2013

INTERIM REPORT Q1

Luossavaara-Kiirunavaara AB (publ) Corp. ID No. 556001-5835

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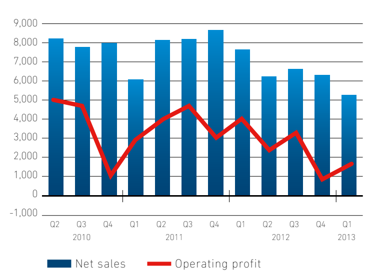
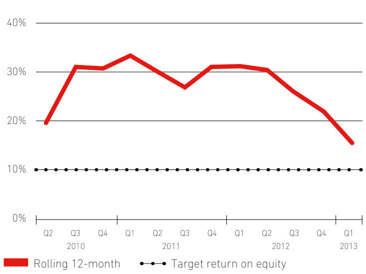
JANUARY–MARCH

- NET SALES DECREASED BY 30 PERCENT TO MSEK 5,323 (7,641).
- OPERATING PROFIT AMOUNTED TO MSEK 1,529 (4,118).
- PROFIT BEFORE TAX TOTALLED MSEK 1,567 (4,357).
- PROFIT FOR THE PERIOD AMOUNTED TO MSEK 1,238 (3,229).
- CASH FLOW FROM OPERATING ACTIVITIES WAS MSEK –300 (2,456).

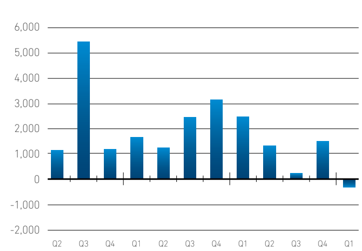
NET SALES AND OPERATING PROFIT MSEK



RETURN ON SHAREHOLDERS' EQUITY



OPERATING CASH FLOW MSEK



COMMENTS BY THE PRESIDENT AND CEO

The global production of crude steel increased during the quarter by 3 percent, compared to the same period previous year, to a new record level of 388 million tonnes. Seaborne deliveries increased during the same period by 3 percent to 273 million tonnes. The high demand for LKAB's products continued during the quarter, but disruptions in production resulted in lower deliveries than for the same period the previous year. Production in Kiruna and Svappavaara suffered several major stoppages during the quarter because of operational problems in the pelletizing plants. Production for the quarter was 6.1 million tonnes (Mt) (6.9), a reduction of 12 percent, and as a result of this deliveries of iron ore products totalled 6.3 Mt (6.7), a decrease of 6 percent.

Net sales amounted to SEK 5,323 million (7,641) while operating profit totalled SEK 1,529 million (4,118). Lower sales and profits are explained mainly by lower iron ore prices, and also by lower delivery volumes. The gross profit margin for the period was 34 percent (58). Operating profit for the quarter was affected with a provision of SEK 132 million (–) due to the effects of the successive expansion of deformations in the communities caused by the mining activities.

Cash flow from operating activities was SEK –300 million (2,456). Cash flow for the period, compared to the same period for the previous year, was affected mainly by the lower profit. Group investments in property, plant and equipment amounted to SEK 1,098 million (1,269) of which SEK 470 million was in respect of the new main level in the Kiruna underground mine.

LKAB's 35 percent increase in planned deliveries by 2015 remains unchanged. The licensing process for the Mertainen open pit mine continues with production aimed to start in 2015. The planned increase in delivery capacity is contingent upon a capacity increase on the Ofotbanen line on the Norwegian side of the border corresponding to that of the Ore Railway. On April 15 the Norwegian government presented its new national transport plan (NTP) for the period 2013–2023. Out of a total of NOK 8.3 billion scheduled for investment in rail freight traffic, NOK 1.6 billion will be allocated to the Ofotbanen line.

The demand for LKAB's products remains good, despite the weak European economy.

Lars-Eric Aaro
President and CEO

THE LKAB GROUP IN SUMMARY

EVENTS DURING THE FIRST QUARTER

Production of iron ore products within the Mining Division amounted to 6.1 Mt (6.9). During the period, total deliveries amounted to 6.3 Mt (6.7) of which 5.5 Mt (5.7) were pellets. The proportion of pellets during the first quarter of 2013 amounted to 87 percent (85). As of March 31, stocks of iron ore products amounted to 1.0 Mt (1.8).

Net sales decreased by 30 percent and fell to SEK 5,323 million (7,641). In iron ore operations the reduction was spread across the factors volume/mix –5 percent, price –25 percent, while foreign exchange effects remained in principal unchanged. Without any US dollar hedges the foreign exchange effect would have been –3 percent.

Operating profit was SEK 1,529 million (4,118), a reduction of 63 percent. Lower sales and profits are explained mainly by lower iron ore prices, but also by lower delivery volumes. Delivery volumes were negatively impacted by several major production stoppages in Kiruna and Svappavaara during the quarter because of operational problems in the pelletizing plants. The gross profit margin for the period was 34 percent (58). The operating profit was also affected with a provision of SEK 132 million (–) due to the effects of the successive expansion of deformations in the communities caused by the mining activities.

Income from financial items reached SEK 39 million (239). Foreign exchange gains/losses amounted to SEK –91 million (21). Net interest income/expense amounted to SEK –6 million (17). Net interest income/expense for the year includes a liability for urban transformation in the amount of SEK –20 million (0). Return on market portfolios and interest-bearing instruments totalled SEK 154 million (221). Net pension expense came to SEK –21 million (–19). Dividends received from listed shares amounted to SEK 5 million (1).

Cash flow from operating activities was SEK –300 million (2,456). Cash flow for the period, compared to the same period for the previous year, was affected negatively mainly by the lower profit. Capital expenditures amounted to SEK 1,098 million (1,269).

CONSOLIDATED STATEMENTS OF INCOME IN SUMMARY

MSEK	Q1 2013	Q1 2012	Full year 2012
Net sales	5,323	7,641	26,971
Operating profit	1,529	4,118	10,595
Profit from financial items	39	239	417
Profit before tax	1,567	4,357	11,023
Profit for the period	1,238	3,229	8,781
Operating cash flow[1]	-300	2,456	5,471
Investments in property, plant and equipment	1,098	1,269	5,808

1) See statements of cash flow, page 13, for further information.

MARKETING AND SALES

THE STEEL AND IRON ORE MARKET

The newly elected leaders in China are expected to introduce stimulus measures to get the economy moving at the same time as restrictions were introduced in the important steel-intensive construction industry. Furthermore, the Chinese government has announced a plan to reduce overcapacity in the steel industry by consolidating steelworks. Despite this, the production of crude steel increased by 6.5 percent during the first quarter compared to the previous year, at the same time as Chinese stocks of steel products have increased to record levels. Iron ore stocks in Chinese ports have fallen to a new level that is lower than for the most of 2012. China's iron ore imports during the first quarter remain in principle unchanged compared to the same period for the previous year.

The American economy was affected negatively by budget cuts and tax rises. At the same time the US economy is driven by a major expansion of shale gas extraction and is expected to become self-sufficient in gas and oil, with low energy prices as a result. Because of the lower energy prices investments have increased in the American steel and manufacturing industries, both of which use gas in their production processes.

The European market remains weak, but has gradually adapted to the prevailing market conditions and national budget deficits. The sovereign debt problem in southern Europe slows demand for such things as new cars and homes. The European steel industry suffers from overcapacity and since the financial crisis began capacity utilization has fallen and some steelworks have closed as a result of poor profitability.

Growth in the steel industry in the Middle East is good. Certain countries in the region wish to reduce their dependence on imported steel products and are therefore making major investments to increase domestic steel production. The demand for steel is expected to increase steadily as major infrastructure and construction projects are planned. Demand among LKAB's customers in the MENA (Middle East and North Africa) area remains strong.

The global outlook for the steel and iron ore markets is for continued growth, though at a slower pace than over the past few years. The greatest growth is expected in Asia, with China as the principle economic locomotive. Over the past few years major investments have been made in the iron ore industry, mainly in Australia and Brazil, which means the supply of iron ore will increase between 2013 and 2015.

Spot price trends (Platts IODEX 62% Fe CFR North China) in Asia remain volatile. The spot price had a downward correction following the Chinese New Year as the Chinese construction industry's seasonal increase in demand was not as great as expected, and steelworks reduced their iron ore purchases on the spot market. Large stocks of finished steel products have depressed steel prices as supply exceeds demand, which has also affected the spot price. Spot price volatility is expected to persist, which makes the spot price development for 2013 difficult to estimate.

THE INDUSTRIAL MINERALS MARKET

Generally speaking, the markets in which the Minerals Division operates experienced activities in line with expectations. Geographically, weak west European market trends will continue. The eastern parts of Europe display a more positive development, as does North America where the division sees many opportunities, growing interest and demand within the key segment related to the production of low-cost energy. The Asian market is weak but positive, but a number of uncertainties remain owing to the strong dependence on Chinese growth.

In the case of specific industries and applications the market for catalysts shows a positive trend, and the division envisages good opportunities in the water purification and offshore industries with increasing deep water drilling activities. The market for refractory materials largely follows developments in the steel industry, while the polymer and paint industries are enjoying increased activity with higher sales in the Ukraine and Korea. To sum up, the Minerals Division is confident about continued positive sales trends with its broad, well-positioned product range.

MINING DIVISION

IRON ORE PRODUCTION AND DELIVERIES

Production of iron ore products within the Mining Division amounted to 6.1 Mt (6.9) during the first quarter. During the period, total deliveries amounted to 6.3 Mt (6.7) of which 5.5 Mt (5.7) were pellets. As of March 31, stocks amounted to 1.0 Mt (1.8).

SALES AND EARNINGS

Net sales fell to SEK 4,961 million (7,193) while operating profit totalled SEK 1,380 million (3,979). Lower sales and profits are explained mainly by lower iron ore prices for the period. Delivery volumes were negatively impacted by several major production stoppages in Kiruna and Svappavaara during the quarter because of operational problems in the pelletising plants. The operating profit was affected with a provision of SEK 132 million (–) due to the effects of the successive expansion of deformations in the communities caused by the mining activities.

MINERALS DIVISION

SALES AND EARNINGS

Net sales amounted to SEK 352 million (440) during Q1, 2013. Operating profit fell to SEK 13 million (38). The main reason sales and profits fell compared to the corresponding period for the previous year is lower sales volumes.

SPECIAL BUSINESSES

SALES AND EARNINGS

Net sales fell by 21 percent to SEK 503 million (635). Operating income amounted to MSEK 74 (89).

THE GROUP'S CAPITAL EXPENDITURES

The Group's investments in fixed assets amounted for the quarter to SEK 1,098 million (1,269). Current investments impacted investing activities (net) by SEK 4,349 million (1,765).

THE GROUP'S LIQUIDITY

Consolidated cash flow from operating activities during the first quarter was SEK –300 million (2,456). Cash flow for the period, compared to the same period for the previous year, was affected negatively mainly by the lower profit. Capital expenditures amounted to SEK 1,098 million (1,269).

Liquidity (cash, cash equivalents and short-term investments) amounted to SEK 18,372 million (20,656).

At the end of the quarter, USD 1,025 million was hedged under forward exchange contracts at an average rate of SEK 6.70 per USD. At the same time the previous year, hedging contracts amounted to USD 780 million at an average rate of SEK 6.91 per USD.

PARENT COMPANY

The Parent Company's net sales for the first quarter reached SEK 4,944 million (7,174), of which SEK 40 million (75) refers to sales invoiced to subsidiaries. Profit before tax amounted to SEK 1,354 million (4,173). The quarter's profit was affected with a provision of SEK 152 million (–) due to the effects of the successive expansion of deformations in the communities caused by the mining activities.

Investments in property, plant and equipment amounted to SEK 1,076 million (1,208). Liquid assets and short-term investments amounted to SEK 17,958 million (20,236) at the end of the quarter.

TRANSACTIONS WITH RELATED PARTIES

No transactions that have significantly affected the company's financial position and earnings took place between LKAB and related parties.

RISKS AND UNCERTAINTY FACTORS

As an international Group, LKAB is exposed to various risks. Risk management forms an important part of operations in order to minimise the effect of factors that are outside the Group's control. There are methods within the Group for ensuring that the risks to which the company is exposed are managed according to established guide lines and methods, as well as for assessing and limiting these risks.

Major risks are LKAB's volume dependency, the pricing of iron ore and transaction exposure in US dollars.

For further information concerning risks, please refer to LKAB's Annual Report for 2012.

FUTURE DEVELOPMENT

The iron ore market is growing and demand for DR pellets for gas-based iron and steel production in particular is expected to grow in the next few years. If it is to continue as a preferred supplier, LKAB must be able to grow with its customers.

The strategy for the next few years includes a volume increase of just over 35 percent to reach an annual capacity of 37 Mt iron ore products by 2015. Growth enhances LKAB's competitiveness through higher volumes, which mean lower costs per tonne. Growth requires an increasing availability of iron ore to process into high-quality, climate-compatible iron ore products, mainly pellets. The major part of the additional iron ore must come from new mines, mainly three open pit mines in the so-called Svappavaara orefield.

In December 2012 production was able to resume in the Gruvberget open pit mine following a six-month wait for an environmental licence. Production in Gruvberget is planned to contribute 2 Mt of iron ore during 2013.

In June 2012, the Norrbotten County Administrative Board granted LKAB permission to drain the Leveäniemi open pit mine. Draining began in September 2012 and is expected to be complete in 2014, during which time additional orebody surveys will take place. An application for a mining licence for Mertainen was submitted to the Land and Environment Court in the beginning of March 2012. The timetable for the planned expansion of LKAB's mine capacity is entirely dependent on obtaining an environmental licence. The risk that the necessary licences for the three open pit mines in Svappavaara will not be issued in time has decreased.

Prospecting for additional iron ore deposits is under way in the mines and the immediate surroundings of the existing operational areas. The prospecting organisation is being strengthened and total prospecting costs are calculated to reach SEK 93 million during 2013.

The growth strategy necessitates an Ore Railway haulage capacity of 40 million tons of iron ore products in 2015. This will require longer passing sidings on the track between Luleå and Narvik. The Swedish Transport Administration is extending four passing sidings along the Ore Railway. This is necessary, especially since there are also other operators that traffic and plan to traffic the route. On April 15 the Norwegian government presented its new national transport plan (NTP) for the period 2013–2023. Out of a total of NOK 8.3 billion scheduled for investment in rail freight traffic, NOK 1.6 billion will be allocated to the Ofotbanen line.

LKAB's exposure on the electricity market is increasing. The overall growth strategy will lead to the increased consumption of electricity despite major energy efficiency initiatives. A long-term strategy for both energy procurement and energy efficiency has been prepared to manage future price developments and increased energy consumption.

LKAB's agglomeration laboratory in Malmberget opened in 2012. A unique experimental blast furnace has been in operation in Luleå since 1997 – an important aid to LKAB's customer relations. Continued investments to safeguard world-class research and development are a necessity if LKAB is to retain its technological leadership in iron ore pellets.

Investment projects in progress and LKAB's future plans will entail major investments and thus large expenditures over the next few years. Furthermore, continued underground mining in Kiruna and Malmberget and the start of new mines in the Svappavaara orefield will entail major costs for their impact on communities in all three areas. LKAB must therefore remain financially strong and maintain a good earning ability to meet the future obligations that structural change will entail.

ACCOUNTING PRINCIPLES

The interim report was prepared in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim report was prepared in accordance with IAS 34, Interim Financial Reporting and applicable regulations in the Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with Chapter 9 of the Annual Accounts Act, Interim Reporting.

All amounts in this interim report are presented in SEK millions unless otherwise indicated. Rounding differences may occur.

The accounting principles applied in the interim report correspond to the accounting principles applied when preparing the consolidated financial statements and annual report for 2012 with the exception of changes and new standards described under Note 1 in this interim report.

This report has not been subject to special examination by the company's auditors.

Luleå, April 29, 2013
Luossavaara-Kiirunavaara AB (plc)

Lars-Eric Aaro
President and CEO

FINANCIAL INFORMATION	DATE
Interim report Q2 2013	August 15, 2013
Interim report Q3 2013	October 10, 2013
Interim report fourth quarter 2013	February 14, 2014

The reports are also published at www.lkab.com
Questions concerning this interim report may be directed to Lars-Eric Aaro, President and CEO, +46 (0)70-3738106 or Leif Boström, Senior Vice President Finance, +46 (0)70-3738162 following the Annual General Meeting and press conference at around 16:45.

CONSOLIDATED INCOME STATEMENT

(MSEK)	Q1 2013	Q1 2012	Full year 2012
Net sales	5,323	7,641	26,971
Cost of goods sold	-3,503	-3,230	-15,177
Gross profit	**1,820**	**4,411**	**11,794**
Selling expenses	-43	-70	-249
Administrative expenses	-155	-139	-608
Research and development expenses	-74	-72	-283
Other operating income	108	151	539
Other operating expenses	-127	-163	-598
Operating profit	**1,529**	**4,118**	**10,595**
Financial income	180	288	733
Financial expenses	-142	-49	-316
Net financial items	**39**	**239**	**417**
Profit before tax	**1,567**	**4,357**	**11,012**
Tax	-329	-1 128	-2 231
Profit for the period	**1,238**	**3,229**	**8,781**
Attributable to parent company share holders	1,238	3,229	8,781
Earnings per share after dilution (SEK)	1,769	4,613	12,544

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(MSEK)	Q1 2013	Q1 2012	Full year 2012
Profit for the period	1,238	3,229	8,781
Other comprehensive income for the period			
Items not for reclassification to net profit for the year			
Actuarial gains/losses	-	3	-203
Tax attributable to components in actuarial gains and losses	-	-1	44
Total items not for reclassification to net profit for the year	**-**	**2**	**-159**
Items for reclassification to net profit for the year			
Exchange rate differences on translation for foreign entities for the period	-80	9	-18
Change in fair value of available-for-sale financial assets for the period	-113	66	-50
Change in fair value of cash flow hedges for the period	-67	101	226
Changes in fair value of cash-flow hedges transferred to profit for the period	-89	29	65
Tax attributable to components of cash flow hedges	34	-34	-67
Total items for reclassification to net profit for the year	**-315**	**171**	**156**
Other comprehensive income	**-315**	**173**	**-3**
Total comprehensive income for the period attributable to the parent company's shareholder	**923**	**3,402**	**8,778**

SALES PER DIVISION

(MSEK)	Q1 2013	Q1 2012	Full year 2012
Mining Division	4,961	7,193	25,144
of which Intra-Group revenue	40	75	235
Minerals Division	352	440	1,762
of which Intra-Group revenue	0	1	2
Special Businesses Division	503	635	2,350
of which Intra-Group revenue	453	551	2,049
Eliminations	-493	-627	-2,286
Total revenue	**5,323**	**7,641**	**26,971**

OPERATING PROFIT/LOSS PER DIVISION

(MSEK)	Q1 2013	Q1 2012	Full year 2012
Mining Division	1,380	3,979	10,127
Minerals Division	13	38	132
Special Businesses Division	74	89	230
Consolidation adjustments	62	12	106
Operating income	1,529	4,118	10,595
Profit before tax	1,567	4,357	11,012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MSEK)	March 31, 2013	March 31, 2012	Dec 31, 2012
ASSETS			
Non-current assets			
Intangible assets	213	273	277
Property, plant and equipment	30,635	27,119	30,173
Participations in associated companies	0	1	0
Financial investments	860	1 101	993
Non-current receivables	104	86	106
Total non-current assets	**31,812**	**28,580**	**31,549**
Current assets			
Inventories	2,268	2,463	2,515
Accounts receivable	3,321	4,050	3,060
Prepaid expenses and accrued income	202	209	93
Other current receivables	1,960	509	1,732
Current investments	8,886	7,741	13,235
Cash and cash equivalents	9,486	12,915	5,437
Total current assets	**26,123**	**27,887**	**26,072**
TOTAL ASSETS	**57,935**	**56,467**	**57,621**
SHAREHOLDER'S EQUITY AND LIABILITIES			
Equity			
Share capital	700	700	700
Reserves	356	854	671
Retained earnings	41,538	39,741	40,300
Equity attributable to Parent Company shareholders	**42,594**	**41,295**	**41,671**
Total shareholder's equity	**42,594**	**41,295**	**41,671**
Non–current liabilities			
Provisions for pensions and similar commitments	2,944	2,765	2,970
Provisions, urban transformation	5,039	4,542	4,934
Other provisions	160	159	160
Deferred tax liability	3,479	3,831	3,516
Total non-current liabilities	**11,622**	**11,297**	**11,580**
Current liabilities			
Trade payables	1,414	1,803	1,760
Other current liabilities	119	193	192
Accrued expenses and prepaid income	1,226	1,148	1,418
Provisions, urban transformation	950	500	943
Other provisions	10	231	57
Total current liabilities	**3,719**	**3,875**	**4,370**
Total liabilities	**15,341**	**15,172**	**15,950**
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	**57,935**	**56,467**	**57,621**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Equity attributable to Parent Company shareholder					
		Reserves				
MSEK	**Share capital**	**Translation reserve**	**Fair value reserve**	**Hedge reserve**	**Retained earnings incl. profit for the year**	**Total equity**
Opening equity January 1, 2012	700	-103	666	-48	36,678	37,893
Profit for the period					8,781	8,781
Other comprehensive income for the period		-18	-50	224	-159	-3
Comprehensive income for the period		-18	-50	224	8,622	8,778
Dividend					-5,000	-5,000
Closing equity December 31, 2012	**700**	**-121**	**616**	**176**	**40,300**	**41,671**

	Equity attributable to Parent Company shareholder					
		Reserves				
MSEK	**Share capital**	**Translation reserve**	**Fair value reserve**	**Hedge reserve**	**Retained earnings incl. profit for the year**	**Total equity**
Opening equity January 1, 2013	700	-121	616	176	40,300	41,671
Profit for the period					1,238	1,238
Other comprehensive income for the period		-81	-112	-122		-315
Comprehensive income for the period		-81	-112	-122	1,238	923
Dividend					-	-
Closing equity December 31, 2013	**700**	**-202**	**504**	**54**	**41,538**	**42,594**

CONSOLIDATED STATEMENT OF CASH FLOW (INDIRECT METHOD)

(MSEK)	Q1 2013	Q1 2012	Full year 2012
Operating activities			
Profit before tax	1,567	4,357	11,012
Adjustment for items not included in cash flow	734	439	2 856
Income tax paid	-909	-1,185	-3,169
Cash flow from operating activities before changes in working capital	**1,393**	**3,611**	**10,699**
Disbursements for urban transformation	**-40**	**-61**	**-407**
Cash flow from changes in working capital			
Increase (–) / Decrease (+) in inventories	247	-14	-66
Increase (–) / Decrease (+) in operating receivables	-191	837	1,412
Increase (–) / Decrease (+) in operating liabilities	-611	-648	-366
Cash flow from operating activities	**797**	**3,725**	**11,272**
Investing activities			
Acquisition of property, plant and equipment	-1,098	-1,269	-5,808
Disposal of property, plant and equipment	-	-	6
Divestments/acquisitions (net) in current investments	4,349	1,765	-3,729
Cash flow from investing activities	**3,251**	**496**	**-9,531**
Financing activities			
Dividends paid to Parent Company shareholders	-	-	-5,000
Cash flow from financing activities	**-**	**-**	**-5,000**
Cash flow for the period	**4,049**	**4,221**	**-3,259**
Liquid assets at start of period	5,437	8,695	8,695
Liquid assets at end of period	9,486	12,916	5,437
Change in liquid assets	**4,049**	**4,221**	**-3,259**
Sub-components of liquid assets			
Cash and bank balances	746	946	642
Current investments (maturity < 90 days)	8,740	11,970	4,794
Cash and cash equivalents	**9,486**	**12,916**	**5,437**
LIQUIDITY			
Cash and cash equivalents	9,486	12,916	5,437
Current investments (90 days < maturity < 1 year)	8,886	7,741	13,235
	18,372	**20,656**	**18,672**

OPERATING CASH FLOW

(MSEK)	Q1 2013	Q1 2012	Full year 2012
Cash flow from operating activities	**797**	**3,725**	**11,272**
Investments in property, plant and equipment	-1,098	-1,269	-5,808
Disposal of property, plant and equipment	-	-	6
Cash flow from operating activities (excl. current investments)	**-300**	**2,456**	**5,471**
Current investments (net)	4,349	1,765	-3,729
Cash flow after investing activities	**4,049**	**4,221**	**1,741**
Cash flow from financing activities – dividend paid	-	-	-5,000
Cash flow for the period	**4,049**	**4,221**	**-3,259**

PERSONNEL

	Q1 2013	Q1 2012	Full year 2012
Average number of employees	4,220	4,176	4,357
– of which women	748	683	788
– of which men	3,472	3,493	3,569

KEY RATIOS IN PERCENT

	Q1 2013	Q1 2012	Full year 2012
Gross margin	34.2	57.7	43.7
Profit margin	29.4	57.1	40.9
Return on equity	16.2	31.1	22.1
Equity/assets ratio at end of period	73.5	73.1	72.3

PARENT COMPANY

INCOME STATEMENT

(MSEK)	Q1 2013	Q1 2012	Full year 2012
Net sales	4,944	7,174	25,054
Cost of goods sold	-3,390	-2,985	-14,145
Gross profit	**1,554**	**4,189**	**10,909**
Selling expenses	-27	-49	-153
Administrative expenses	-121	-110	-468
Research and development expenses	-71	-68	-271
Other operating income	88	136	466
Other operating expenses	-69	-119	-395
Operating profit	**1,354**	**3,979**	**10,088**
Income from financial items			
Income from participations in Group companies	0	0	324
Income from participations in associated companies	0	0	1
Income from other securities and receivables held as non-current assets	28	19	140
Other interest income and similar profit/loss items	108	202	520
Interest expense and similar profit/loss items	-136	-27	-231
Profit after financial items	**1,354**	**4,173**	**10,842**
Appropriations	-	-	-2,358
Profit before tax	**1,354**	**4,173**	**8,485**
Tax	-298	-1,104	-2,216
Profit for the period	**1,056**	**3,069**	**6,269**

STATEMENT OF COMPREHENSIVE INCOME

(MSEK)	Q1 2013	Q1 2012	Full year 2012
Profit for the period	1,056	3,069	6,269
Other comprehensive income for the period	-	-	-
Comprehensive income for the period	**1,056**	**3,069**	**6,269**

PARENT COMPANY

BALANCE SHEET

(MSEK)	March 31, 2013	March 31, 2012	Dec 31, 2012
ASSETS			
Non-current assets			
Intangible assets	18	61	73
Property, plant and equipment	24,790	21,989	24,675
Financial assets			
Participations in Group companies	1,410	1,410	1,410
Participations in associated companies	0	1	0
Receivables from subsidiaries	1,041	1,275	1,142
Other non-current securities holdings	129	127	129
Other non-current receivables	182	171	185
Deferred tax asset	519	289	486
Total financial assets	3,282	3,273	3,352
Total non-current assets	**28,090**	**25,323**	**28,100**
Current assets			
Inventories	1,803	1,877	1,946
Current receivables			
Accounts receivable	3,174	3,917	2,918
Receivables from subsidiaries	1,901	1,148	1,398
Other current receivables	1,695	394	1,352
Prepaid expenses and accrued income	71	73	70
Total current receivables	6,841	5,531	5,738
Current investments	8,667	7,613	17,883
Cash and cash equivalents	9,292	12,623	457
Total current assets	**26,602**	**27,644**	**26,024**
TOTAL ASSETS	**54,692**	**52,967**	**54,124**

PARENT COMPANY

BALANCE SHEET

(MSEK)	March 31, 2013	March 31, 2012	Dec 31, 2012
SHAREHOLDER'S EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (700,000 shares)	700	700	700
Statutory reserve	697	697	697
Non-restricted equity			
Retained earnings	24,659	23,389	18,390
Profit for the year	1,056	3,069	6,269
Total shareholder's equity	**27,112**	**27,855**	**26,056**
Untaxed reserves	**16,866**	**14,509**	**16,866**
Provisions			
Provisions, urban transformation	5,039	4,542	4,934
Other provisions	1,576	1,834	1,616
Total provisions	**6,615**	**6,376**	**6,550**
Current liabilities			
Trade payables	1,078	1,339	1,394
Liabilities to group companies	957	1,372	991
Other current liabilities	37	99	99
Accrued expenses and prepaid income	1,076	917	1,225
Provisions, urban transformation	950	500	943
Total current liabilities	**4,098**	**4,227**	**4,652**
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	**54,692**	**52,967**	**54,124**
Pledged assets	236	240	236
Contingent liabilities	126	146	126

KEY RATIOS IN PERCENT

	Q1 2013	Q1 2012	Full year 2012
Gross margin	31.4	58.4	43.5
Profit margin	27.4	58.2	43.3
Return on equity	10.7	27.0	16.6
Equity/assets ratio at end of period	73.6	72.8	72.4

Definitions
Gross margin: Profit as a percentage of revenue for the period
Profit margin: Profit after financial items as a percentage of net sales for the year.
Return on equity: Income after tax as a percentage of average equity (rolling 12 month figures).
Equity/assets ratio: Equity as percentage of total assets.

NOTE 1 Changed accounting principles and new standards

Revised IAS 19: Employee benefits – defined-benefits pension plans

The revised IAS 19 (IAS 19R) is applicable commencing January 1, 2013. Among other things, IAS 19 states that it is no longer permissible to report actuarial gains and losses according to the so-called corridor method. The revised recommendation also contains guidance concerning how taxes payable on pension benefits must be reported for which reason the declaration from the Swedish Financial Reporting Board UFR 4 Reporting special contribution tax on pensions expenses and capital gain tax is no longer applied. When reporting capital gain tax a new declaration from the Swedish Financial Reporting Board UFR 9 Reporting capital gain tax is applied. Because LKAB has already reported actuarial gains and losses directly in other comprehensive income, the change to IAS 19R, which removes the so-called corridor method, will have no significant effect on LKAB's financial position and reported pension expenses. Previously LKAB also reported taxes payable on pension benefits according to a method consistent with IAS 19R. This means that the introduction of IAS 19R will not have any material effect on equity as per January 1, 2012 and December 31, 2012.

According to IAS 19R actuarial gains and losses are reported as a revaluation of defined-benefits pension plans in other comprehensive income. Revaluations reported in other comprehensive income may not be reversed to the income statement in subsequent periods.

Furthermore, IAS 19R explains that when calculating defined-benefits pension expenses in the income statement, anticipated returns on plan assets no longer constitute an assumption that must be reported in the income statement. Instead, the anticipated return on plan assets and the discount effect are replaced by net interest income which must be calculated using the same discount rate used when calculating the defined-benefits pension obligation. This means that the presentation of pension costs has changed as a result of the introduction of IAS 19R, which has also affected the reporting of items in other comprehensive income. The comparative figures for 2012 have been restated in compliance with the transition rules in IAS 19R. These changes have entailed a negative effect on net financial income/expense of SEK 11 million for the full year 2012 and SEK 2.8 million for Q1, 2012. The corresponding amount for the periods concerned has increased in other comprehensive income.

Revised IAS 19 also entailed changed principles for reporting compensation for termination. However, this change has had no effect on LKAB's financial statements.

IFRS 13 Fair value measurement

The new IFRS 13 standard replaces earlier guidance provided in standards concerning fair value measurement. The standard is applicable to measurement to fair value of both financial and non-financial items. Fair value is defined as the price that would have been received for the sale of an asset or the compensation that would be paid for transferring a liability in a normal transaction between market players at the time of valuation (exit price). IFRS 13 has been applied prospectively commencing January 1, 2013. However, the change has had no material effect on LKAB's financial statements.

IFRS 13 requires that several quantitative and qualitative disclosures be presented in the annual report concerning fair value measurement. As a result of the disclosure requirements in IFRS 13, IAS 34 Interim Financial Reporting has also been updated and now requires interim reports published commencing January 1, 2013 to contain specific disclosures regarding financial instruments reported at fair value. The change to IAS 34 also requires disclosures to be made in interim reports regarding the fair value of financial instruments reported to accrued cost. Refer to Note 2 for this information in the interim report.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Current mining operations in the LKAB Mining Division are carried out in underground mines. During 2013 mining began in the Gruvberget open pit mine in Svappavaara, which is currently LKAB's only open pit mine. During 2012 open pit mining operations were limited for which reason earnings and financial position for 2012 would not have been reported differently if IFRIC 20 had been applied in 2012. Commencing January 1, 2013 LKAB reports stripping costs as an asset depreciated on the basis of production.

In compliance with the transition rules in IFRIC 20, stripping costs are reported according to the above principle and applied to stripping costs that have arisen commencing January 1, 2012.

IAS 1 Presentation of Financial Statements – presentation of other comprehensive income

Changes to IAS 1 Presentation of Financial Statements requires additional disclosures in other comprehensive income so that items are grouped in two categories: a) items that will not be transferred to earnings and b) items that will be transferred to earnings if certain criteria are met. The way LKAB's has applied the changes introduced into IAS 1 is shown in the consolidated statement of comprehensive income. These changes have only affected the presentation of items reported in other comprehensive income but have had no effect on its reported financial position or profit for 2012 nor are they anticipated to have any effect on future presentations of profit/loss.

Revised IFRS 7 Disclosure regarding Financial Instruments

The changes in IFRS 7 mean that future disclosure requirements regarding financial assets and liabilities whose value is offset in the balance sheet or which are subject to various legally binding master netting agreements or other risk-reducing agreements.

Other IFRS changes

No other new or revised IFRSs and interpretations from IFRIC other than those mentioned above have been applied or had any material effect on the Group's or parent company's financial position, profit or disclosures. LKAB has chosen not to apply IFRS 10–12 and the changed standards in IAS 27 and IAS 28 in advance but will apply them commencing January 1, 2014.

NOTE 2 Disclosure regarding Financial Instruments

The following tables show how the fair value was determined in financial instruments reported at fair value in the statement of financial position. A breakdown of how fair value is determined is carried out on three levels.

Level 1: According to prices quoted on an active market for such instruments.

Level 2: According to direct or indirect observable market data not included in level 1.

Level 3: According to input data that is not observable on the market.

Group, March 31, 2013

MSEK	Level 1	Level 2	Level 3	Total
Shares, financial assets	632			632
Shares, current holdings	1,761			1,761
Interest-bearing instruments	6,740	385		7,125
Non-current receivables		104		104
Cash and cash equivalents	9,486			9,486
Forward exchange contracts (USD)		54		54
Total	**18,619**	**543**		**19, 162**

The category 'interest-bearing instruments' (Level 2) refers to bond obligations that are reported at prices quoted on the bond and derivatives market. Non-current receivables (Level 2) are calculated by measuring the present value of capital cash flows. Forward exchange contracts (Level 2) are calculated based on a model using prices from Reuters.

Fair value calculation

The following is a summary of the principal methods and assumptions used in determining the fair value of financial instruments reported in the table above.

Securities

For listed financial assets, fair values correspond to the asset's buying rate on the closing date.

Derivative instruments

Forward exchange contracts are calculated at current market prices by using quoted market prices. The discount rate used is the market interest rate on similar instruments quoted on closing day.

Other receivables and liabilities

The carrying amount of other receivables and liabilities is equivalent to fair value.

NOT 3 Provisions as a result of mining operations

Commencing January 1 2013 the costs due to successive expansion of deformations in the communities caused by mining activities will be reported on an ongoing basis during the year, and for Q1 said expenses amount to SEK 152 million.

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