per kWh)	0.22	0.32
601	**520**	Hydropower production (GWh)	3 273	3 135
729	**869**	Heat production (GWh)	1 993	1 829
5 173	**5 764**	Power sales (GWh)	16 374	15 474

Figures are in NOK unless otherwise stated. Comparative 2012 figures appear in parentheses. Profit, balance sheet, and cash flow figures for 2012 have been restated pursuant to implementation of the revised IAS 19 pension standard..

First quarter 2013 summary

First quarter 2013 results

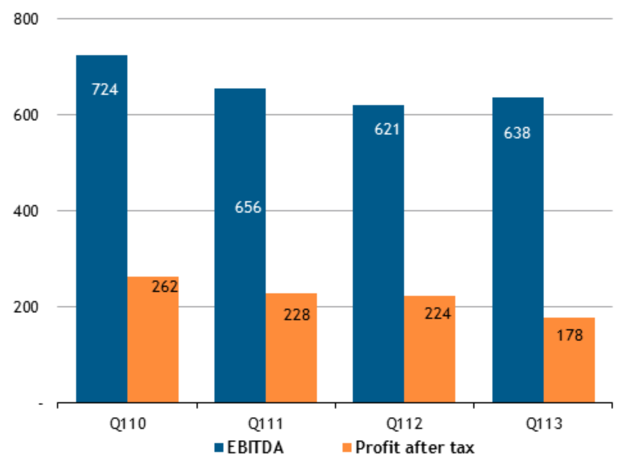
The Hafslund Group achieved an EBITDA of NOK 638 million (NOK 621 million) in the first quarter of 2013. Increased energy deliveries by the District Heating and Power Sales businesses, compared with the first quarter of 2012, are attributable to periods of cold weather in the quarter and the business units' organic growth. Hafslund's Hydropower business sold its production at NOK 0.29 per kWh, up NOK 0.02 per kWh from the first quarter of 2012. Hydropower generation was five percent below normal for the reporting period; the corresponding first-quarter 2012 figure was 10 percent above normal. The Group's operating profit for the first quarter of 2013 was NOK 440 million (NOK 427 million), up 16 percent, adjusted for NOK 48 million in non-recurring items associated with gains on the sale of shares and a settlement received in the first quarter of 2012.

Financial expenses in the first quarter of 2013 amounted to NOK 157 million (NOK 108 million). Net interest-bearing debt amounted to NOK 9.9 billion and the average loan portfolio coupon rate was 4.1 percent as of 31 March 2013. Somewhat lower forward interest rates affected the market value of the Group's loan portfolio, which resulted in a negative NOK 27 million (positive NOK 16 million) contribution to financial expenses in the quarter.

The Group's tax expense amounted to NOK 105 million; the tax charge includes Norway's tax on hydropower facilities, which amounted to NOK 22 million in the quarter (NOK 20 million). The Group's after-tax profit for the first quarter of 2013 was NOK 178 million (NOK 224 million), which corresponds to a per-share profit of NOK 0.91 (NOK 1.15).

Implementation of the revised IAS 19 pension standard as of 2013 has entailed restatement of Hafslund Group's financial results for the first and subsequent quarters of 2012 and for the year 2012, as though IAS 19 had been in effect as of 1 January 2012. See Note 1 to this report.

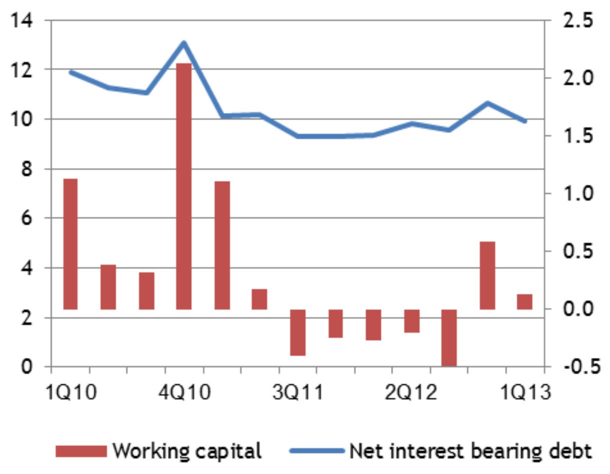
First-quarter profit 2010-2013 (excl. REC)
(NOK million)



Cash flow and capital matters – first quarter 2013

Cash flow from operations amounted to NOK 817 million in the first quarter of 2013; the figure includes a NOK 464 million decrease in working capital. As of 31 March 2013, the Group's working capital load amounted to NOK 125 million. For comparison, the year-earlier working capital figure was a positive NOK 267 million. The increase in working capital is attributable to strong energy demand due to cold weather late in the quarter, whereas the first quarter of 2012 featured mild weather. First-quarter EBITDA was NOK 638 million, which is NOK 285 million higher than the associated cash flow from operations before change in working capital. The difference is attributable to NOK 311 million in tax and interest payments and NOK 26 million in profit items with no liquidity effect. The preceding factors along with net investments of NOK 118 million resulted in a total cash flow of NOK 699 million in the first quarter of 2013, which was applied to reduce net interest-bearing debt to NOK 9.9 billion. The chart below shows developments in net interest-bearing debt (left-hand axis) and working capital (right-hand axis) from the first quarter of 2010 through the first quarter of 2013.

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



Total assets of the Hafslund Group as of 31 March 2013 amounted to NOK 24.8 billion, up NOK 0.2 billion in the quarter. In the quarter, investments were below the level of depreciation and write-downs, which reduced total assets; an increase in customer receivables due to high energy demand contributed to somewhat greater tied-up capital. The Hafslund Group has a robust financing structure with long-term lines of credit. As of 31 March 2013, Hafslund had unused drawing facilities that amounted to NOK 3.7 billion. The aforementioned are deemed sufficient to cover working capital requirements and debt refinancing over the next 12 months.

Business segments

Production

NOK millioner	Q1 13	Q1 12	Year 12	Year 11
Operating revenues	**191**	165	755	1 024
Gross margin	**179**	165	761	1 000
EBITDA	**111**	87	488	769
Operating profit	**99**	75	443	724
Operating profit hydropower	**93**	81	435	743
Operating profit powertrading	**7**	(6)	8	(19)
Powerprice (NOK/kWh)	**0.29**	0.27	0.22	0.32
Production (GWh)	**520**	601	3 273	3 135
Investments	**5**	1	24	57

Hafslund's Production business segment comprises hydropower production and a central power trading unit. Production's operating revenues were NOK 191 million in the first quarter of 2013 (NOK 165 million). Revenue growth is attributable to power trading's profit contribution, higher power prices, and a NOK 6 million insurance settlement recorded in the quarter. Operating revenues increased despite a 13 percent decline in hydropower production compared with the first quarter of 2012. Production's operating profit was NOK 99 million (NOK 75 million), of which NOK 93 million (NOK 81 million) is attributable to hydropower generation and NOK 7 million (NOK -6 million) to power trading activities.

The volume-weighted sales price achieved by the Hydropower business in the first quarter of 2013 was NOK 0.29 per kWh, up NOK 0.02 per kWh compared with the year-earlier figure. The kWh price differential yielded a NOK 12 million profit contribution, compared with the first quarter of 2012. Hedging 49 percent of first-quarter 2013 production resulted in a NOK 4 million negative profit contribution. The quarter's power was sold at NOK 0.03 per kWh below the volume-weighted spot price for Nord Pool Spot's price area NO1. In the reporting period, 63 GWh of licensed power to municipalities and replacement power were sold at NOK 0.14 per kWh (NOK 0.14 per kWh).

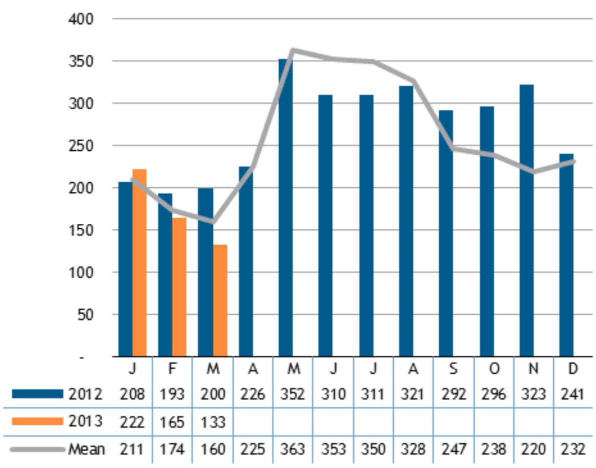
Hydropower generation in the first quarter of 2013 was 520 GWh, down 81 GWh from the year-earlier figure. The volume decline resulted in a NOK 22 million negative profit contribution compared with the first quarter of 2012. Production in the first quarter of 2013 was five percent below normal for the reporting period.

Hafslund hedges a proportion of its hydropower production volume for the next 36 months on an ongoing basis in the power derivatives market to reduce price risk. The extent of hedging is expected to be significantly higher in the upcoming six months than in the ensuing period; hedging is governed by the Group's hedging policy. The extent of hedging may vary significantly, based on an overall assessment of market prices and outlook; the purpose is to achieve satisfactory prices and reduce fluctuations in Hafslund's earnings. The following table shows Production's hedging position for the upcoming six-month period.

Hedging position	Next 6 months
Hedge ratio as of 31. 03.2013	37 %
Hedge price less market price as of 31.03. 2013 (NOK/kWh)	-0.036

As of late April 2013, aggregate hydrologic reservoir levels in Hafslund's drainage basin were at 88 percent of normal levels for the season. Total stored energy amounted to 1 500 GWh. Snow pack amounted to 75 percent of total reservoir energy content. Projections based on production thus far in 2013, scheduled availability of production facilities, current hydropower reservoir levels, and provided normal precipitation, indicate that Hafslund's second-quarter 2013 power generation will be just over 800 GWh, which is 15 percent below normal for the reporting period. An operating shut-down occurred on aggregate 2 in FKF (55 MW) on 26. April. The aggregate has undergone major refurbishment work during the winter 2012/13 as part of the rehabilitation program for the Group's Kaplan turbines. It is uncertain how long it will be before the unit is put into operation. Water loss and property damage is expected covered by insurance policies with an aggregate deductible of NOK 4 million. Declared production forecast for second-quarter 2013 is before consequences of outage on aggregate 2 in FKF.

Hydropower generation vs 10-year average (GWh)



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

Operating expenses amounted to NOK 67 million, down NOK 11 million compared with the first quarter of 2012. The decrease in operating expenses largely stems from the completion of the upgrade program for Kaplan turbines.

As of 31 March 2013, the Production segment's capital employed amounted to NOK 4.7 billion.

Heat

NOK million	Q1 13	Q1 12	Year 12	Year 11
Operating revenues	**504**	394	1 107	1 120
Gross margin	**239**	186	597	522
EBITDA	**174**	129	313	259
Operating profit	**133**	89	-82	102
Gross margin (NOK/kWh)	**0.30**	0.28	0.33	0.27
Production (GWh)	**869**	729	1 993	1 829
Investments	**8**	51	324	441

The Heat segment's first-quarter 2013 operating revenues amounted to NOK 504 million, up 28 percent from the year-earlier figure. Revenue growth in the quarter is attributable to strong demand for district heating due to cold weather in parts of the reporting period. Heat's gross contribution margin was NOK 239 million, up NOK 53 million from the corresponding 2012 reporting period. Operating expenses amounted to NOK 64 million (NOK 57 million); higher maintenance activity levels account for the increase from the year-earlier expense figure. The Heat segment had an operating profit of NOK 133 million in the first quarter of 2013, up 49 percent from the first quarter of 2012.

Investments totaling NOK 8 million (NOK 51 million) were mainly to tie in new District Heating customers that have a projected aggregate annual outtake of 9 GWh. The Heat segment's capital employed amounted to NOK 5.5 billion as of 31 March 2013.

District Heating	Q1 13	Q1 12	Year 12	Year 11
Waste and biofuel	**275**	262	855	691
Heat pumps	**54**	51	136	107
Biooil and biodiesel	**46**	25	53	117
Pellets	**52**		12	
Electricity	**320**	244	547	380
Oil and natural gas	**48**	70	116	251
Total production (GWh)	**795**	653	1 720	1 546
Production cost (NOK/kWh)	**0.32**	0.30	0.28	0.36
Sales price (NOK/kWh)	**0.67**	0.61	0.59	0.71
Gross margin (NOK/kWh)	**0.30**	0.28	0.32	0.30

Key figures for Hafslund's District Heating business are presented in the above table. In the first quarter of 2013, 795 GWh of district heating was produced, up 22 percent from the year-earlier figure. Fuel costs were NOK 0.32 per kWh (NOK 0.30 per kWh); the increase from the year-earlier level reflects a greater proportion of peak load consumption due to strong demand and higher power prices. The new wood-powder-fueled boiler facility at Haraldrud in Oslo, under pilot operation, delivered 52 GWh of district heating in the first quarter of 2013. District Heating's end-user sales price (including distribution) was NOK 0.67 per kWh, up NOK 0.06 per kWh from the first quarter of 2012. Including network losses, District Heating's gross contribution margin was NOK 0.30 per kWh, up NOK 0.02 per kWh from the year-earlier figure.

Production based on renewable energy sources amounted to 94 percent (89 percent) of total energy consumption in the first quarter of 2013, up five percentage points from the first quarter of 2012. The increase, which stems from a gradual phasing in of additional renewable energy sources, was achieved despite high energy demand in the first quarter of 2013. Fossil fuels — oil and natural gas — comprised the remaining six percent. Renewable energy sources constituted 95 percent of energy input in the most recent 12-month period.

In late 2012, a gradual implementation of price hedging of Hafslund's district heating production was introduced. District Heating hedges part of its production volume for the next 36 months on an ongoing basis in the derivatives market to reduce price risk. The extent of hedging may vary significantly, based on an overall assessment of market prices and outlook, in order to achieve satisfactory prices and reduce earnings fluctuations. In the reporting period, 209 GWh was hedged, which resulted in a NOK -3.5 million profit contribution. The following table shows the hedging position relative to net power price exposure for Hafslund's district heating business in the upcoming six-month period.

Hedging position	Next 6 months
Hedge ratio as of 31. 03.2013	46 %
Hedge price less market price as of 31.03. 2013 (NOK/kWh)	-0.045

The table below presents key figures for the Industrial Energy business' two facilities in Østfold. Energy production was 74 GWh (76 GWh) in the first quarter of 2013. The sales price achieved in the first quarter of 2013 was NOK 0.26 per kWh, down NOK 0.01 per kWh from the first quarter of 2012, due mainly to lower prices for steam deliveries. The gross contribution margin was NOK 0.29 per kWh, down NOK 0.04 per kWh from the year-earlier figure. Lower prices and a decline in income from receiving waste material negatively affected the quarter's contribution margin. Industrial Heat's gross contribution margin for the reporting period was NOK 21 million: NOK 13 million from the Sarpsborg facility and NOK 8 million from Bio-El Fredrikstad.

Industrial Energy	Q1 13	Q1 12	Year 12	Year 11
Sales price (NOK/kWh)	**0.26**	0.27	0.27	0.28
Used waste (thousand tonns)	**32**	32	131	129
Gross margin (NOK/kWh)	**0.29**	0.33	0.33	0.33
Production (GWh)	**74**	76	274	280

* Gross contribution margin (in NOK/kWh) exceeds the reported sales price because income from the reception of waste material is included in the contribution margin of Industrial Energy but is not included in sales price figures. Such revenues from waste were not included in contribution margin figures reported in previous quarters.

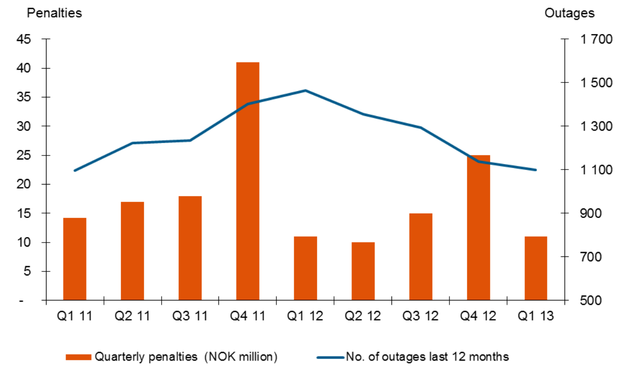
Network

NOK million	Q1 13	Q1 12	Year 12	Year 11
Operating revenues	**1 070**	1 039	3 992	4 202
Gross margin	**564**	567	2 415	2 293
EBITDA	**272**	244	1 045	983
Operating profit	**150**	119	541	469
Result effect income surpluses/(shortfalls)	**(68)**	(87)	268	212
Investments	**63**	71	485	433

Hafslund's Network business had first-quarter 2013 operating revenues of NOK 1 070 million (NOK 1 039 million). Operating revenue and profit figures in the quarter reflect an under income of NOK -68 million (NOK -87 million). Note 2 to the accounts in this report to shareholders discusses the accounting treatment of excess/under income, an adjustment to Network's government-regulated income ceiling. Network's gross contribution margin was NOK 564 million (NOK 567 million) in the reporting period. Operating expenses amounted to NOK 292 million (NOK 323 million) in the first quarter of 2013. Operating profit for the first quarter of 2013 amounted to NOK 150 million, up NOK 31 million from the first quarter of 2012 mainly as a consequence of lower operating expenses.

The following chart 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. Delivery performance in the first quarter of 2013 was good, with few major outages and low KILE penalties. KILE expenses in the quarter amounted to NOK 11 million, down slightly from the year-earlier figure.

Service interruptions and related penalties



Investments in the quarter amounted to NOK 63 million (NOK 71 million). As of 31 March 2013, Network's capital employed was NOK 8.3 billion.

Based on planned transmission tariffs, estimated energy distribution volumes, and scheduled maintenance, Network's 2013 operating profit is projected to be about ten percent higher than the restated 2012 profit figure. Operating profit for 2012 has been restated due to implementation of the revised IAS 19R pension standard; accordingly, Group financial figures have been restated as of 1 January 2012. See Note 1 in this report to shareholders.

In a letter dated 18 February 2013, the Norwegian Ministry of Petroleum and Energy notified distribution grid companies that the final deadline for installing automatic metering systems (AMS) at customers' premises will be postponed two years, until 1 January 2019.

Markets

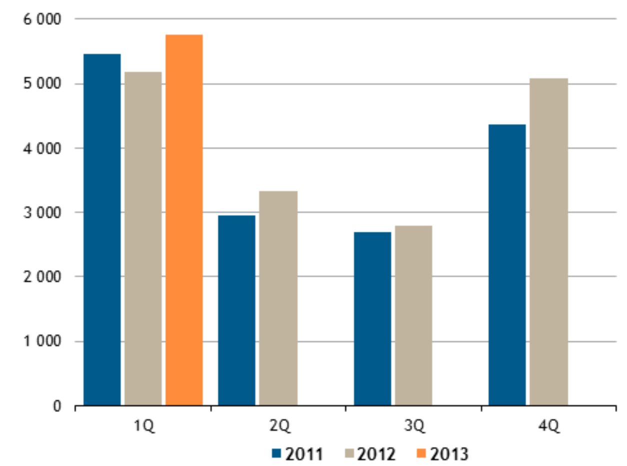
NOK million	Q1 13	Q1 12	Year 12	Year 11
Operating revenues	**2 257**	2 012	5 537	7 275
Gross margin	**287**	313	1 093	892
EBITDA	**91**	143	390	293
Operating profit	**82**	138	370	277
Operating profit powersales	**80**	121	301	201
- included valuechange derivatives	**(1)**	33	44	(85)
Sales volume (GWh)	**5 764**	5 173	16 374	15 474
Operating profit billing and customer service	**1**	17	70	76

The Markets segment had first-quarter 2013 operating revenues of NOK 2 257 million, up 12 percent compared with the first quarter of 2012. Revenue growth is largely attributable to higher delivery volumes driven by periods of cold weather. Customer base growth of 3.5 percent also contributed to first-quarter 2013 revenue growth.

Power Sales' first-quarter 2013 operating profit of NOK 82 million is somewhat lower than projected for a quarter featuring high energy consumption. The operating profit figure reflects weak power sales margins compared with the first quarter of 2012. The decline is attributable to periods with rising wholesale power prices in the first quarter of 2013. Operating expenses amounted to NOK 196 million (NOK 170 million); the figure includes costs associated with expansion in the Swedish market and start-up of a new customer service and invoicing system. The first-quarter 2013 operating profit for the Power Sales business corresponds to an after-tax profit per customer of about NOK 63 (NOK 98).

Hafslund's Power Sales business sold 5 764 GWh of power in the first quarter of 2013, up 11 percent compared with the year-earlier figure. Power sold to residential-market customers totalled 3 980 GWh (3 454 GWh); corporate customers purchased 1 784 GWh (1 719 GWh). Net customer-base growth amounted to 7 000 in the first quarter of 2013. As of 31 March 2013, Hafslund Power Sales had some 912 000 customers through wholly- and partly-owned companies.

Power Sales – Volume sold
(GWh)



Markets' capital employed was NOK 1.9 billion as of 31 March 2013. The level of capital employed typically varies in accordance with the volume delivered in a quarter and fluctuations in the price of wholesale power contracts traded via Nord Pool Spot.

Other Activities

NOK million	Q1 13	Q1 12	Year 12	Year 11
Support	**(12)**	(16)	(45)	(133)
BioWood Norway	**(1)**	(23)	(398)	(80)
Embriq	**(5)**	(3)	(33)	(1)
Other	**(6)**	47	116	(1 014)
Total operating profit Other	**(24)**	5	(361)	(1 228)

The Hafslund Group's Other Activities, which include staff and support functions, real estate management, and an investment portfolio, had a first-quarter 2013 operating profit of NOK -24 million (NOK 5 million). The above table presents the operating profit of Other Activities' profit centers. Regarding the Other profit center, the first-quarter 2012 operating profit figure includes NOK 48 million in positive non-recurring gains: NOK 21 million is associated with gains on the sale of shares and NOK 27 is attributable to a settlement.

Production at the BioWood Norway AS pellets plant at Averøya was shut down in late 2012; the last working day for employees, with the exception of three individuals, was 28 February. Efforts to find new owners for the facility and its site are underway.

Other matters

Shares and shareholder matters

As of 2 April 2013:

(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		3 735	3 735	1.9 %
MP Pensjon PK	5	1 579	1 584	0.8 %
Folketrygdfondet	68	865	933	0.5 %
AS Herdebred	107	321	428	0.2 %
Hafslund ASA		397	397	0.2 %
New Alternatives Fund, Inc	328		328	0.2 %
Handelsbanken Helsinki	145	175	320	0.2 %
10 largest shareholders	111 232	73 125	184 357	94.5 %
Other shareholders	4 196	6 633	10 829	5.5 %
Total	115 428	79 758	195 186	100 %

Hafslund ASA had 6 976 shareholders at the close of the first quarter of 2013. 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 final trading day of the quarter, Hafslund's market capitalization was NOK 9.6 billion; the figure is based on a per-share price for Class A shares of NOK 49.50 and Class B shares of NOK 49.20.

Outlook

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 Hafslund's Network business. The Power Sales business is extremely competitive and profitability is contingent upon Hafslund's ability to further enhance efficiency and increase customer deliveries.

Power prices are affected by prevailing hydrologic and economic conditions in the Nordic countries and the rest of Europe and regulatory and policy initiatives. As of 29 April 2013, Nasdaq OMX power contracts traded at NOK 0.29/kWh for 3Q 2013, NOK 0.32/kWh for 4Q 2013, and NOK 0.28/kWh for 2014 delivery. Considerable uncertainty is associated with future power price developments. In response to such fundamentals, and to profit from market forecasts, and secure earnings and cash flow, Hafslund has gradually shifted from a policy of full exposure to spot price developments in selling produced power, to partial price hedging of produced power.

In addition to ongoing operational investments in existing business activities, the Group's future investment requirements will be materially affected by regulatory mandated automated metering system (AMS) investments by Hafslund Network. Norway's Ministry of Petroleum and Energy notified via a letter dated 18 February 2013, that the final deadline for AMS implementation has been postponed two years, to 1 January 2019.

The Group's strategic focus on its core business activities will further strengthen and support Hafslund as a leading energy company and its targeting of renewable energy, energy distribution infrastructure, and retail and corporate power sales. In the Board's opinion, Hafslund has built a solid foundation — both commercially and financially — for satisfactory development and to meet the opportunities and challenges facing the Group in the future.

Oslo, 6 May 2013

Board of Directors

Hafslund ASA

Group profit and loss account

Q1 12	Q1 13	NOK million	Year 12	Year 11
3 728	4 007	Operating revenues	11 466	13 704
(2 573)	(2 766)	Purchased materials and energy	(6 830)	(9 015)
1 154	1 241	**Gross margin**	4 637	4 689
57	(14)	Gain/loss financial items	137	(1 050)
(191)	(224)	Salaries and other personnel expenses	(851)	(864)
(399)	(366)	Other operating expenses	(1 752)	(1 630)
621	638	**EBITDA**	2 171	1 145
(194)	(198)	Depreciation and amortization	(1 259)	(803)
427	440	**Operating profit**	911	343
(123)	(130)	Financial interest etc	(509)	(495)
16	(27)	Change in market value loan portfolio	(48)	(89)
(108)	(157)	**Financial expenses**	(557)	(584)
319	283	**Profit before tax and discontinued operations**	354	(241)
(95)	(105)	Tax	(366)	(456)
224	178	**Profit after tax**	(12)	(698)
1.15	0.91	Earnings per share (in NOK) = diluted profit	(0.06)	(3.58)

Comprehensive income

224	178	**Profit after tax**	(12)	(698)
(11)	(41)	Valuechange hedging instruments	(1)	
		REC market value changes		(192)
9	15	Translation differences	(13)	0
(2)	(26)	**Other comprehensive income that may be reclassified to profit or loss in subsequent periods**	(14)	(192)
(10)		change in actuarial pensions	469	
(10)	0	**Other comprehensive income that will not be reclassified to profit or loss in subsequent periods**	469	-
212	152	**Profit attributable to**	443	(890)
212	152	Profit to shareholders of Hafslund ASA	445	(887)
(0)	0	Profit attributable to minority interests	(2)	(2)
212	152		443	(890)

Business segments reporting

Q1 12	Q1 13	NOK million	Year 12	Year 11
165	**191**	Production	755	1 024
394	**504**	Heat	1 107	1 120
1 039	**1 070**	Network	3 992	4 202
2 012	**2 257**	Markets	5 537	7 275
117	**(14)**	Other activities/eliminations	76	84
3 728	**4 007**	**Total operating revenues**	11 466	13 704
(126)	**132**	Production	(102)	15
1	**0**	Heat	3	5
6	**3**	Network	3	34
63	**65**	Markets	267	241
48	**48**	Other activities	191	186
(9)	**249**	**Of which, sales between segments**	361	480
75	**99**	Production	443	724
89	**133**	Heat	(82)	102
119	**150**	Network	541	469
138	**82**	Markets	370	277
5	**(24)**	Other activities/eliminations	(361)	(1 228)
427	**440**	**Total operating profit**	911	343

Group balance sheet

NOK million	31.03.13	31.12.12	31.03.12	01.01.12	31.12.12
Intangible assets	**2 472**	2 432	2 390	2 379	2 379
Fixed assets	**18 269**	18 365	18 573	18 632	18 632
Financial assets	**612**	657	660	579	579
Accounts receivable and inventory	**3 111**	2 871	2 719	2 250	2 250
Cash and cash equivalents	**290**	223	1 057	870	870
Assets	**24 755**	24 549	25 398	24 710	24 710
Equity, majority	**7 420**	7 270	7 515	7 314	8 108
Equity, minority	**19**	19	28	22	23
Allocations for liabilities	**3 419**	3 317	4 009	4 000	3 205
Long-term interest-bearing liabilities	**8 070**	8 422	8 822	9 047	9 047
Short-term interest-bearing liabilities	**2 866**	3 119	2 198	1 802	1 802
Short term non-interest-bearing liabilities	**2 960**	2 402	2 825	2 525	2 525
Equity and liabilities	**24 755**	24 549	25 398	24 710	24 710

Equity reconciliation

NOK million	YTD 13	Year 12
Equity beginning of period		8 131
Implementaction effect pension liabilities 01.01.12		(795)
Adjusted equity beginning of period	**7 290**	7 336
Comprehensive income	**152**	443
Change, minority interests		2
Dividend		(487)
Other changes affecting equtiy	**(2)**	(5)
Equity at end of reporting period	**7 440**	7 290

Group cash flow statement

NOK million	Q1 13	Q1 12	Year 12	Year11
EBITDA	**638**	621	2 171	1 145
Paid interest	**(183)**	(180)	(480)	(540)
Paid taxes	**(128)**	(160)	(359)	(490)
Market value changes and other items without cash flow effect	**26**	(50)	(92)	1 138
Change in accounts receivables, etc.	**(241)**	(538)	(954)	2 860
Change in liabilities, etc.	**705**	464	(50)	(600)
Cash flow from operations	**817**	157	236	3 513
Investments (operation and expansion)	**(111)**	(171)	(1 084)	(1 172)
Net capital release shares etc	**(7)**	16	35	2 647
Cash flow investments activities	**(118)**	(155)	(1 049)	1 475
Change net interest-bearing debt and dicontinued operations	**(633)**	185	651	(2 879)
Dividend and other equity changes	**0**	0	(484)	(1 450)
Cash flow financing activities	**(633)**	185	167	(4 329)
Change in cash and cash equivalents in period	**67**	187	(647)	659
Cash and casg equivalents at beginning of period	**223**	870	870	211
Cash and cash equivalents at end of period	**290**	1 057	223	870

Notes to the accounts

1) Framework and key accounting principles

The consolidated Group accounts for the first quarter of 2013 ending 31 March 2013 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 reporting period 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 2012 annual accounts. Accounting principles and calculation methods applied in the quarterly accounts are the same as those described in Note 2 to the 2012 consolidated accounts of the Hafslund Group, with the exception of pension-related accounting principles.

As of 2013, Hafslund changed its accounting principles associated with pension reporting, as discussed in Note 11 to the consolidated accounts in the fourth-quarter 2012 report to shareholders. Implementation has resulted in reporting all pension estimate deviations under comprehensive income, and interest expenses and projected yield on pension assets have been replaced by a net interest amount arrived at by applying the discount rate on net pension liabilities (assets).

Pursuant to the revised IAS 19 pension standard, the aforementioned changes have been implemented retroactively and comparative figures for 2012 have been restated accordingly. The tables below show the effects of the change in accounting principles on the consolidated profit and loss, comprehensive income, and balance sheet figures for the 2012 accounting year.

Profit and loss

NOK million	Year 2012 restated	Q4 12	Q3 12	Q2 12	Q1 12
Increased operating profit:					
Production	1	1			
Heat	1	1	1		
Network	26	7	6	7	6
Markets	6	2	1	1	1
Other activities/eliminations	23	6	6	6	6
Operating profit Group	57	16	14	14	14
Increased tax	16	4	4	4	4
Increased Profit after tax	**41**	**11**	**10**	**10**	**10**

Comprehensive income

NOK million	Year 2012 restated	Q4 12	Q3 12	Q2 12	Q1 12
Increased Profit after tax	41	11	10	10	10
Change in actuarial pensions	469	(11)	(10)	(10)	(10)
Net effect comprehensive income	**510**	**0**	**0**	**0**	**(0)**

Balance sheet

NOK million	31.12.2012	30.09.2012	30.06.2012	31.03.2012
Increased pension liability	(397)	(1 104)	(1 104)	(1 104)
Reduced deferred tax liability	111	309	309	309
Net effect equity	**(286)**	**(795)**	**(795)**	**(795)**

Further, previously gross-recorded pension liabilities/assets have been recorded net in accordance with the system applied to satisfy the revised IAS standard and in the restatement process. The effect has been a NOK 242 million reduction in total assets of as of 31 December 2012. The change has affected the item in the balance sheet under assets: Accounts receivable and inventory. While such changes to pension figures have no cash effect, they do affect certain entries in the cash flow statement in order to reflect the impact on the Group's consolidated profit and loss, comprehensive income, and balance sheet statements.

2) 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.

Hafslund Network's profit for the first quarter of 2013 included an "under income" figure of NOK 68 million. The corresponding 2012 figure was an "under income" of NOK 87 million. As of 31 March 2013, Hafslund Network had an aggregate "excess income" of NOK 357 million (NOK 69 million).

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

As of 31 March 2013, the accounting value of Hafslund's loan portfolio was NOK 10 935 million, of which NOK 8 069 million is long-term debt and NOK 2 866 million is classified as short-term debt. Changes in the fair value of loans resulted in a NOK 27 million negative profit effect in the first quarter of 2013. Changes in the fair value of interest and currency derivatives had an aggregate NOK 4 million negative profit effect in the first quarter. In the first quarter of 2013, Hafslund's credit spreads ranged from approximately 10 basis points for short terms to maturity to about 25 basis points for terms to maturity exceeding three years. NIBOR and swap interest rates remained roughly unchanged in the first quarter of 2013. The net effect of these factors was that market interest, including Hafslund's credit spread, decreased by about 10 basis points for terms to maturity of up to two years and decreased by approximately 25 basis points for terms to maturity of up to 10 years.

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 48 percent, and floating-interest-rate loans made up the remaining 52 percent as of 31 March 2013.

Hafslund has entered into an agreement with a syndicate comprising six Nordic banks on a NOK 3 600 million revolving credit facility. The credit facility matures in 2018. 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. In addition, Hafslund has an unused NOK 100 million line of credit with Nordea.

The Group has foreign-currency denominated debt and businesses that conduct transactions exposed to foreign currency fluctuations. The Group's foreign currency exposure is largely associated with trade in wholesale power contracts and power derivatives settled in EUR and SEK. The Group's treasury department centrally manages currency risk and performs all market transactions. Regarding loans drawn in foreign currencies, the loan's principal and basis interest are hedged via basis swaps at the time that funds are drawn. 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 2013, this figure amounted to NOK 4 614 million.

4) Operating assets

Investments in operating assets amounted to NOK 111 million in the first quarter of 2013. The figure is attributable in full to investments in ordinary operating and expansion investments.

5) Financial instruments

The following principles have been applied in the measurement of financial instruments subsequent to initial recognition in the balance sheet:

NOK million	Derivatives utilised for hedging purposes	Assets at fair value through profit or loss	Loans and receivables	Total
Long-term receivables			472	472
Derivatives		41		41
Trade and other receivables			2 605	2 605
Cash and cash equivalents			290	290
Total financial assets as of 31 March 2013	**0**	**41**	**3 367**	**3 408**

NOK million	Derivatives utilised for hedging purposes	Liabilities at fair value through profit or loss	Other financial liabilities	Total
Borrowings		6 321	4 614	10 935
Derivatives	41	43		84
Trade and other current payables			1 310	1 310
Total financial liabilities as of 31 March 2013	**41**	**6 364**	**5 924**	**12 329**

Hafslund applies the following categories for recording financial instruments: financial instruments at fair value through profit and loss, loans and receivables, and financial liabilities. Derivative financial instruments are valued according to the two classifications: at fair value through profit and loss or contracts entered into for hedging purposes. Hafslund has four main groups of derivatives: power derivatives, interest and FOREX derivatives, and forward contracts associated with el certificates. Financial instruments that qualify as hedging instruments or hedging objects in a hedging relationship for accounting purposes, are identified based on the intention at the time each financial instrument is acquired. In cash flow hedging, the hedging instrument's value changes are recorded under Other comprehensive income and presented in the item: Value change, hedging instruments.

Several Group profit centers are exposed to risk associated with the power market. Market exposure is largely a consequence of Hafslund's ownership of businesses engaged in power generation, heat production, network activities, and power sales to customers. The Heat segment is also subject to risk associated with the availability of lower-cost substitutes, most commonly electric heating. Power market risk also affects Hafslund's energy recovery facilities in Sarpsborg and Fredrikstad, where pricing mechanisms incorporated in sales contracts make revenues dependent, to a greater or lesser extent, on power prices. Furthermore, Hafslund takes active positions in the power market through the Group's power trading activities. Risk management at Hafslund's power sales business focuses on reducing margin fluctuations.

The power markets relative volatility in recent years has prompted a corporate effort to secure greater predictability as to profits at Hafslund's Production and Heat segments. Hedging power prices is an established method for reducing risk associated with future cash flows from the sale of electric power. Power price developments along with the various factors affecting production volumes give rise to considerable uncertainty as to profits at the Group's energy production businesses, particularly Hafslund Production. Accordingly, Hafslund has implemented a gradual shift from extensive exposure to spot prices to partial price hedging. Ongoing hedging of a proportion of hydropower production and district heating deliveries for the upcoming 36 months is conducted to reduce power price risk. The aforementioned hedging is treated for accounting purposes as cash flow hedging in accordance with IAS 39 Financial Instruments.

Hafslund's Market segment hedges its margins on all products that offer customers various forms of fixed pricing or price caps over an agreed contractual period. Hedging is achieved by entering into financially settled power derivative contracts sufficient to cover the cost of physical power delivery commitments to customers. The aforementioned financial power contracts are recognized at fair value through profit and loss; they do not meet the requirements for hedge accounting. The objective of the Group's trade in financial power contracts is to hedge the margins on its customer portfolios. In a market featuring major fluctuations in wholesale and forward prices, the fair value of power contracts for future delivery will change in step with price fluctuations at Nasdaq OMX. The first quarter of 2013 was characterized by only minor changes in wholesale and forward prices and there were only limited, unrealized value changes in power contracts. In the first quarter of 2013, a NOK 1 million value decline was recognized. To a considerable extent, value losses on power contracts will be offset by corresponding gains associated with end-user contracts. The Group's end-user contracts do not qualify for treatment according to IAS 39; they are recognized using the lowest value principle.

6) Transactions with closely related parties

The Hafslund Group sells goods and services to and purchases them from closely related parties as part of its normal business operations. In 2013, the Group purchased goods and services from and sold goods and services to the closely related parties the City of Oslo and the Infratek Group. As of 31 March 2013, the City of Oslo owned 53.7 percent of Hafslund ASA shares. Further, Hafslund ASA had a 43.3 percent shareholding in Infratek ASA. 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. The Infratek Group 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 millioner	Sale of goods and services	Aquisition of goods and services	Aquisition booked as investments	Receivables	Trade payables
Q1 2103:					
City of Oslo	67	52		26	19
Infratek Group		52	32		49

Group key figures - quarterly reporting

Group profit and loss account

NOK million	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11
Operating revenues	4 007	3 592	1 854	2 292	3 728	3 112	2 269	3 118	5 206
Purchased materials and energy	(2 766)	(2 190)	(869)	(1 197)	(2 573)	(1 971)	(1 184)	(1 873)	(3 988)
Gross margin	1 241	1 402	985	1 095	1 154	1 141	1 085	1 245	1 218
Gain/loss financial item	(14)	51	4	25	57	(139)	(377)	(527)	(7)
Salaries and other personnel expenses	(224)	(283)	(176)	(201)	(191)	(236)	(190)	(203)	(235)
Other operating expenses	(366)	(513)	(431)	(409)	(399)	(559)	(379)	(371)	(321)
EBITDA	638	657	382	510	621	207	139	144	656
Depreciation and amortization	(198)	(229)	(650)	(186)	(194)	(199)	(203)	(200)	(201)
Operating profit	440	429	(268)	324	427	8	(64)	(56)	455
Financial interest etc	(130)	(117)	(132)	(137)	(123)	(114)	(123)	(136)	(121)
Change in market value loan portfolio	(27)	11	(102)	27	16	25	(66)	(74)	25
Financial expenses	(157)	(105)	(234)	(110)	(108)	(89)	(189)	(210)	(96)
Profit before tax and discontinued operations	283	323	(502)	213	319	(81)	(253)	(266)	359
Tax	(105)	(118)	(78)	(74)	(95)	(115)	(61)	(150)	(130)
Profit after tax	178	205	(580)	140	224	(196)	(314)	(416)	228
Majority's share of profit	178	207	(581)	140	224	(193)	(313)	(416)	227
Minority's share of profit	0	(2)	1	(0)	(0)	(3)	(1)	(0)	1
Earnings per share (in NOK)	0.91	1.05	(2.97)	0.72	1.15	(1.01)	(1.61)	(2.13)	1.17

Group balance sheet

NOK million	31.03.13	31.12.12	30.09.12	30.06.12	31.03.12	31.12.11	30.09.11	30.06.11	31.03.11
Intangible assets	2 472	2 432	2 440	2 433	2 390	2 379	2 381	2 379	2 388
Fixed assets	18 269	18 365	18 190	18 576	18 573	18 632	18 431	18 342	18 580
Financial assets	612	657	613	628	660	579	1 380	1 792	2 674
Accounts receivable and inventory	3 111	2 871	1 845	1 927	2 719	2 250	2 011	2 375	4 311
Cash and cash equivalents	290	223	873	659	1 057	870	1 287	911	1 456
Assets	24 755	24 549	23 962	24 223	25 398	24 710	25 489	25 799	29 408
Equity, majority	7 420	7 270	6 574	7 163	7 515	8 108	8 284	8 610	10 838
Equtiy, minority	19	19	25	28	28	23	26	11	11
Allocations for liabilities	3 419	3 317	3 918	4 052	4 009	3 205	3 231	3 170	3 103
Long-term interest-bearing liabilities	8 070	8 422	8 771	8 810	8 822	9 047	10 181	10 520	10 346
Short-term interest-bearing liabilitis	2 866	3 119	2 381	2 247	2 198	1 802	1 163	1 295	1 903
Short term non-interest-bearing liabilities	2 960	2 402	2 293	1 922	2 825	2 525	2 603	2 193	3 208
Equity and liabilities	24 755	24 549	23 962	24 223	25 398	24 710	25 489	25 799	29 408

Group cash flow statement

NOK million	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11
EBITDA	638	657	382	510	621	207	139	144	656
Interest paid	(183)	(104)	(73)	(123)	(180)	(127)	(81)	(142)	(190)
Taxes paid	(128)	(7)	(103)	(89)	(160)	(298)	-	(94)	(98)
Value change and other non cashflow effect	26	(80)	11	27	(50)	149	398	569	22
Change in receivables	(241)	(1 250)	87	747	(538)	(280)	373	1 904	864
Change in trade credit etc	705	124	214	(852)	464	79	267	(1 005)	59
Cash flow from operations	817	(660)	518	220	157	(271)	1 095	1 376	1 313
Investments (operation and expansion)	(111)	(418)	(297)	(198)	(171)	(396)	(288)	(256)	(232)
Sales of shares, assets	(7)	17	(2)	4	16	704	101	302	1 540
Cash flow to investments activities	(118)	(401)	(299)	(194)	(155)	308	(187)	46	1 308
Change interest-bearing debt and dicontinued operations	(633)	410	(7)	63	185	(466)	(533)	(505)	(1 376)
Dividend and other equity changes	-	-	3	(487)	-	11	-	(1 461)	-
Cash flow financing activities	(633)	410	(4)	(424)	185	(455)	(533)	(1 966)	(1 376)
Change in cash and cash equivalents in period	67	(651)	215	(398)	187	(418)	376	(544)	1 245
Cash and cash equivalents at beginning of period	223	873	659	1 057	870	1 287	911	1 456	211
Cash and cash equivalents at end of period	290	223	873	659	1 057	869	1 287	912	1 456

Business segment reporting

NOK million	1Q13	4Q12	3Q12	2Q12	1Q12	4Q11	3Q11	2Q11	1Q11
Production	191	243	150	197	165	197	282	362	182
Heat	504	395	162	156	394	291	109	164	557
Network	1 070	1 193	839	920	1 039	1 033	884	967	1 318
Markets	2 257	1 738	708	1 080	2 012	1 578	984	1 597	3 116
Other activities/eliminations	(14)	23	(4)	(61)	117	13	10	27	33
Total sales income	4 007	3 592	1 854	2 292	3 728	3 112	2 269	3 118	5 206
Production	111	185	83	133	87	138	209	306	116
Heat	174	122	42	20	129	61	10	35	152
Network	272	311	244	245	244	211	248	264	260
Markets	91	54	84	109	143	41	46	65	141
Other activities/eliminations	(10)	(16)	(71)	3	18	(243)	(374)	(526)	(15)
Total EBITDA	638	657	382	510	621	207	139	144	656
Production	99	175	72	121	75	127	197	294	105
Heat	133	92	(241)	(22)	89	19	(29)	(4)	115
Network	150	180	120	122	119	88	118	132	131
Markets	82	48	80	104	138	36	41	63	137
Other activities/eliminations	(24)	(65)	(299)	(2)	5	(263)	(391)	(542)	(33)
Total operating profit	440	429	(268)	324	427	8	(64)	(56)	455

Hafslund

Financial calendar

1. Fourth-quarter 2012 report - 7 February 2013
2. First-quarter 2013 report - 7 May 2013
3. Annual General Meeting - 7 May 2013
3. Second-quarter 2013 report - 10 July 2013
4. Third-quarter 2013 report - 24 October 2013

Investor information

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