2012

INTERIM REPORT Q2

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

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APRIL–JUNE

- NET SALES DECREASED 23 PER CENT TO MSEK 6,259 (8,146).
- OPERATING PROFIT AMOUNTED TO MSEK 2,297 (3,958).
- PROFIT BEFORE TAX WAS MSEK 2,339 (4,081).
- PROFIT FOR THE PERIOD AMOUNTED TO MSEK 1,713 (2,877).
- CASH FLOW FROM OPERATING ACTIVITIES AMOUNTED TO MSEK 1,311 (1,279).
- A DIVIDEND OF MSEK 5,000 (5,000) WAS PAID TO THE OWNER.

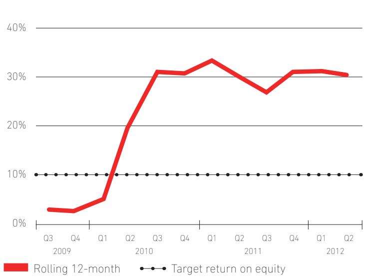
JANUARY–JUNE

- NET SALES DECREASED 2 PER CENT TO MSEK 13,900 (14,208).
- OPERATING PROFIT AMOUNTED TO MSEK 6,415 (6,835).
- PROFIT BEFORE TAX WAS MSEK 6,698 (6,951).
- PROFIT FOR THE PERIOD AMOUNTED TO MSEK 4,944 (5,113).
- CASH FLOW FROM OPERATING ACTIVITIES AMOUNTED TO MSEK 3,767 (2,985).
- A DIVIDEND OF MSEK 5,000 (5,000) WAS PAID TO THE OWNER.

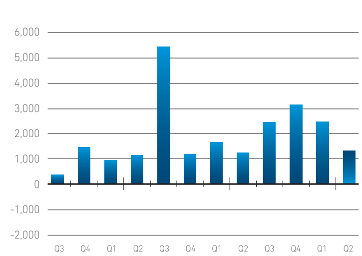
COMMENTS BY THE PRESIDENT AND CEO

NET SALES AND OPERATING PROFIT MSEK

RETURN ON SHAREHOLDERS' EQUITY



OPERATING CASH FLOW MSEK



The slowdown in the Chinese economy and continued financial difficulties within the euro zone increase uncertainty about global economic developments, thereby impacting demand for both steel and iron ore. The market remains volatile and unpredictable. The good news is that US steel production increased 7.2% during the first half of the year compared to the same period last year. Shale gas exploration in the US also suggests great potential for increased capital expenditures in direct reduction plants, thus increasing demand for iron ore pellets.

Shipments of iron ore products in the second quarter totalled 5.6 (6.9) Mt, a decrease of 19%. Production amounted to 5.8 (6.0) Mt, a decrease with 3%.

During the second quarter, a number of extraordinary events affected production and delivery volumes negatively, compared to the second quarter of 2011. There was a planned 10-day maintenance shutdown to repair the ship loader in Narvik during the quarter, which affected delivery volumes. On 23 April, a crack in a support ring at LKAB's KK4 pelletizing plant resulted in 19 days of downtime. A strike among government and public employees in Norway broke out during the quarter and meant that LKAB as a third party suffered a nine-day delivery disruption in rail transport to the Port of Narvik. This led to a reduced delivery volume of about 1.0 Mt, which has increased the inventories at the production sites.

New iron ore prices effective from the second quarter of 2012 were set during the quarter. Iron ore prices, expressed as a price index in USD representative of LKAB's products, decreased about 20% compared to the second quarter of 2011. Net sales decreased 23% to MSEK 6,259 (8,146) and operating profit stood at MSEK 2,297 (3,958). Lower delivery volumes and lower iron ore prices meant lower second quarter earnings year-on-year. The negative impact of lower delivery volumes and prices was offset by a higher average USD exchange rate. All in all, the market situation and LKAB's negative costs trend, which is largely due to production disruptions, has led to initiation of a cost reduction program called LKAB 370 that will take full effect in 2015.

Operating cash flow was MSEK 1,311 (1,279) million, which is in line with last year and is explained by reduction in working capital which has offset the decreased result. Capital expenditures amounted to MSEK 1,477 (1,382) and relate primarily to new main levels in Kiruna and Malmberget.

LKAB's planned expenditures in new mining capacity for an annual delivery volume of over 37 Mt of finished iron ore products by 2015 remain unchanged providing that environmental permits are issued by the authorities.

In June, the Supreme Court announced that it would not grant leave to LKAB's appeal of the environmental decision on Gruvberget. Thus, the Land and Environmental Court of Appeal's decision to reject LKAB's permit application is legally binding. This means that the company's so-called execution authorisation, under which LKAB has been running operations at Gruvberget since 2010, is no longer valid. Accordingly, LKAB has no mining permit for Gruvberget and operations have been discontinued. Gruvberget is now being handled in the broader application for a new environmental permit covering the mineral processing operation in Svappavaara. In June, the Norrbotten County Administrative Board gave LKAB permission to drain the water from the Leveäniemi open pit mine. Drainage should be completed in 2014.

During the quarter, LKAB opened a new main level in Malmberget (MUJ 1250) with an estimated lifetime up to 2022–2025.

Lars-Eric Aaro,
President and CEO

THE LKAB GROUP IN SUMMARY

APRIL–JUNE

Production of iron ore products in the Mining Division amounted to 5.8 (6.0) Mt. Total deliveries for the period amounted to 5.6 (6.9) Mt, of which 4.6 (5.6) Mt were pellets. The proportion of pellets in the second quarter of 2012 was 82% (82). At the end of June, stocks of iron ore products amounted to 1.9 (1.1) Mt.

During the second quarter, a number of extraordinary events affected production and delivery volumes negatively, compared to the second quarter of 2011. There was a planned 10-day maintenance shutdown to repair the ship loader in Narvik during the quarter, which affected delivery volumes. On 23 April, a crack in a support ring at LKAB's KK4 pelletizing plant resulted in 19 days of downtime. A strike among government and public employees in Norway broke out during the quarter and meant that LKAB as a third party suffered a nine-day delivery disruption in rail transport to the Port of Narvik. This led to a reduced delivery volume of about 1.0 Mt, which has increased the inventories at the production sites

Net sales decreased 23% to MSEK 6,259 (8,146). The decrease is broken down into these factors: volume/mix -18%, price -10% and currency +5%. Without any hedging in USD, the currency effect would have been +6%.

New iron ore prices effective from the second quarter of 2012 were set during the quarter. Iron ore prices, expressed as a price index in USD representative of LKAB's products, decreased about 20% compared to the second quarter of 2011. Lower delivery volumes and lower iron ore prices led to lower earnings than last year. Operating profit for the second quarter amounted to MSEK 2,297 (3,958). The negative impact of lower volumes and prices was partly offset by a higher average USD exchange rate.

Earnings from financial items totalled MSEK 42 (124). Exchange gains/losses amounted to MSEK -18 (42). Net interest income was MSEK 6 (9). Return on market portfolios and interest-bearing investments amounted to MSEK 24 (41). Net pension expense amounted to MSEK -21 (-16). Dividends from quoted shares amounted to MSEK 51 (48).

Operating cash flow stood at MSEK 1,311 (1,279), which is in line with last year and is explained by a reduction in working capital, which has offset the decreased result. Expenditures for work in progress with new main levels in Malmberget and Kiruna dominated capital expenditures, which amounted to MSEK 1,477 (1,382).

During the period, a cooperation agreement was signed with Gällivare Municipality for urban transformation in Malmberget.

JANUARY–JUNE

Production of iron ore products in the Mining Division totalled 12.7 (12.5) Mt. Total deliveries for the period amounted to 12.3 (12.5) Mt, of which 10.3 (10.2) Mt were pellets.

Group net sales decreased 2% to MSEK 13,900 (14,208). The decrease is attributable to these factors: price -4%, currency +4% and volume/mix -2%. Without any hedging in USD, the currency effect would have been +5%.

Group operating profit decreased to MSEK 6,415 (6,835), primarily due to lower iron ore prices and slightly lower volumes along with higher production costs compared to the first half of 2011. However, these negative items are offset by a higher average USD exchange rate.

Group operating cash flow for the first half of the year was MSEK 3,767 (2,985). During the period, reduction in working capital, which has offset the dereased result, was reduced primarily due to lower trade receivables that are primarily a result of lower delivery volumes and price adjustments.

Earnings from financial items totalled MSEK 283 (115). Exchange gains/losses amounted to MSEK 3 (-2). Net interest income was MSEK 22 (20). Return on market portfolios and interest-bearing investments amounted to MSEK 247 (78). Net pension expense amounted to MSEK -40 (-34). Dividends amounted to MSEK 51 (53).

THE LKAB GROUP IN SUMMARY

MSEK	Q2 2012	Q2 2011	Q 1–2 2012	Q 1–2 2011	Full year 2011
Net sales	6,259	8,146	13,900	14,208	31,122
Operating profit	2,297	3,958	6,415	6,835	14,705
Profit from financial items	42	124	283	115	96
Profit before tax	2,339	4,081	6,698	6,951	14,801
Profit for the period	1,713	2,877	4,944	5,113	10,960
Cash flow from operating activities*	1,311	1,279	3,767	2,985	8,639
Investments in property, plant and equipment*	1,477	1,382	2,746	2,427	5,126

**See the cash flow statement on page 12 for further information.*

MARKET AND SALES

THE STEEL AND IRON ORE MARKET

According to statistics from the World Steel Association, global production of crude steel increased 0.9% in the first half of 2012 to 767 Mt year-on-year. During full year 2011, 1,527 Mt were produced. In the EU15, crude steel production decreased 5.4%, while it rose 7.2% in North America and 0.6% in China over the same period. Globally, capacity utilisation rose in June to 80.4% compared with 79.7% the previous month. The overall recovery of the economy and increased natural gas resources (shale gas) are contributing factors to the positive trend in the US.

Weaker demand in China, the world's largest consumer and producer of steel, has pushed steel prices down while the country's steel production continues at record levels with marginal growth. China's crude steel production during the first half of the year increased by about 2.3% compared to same period last year. Concurrently, there are signs now that steel stocks are beginning to decrease.

Demand for steel in the EU improved during the initial months of the year, leaving room for small price increases, but demand was curbed substantially in the second quarter and steel prices began to fall again. European economic data and the Purchasing Managers' Index also confirmed the weakening of major European economies such as Germany and France, largely because of the recurrent debt crises in the euro zone.

In Europe, steel producers cut back production to reduce inventory and prevent further price falls. The continuing economic problems in the euro zone and credit availability are major causes contributing to dampened expectations on the market and a weaker price trend for steel products. Steel producers will continue with production limits to keep steel prices stable during the third quarter of 2012.

China's monthly iron ore imports in 2012 have been just under 60 Mt. The figure for June was about 58.3 Mt, which is 14% higher than last year, and for the first half of the year it was 366 Mt or 9.8% higher than the same period in 2011. Overall, the global situation has had a negative impact on iron ore prices, since iron ore stocks, especially in China, are still high while demand for steel products has been weak. This is also confirmed by the fact that iron ore prices in July once again fell sharply, as they did in October 2011. Demand for DR-pellets for gas-based iron and steel manufacturing remains strong, while the market for blast furnace pellets in China has weakened considerably. An acceleration of infrastructure investments in China has raised hopes for increased demand for raw materials and rising prices, particularly for iron ore.

The slowdown in the Chinese economy and continued financial difficulties within the euro zone increase uncertainty about global economic developments, thereby impacting demand for iron ore. The market is still volatile and unpredictable in the shadow of tighter credit and general caution.

THE INDUSTRIAL MINERALS MARKET

The uncertain macroeconomic situation means that the Minerals Division generally sees a continuing cautious attitude among customers in the market segments in which the division is active. Demand over the next quarter is expected to remain stable, but at a lower level than last year.

MINING DIVISION

IRON ORE PRODUCTION AND DELIVERIES

Production of iron ore products in the Mining Division amounted to 5.8 (6.0) Mt in the second quarter. Total deliveries for the period amounted to 5.6 (6.9) Mt, of which 4.6 (5.6) Mt were pellets. Stocks amounted to 1.9 (1.1) Mt at the end of June.

SALES AND EARNINGS

Lower delivery volumes and iron ore prices meant lower second quarter earnings year-on-year. Net sales decreased to MSEK 5,816 (7,534) and operating profit amounted to MSEK 2,198 (3,738).

MINERALS DIVISION

SALES AND EARNINGS

Net sales stood at MSEK 423 (651) for Q2 2012. Operating profit decreased by SEK -89 million to MSEK 33 (122). The largest deviation is due to the fact that in Q2 2011 the division had sales to pipe-coating, which was moved to the Mining Division in 2012.

SPECIAL BUSINESSES

SALES AND EARNINGS

Net sales increased 7%, amounting to MSEK 637 (597). Operating profit amounted to MSEK 1 (90).

Earnings include a write-down of MSEK 64 for a disputed insurance claim, which was charged to LKAB's insurance company.

THE GROUP'S CAPITAL EXPENDITURES

Group expenditures on property, plant and equipment for the quarter amounted to MSEK 1,477 (1,382). Expenditures for work in progress on the new main levels in Malmberget and Kiruna account for most of these expenditures. Short-term investments of MSEK 5,262 (1,802) affected investing activities (net).

THE GROUP'S LIQUIDITY

Operating cash flow was MSEK 1,311 (1,279), which is in line with last year and is mainly due to improvements in working capital through lower trade receivables. Cash and cash equivalents and short-term investments amounted to MSEK 16,968 (12,547).

In the second quarter, the inflow of US dollars from iron ore sales amounted to MUSD 1,078 (882), of which MUSD 460 (410) was hedged at an average rate of 6.87 (7.14) SEK/USD. The average exchange rate on the spot market amounted to 6.95 (6.26) SEK/USD for the same period.

During the first half of the year, the inflow of US dollars from iron ore sales amounted to MUSD 2,154 (1,793), of which MUSD 900 (810) was hedged at an average rate of 6.70 (7.12). The average exchange rate on the spot market amounted to 6.85 (6.37) SEK/USD for the same period.

At the end of the second quarter, outstanding forward exchange contracts totalled MUSD 1,335, hedged at an average rate of 7.01 SEK/USD. At the same time last year, forward exchange contracts amounted to MUSD 770 and the average rate was 6.65 SEK/USD.

PARENT COMPANY

Parent Company net sales amounted to MSEK 5,797 (7,524), of which MSEK 68 (108) was invoiced to subsidiaries. Profit before tax was MSEK 2,924 (4,052).

Expenditures on property, plant and equipment amounted to MSEK 1,309 (1,266). Cash and cash equivalents and short-term investments amounted to MSEK 16,720 (12,174) at the end of the quarter.

TRANSACTIONS WITH RELATED PARTIES

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

RISKS AND UNCERTAINTY FACTORS

As an international group, LKAB is exposed to various risks. Risk management is vital for minimising the impact of factors that lie beyond the Group's control. Within the Group there are methods for ensuring that the risks to which the company is exposed are managed according to established guidelines and methods, as well as for assessing and limiting these risks.

Fluctuations in the world economy can strongly influence global steel production, which, in turn, directly affects the demand for iron ore. Other risks may be a weakening of the dollar, falling pellet prices, higher energy tariffs and taxes, and increased costs for emissions rights.

Unlike LKAB, LKAB's major competitors mine their ore in open pits. Consequently, their production costs are significantly lower. For LKAB, high and consistent product quality and cost effectiveness are critical factors for meeting the competition. LKAB's high-quality magnetite ore is a significant competitive advantage.

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

During an economic boom, demand for pellets is greater than demand for fines. Pellets account for about 82% of LKAB's deliveries. Sea freight rates have a major effect, but LKAB is at an advantage, since 75% of the company's customers are in Europe. LKAB has relatively few customers, which means that each individual customer is significant. High and consistent product quality combined with value-adding services to customers are risk-mitigating factors.

Global iron ore price setting is now done in three principal ways: annual (benchmark) pricing, spot pricing and indexed quarterly pricing. LKAB has preferred annual price agreements so as to facilitate long-term planning of operations.

Iron ore trading is conducted in US dollars. LKAB's future inflows of payments (transaction exposure) are exposed to risks associated with currency fluctuations, which is why they are hedged with forward contracts in US dollars in accordance with the company's currency policy. The exact magnitude of the transaction exposure is difficult to ascertain far in advance, since it is largely dependent on the market price of iron ore.

LKAB's operations are subject to permits and are regulated by extensive legislation. Different permit applications are coupled with different types of risks depending on the type of project and permit being sought. Risks may vary from insignificant to severe, but can in general terms entail project delays that may lead to cost increases or interruptions/stoppages in production mines/plants that have a major economic impact. The extreme would be that no permit is granted. Earlier applications with long turnaround times have significantly prolonged decisions on permitting.

LKAB's expansion of mining operations in the ore fields entails a successive expansion of deformation zones – a result of mining. Changes in social structures are therefore inevitable in the long term. Together with the state/owner, municipalities, public authorities, other companies, property owners and other stakeholders, LKAB is working actively to find joint solutions for these structural transformations. As impact due to mining activities (economic/physical damage to property) is incurred and where legal or informal commitments to external stakeholders exist, LKAB allocates funds for these commitments. Urban transformation will entail considerable costs and expenditures.

Impacts on the ore field communities have encumbered, and will encumber, LKAB's earnings and liquidity considerably in the years to come. LKAB must therefore remain financially strong and maintain a good earning capacity in order to meet future obligations imposed by the structural transformation.

For further information concerning risks, please refer to LKAB's 2011 Annual Report.

FUTURE DEVELOPMENT

LKAB's strategic plan for the coming years includes an increase in volume of more than 35 per cent to an annual capacity of 37 Mt of iron ore products by 2015. Growth is necessary to increase the competitiveness of LKAB through higher volumes, which leads to reduced cost per tonne. But also to respond to a changing market where customers are growing and demand from emerging markets is increasing, particularly for DR-pellets for gas-based iron and steel manufacturing. In order to be a "preferred" supplier to its customers, LKAB needs to deliver top quality products in expanded volumes.

Growth requires increased availability of iron ore to refine into high-quality, climate-friendly iron ore products – mainly pellets. Most of the additional iron ore will come from new mines and mainly from three open pit mines in the Svappavaara field. In June, the Supreme Court announced that it would not grant leave to LKAB's appeal of the environmental decision on Gruvberget. Thus, the Land and Environmental Court of Appeal's decision to reject LKAB's permit application is legally binding. This means that the company's so-called execution authorisation, under which LKAB has been running operations at Gruvberget since 2010, is no longer valid. Accordingly, LKAB has no mining permit for Gruvberget and operations have been discontinued. In July 2011, LKAB supplemented its previously submitted application for a new permit concerning the mineral processing operation in Svappavaara with a permit application for the Gruvberget operation. At the end of June this year the Land and Environment Court made this application public, which means that the application is considered complete. When operations at Gruvberget can be started up again, however, remains unclear.

In June, the Norrbotten County Administrative Board gave LKAB permission to drain the water from the Leveäniemi open pit mine. Drainage should be completed in 2014. Additional studies of the ore body will be done in parallel. The mining permit application for Mertainen was submitted to the Land and Environment Court in early March. The schedule for the planned expansion in LKAB's mining capacity is critically dependent on obtaining environmental permits. The risk that the necessary permits for the three open pit mines in Svappavaara will not be granted in time has decreased. LKAB's planned investments in new mining capacity for an annual delivery volume of over 37 Mt of finished iron ore products by 2015 remain unchanged, however, provided that necessary environmental permits are issued.

Exploration for additional iron ore deposits is proceeding in the mines and in the vicinities of existing operations. The exploration organisation is being increased and total exploration costs are estimated at MSEK 120 for 2012–2013.

The growth strategy calls for a rail haulage capacity on the Ore Railway of at least 40 Mt of iron ore products by 2015. This necessitates longer passing loops on the line between Luleå and Narvik. The Swedish Transport Administration will extend four passing loops along the Ore Railway. This is important, especially since other actors operate on and plan to operate on the railway.

LKAB's exposure on the electricity market is increasing. The overall growth strategy will lead to increased use of electricity, despite major energy conservation initiatives. A long-term strategy was developed for energy procurement and conservation in order to address future price trends and increased energy consumption.

Continuous world-class research and development is required if LKAB is to maintain its position as the technological global leader in iron ore pellets.

Ongoing investment projects and LKAB's future plans involve major strategic investments, and thus considerable expenditures in the coming years. Continued underground mining in Kiruna and Malmberget and the opening of new mines in the Svappavaara field also entail high costs for urban transformation in all three locations. This places high demands on the Group's ability to generate sufficient operating income and cash flows in future years.

ACCOUNTING PRINCIPLES

This 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.

The same accounting principles and calculation methods that were used in the most recent annual report were applied.

All amounts in this interim report are stated in MSEK unless otherwise stated. Rounding differences may occur.

The Board of Directors and CEO declare that this interim report gives a true and fair view of the company's and Group's operations, financial position, and earnings and describes the principal risks and uncertainties facing the company and the companies included in the Group.

This report was not subject to limited review by the auditors.

Luleå, 15 August 2012
Luossavaara-Kiirunavaara AB (publ)

Marcus Wallenberg
Chairman of the Board

Hans Biörck
Board member

Maija-Liisa Friman
Board member

Lars-Åke Helgesson
Board member

Sten Jakobsson
Board member

Hanna Lagercrantz
Board member

Maud Olofsson
Board member

Seija Forsmo
Employee representative

Tomas Strömberg
Employee representative

Jan Thelin
Employee representative

Lars-Eric Aaro
President and CEO

FINANCIAL INFORMATION	DATE
Interim report Q3 2012	22 Oct 2012
Interim report Q4 2012	Feb 2013
Annual General Meeting	Apr 2013

Reports are available at www.lkab.com.
Questions concerning this report may be directed to Lars-Eric Aaro, President and CEO, +46 920 381 06, or Leif Boström, Senior Vice President, Finance, +46 920 381 62.

CONDENSED INCOME STATEMENT

(MSEK)	Q2 2012	Q2 2011	Q 1–2 2012	Q 1–2 2011	Full year 2011
Net sales	6,259	8,146	13,900	14,208	31,122
Cost of goods sold	-3,577	-3,789	-6,808	-6,749	-15,190
Gross profit	**2,682**	**4,357**	**7,093**	**7,459**	**15,932**
Other operating income and expenses*	-385	-399	-677	-624	-1,227
Operating profit	**2,297**	**3,958**	**6,415**	**6,835**	**14,705**
Profit from financial income and expenses	42	124	283	115	96
Profit before tax	**2,339**	**4,081**	**6,698**	**6,951**	**14,801**
Tax	-626	-1 204	-1 755	-1,838	-3,841
Profit for the period	**1,713**	**2,877**	**4,944**	**5,113**	**10,960**
Profit for the period attributable to Parent Company shareholders	1,713	2,877	4,944	5,113	10,960
Earnings per share before and after dilution (SEK)	2,447	4,110	7,062	7,304	15,657

STATEMENT OF COMPREHENSIVE INCOME, CONDENSED

(MSEK)	Q2 2012	Q2 2011	Q 1–2 2012	Q 1–2 2011	Full year 2011
Profit for the period	**1,713**	**2,877**	**4,944**	**5,113**	**10,960**
Exchange differences on translation of foreign entities for the period	-1	38	8	-3	-10
Change in fair value of available for sale financial assets for the period	-156	-67	-90	-228	-646
Change in fair value of cash flow hedges for the period	-52	-256	78	-86	-283
Actuarial gains and losses	-103		-103		-172
Tax attributable to components of cash flow hedges and actuarial gains and losses	40	67	7	23	94
Other comprehensive income	**-272**	**-218**	**-100**	**-294**	**-1,017**
Total comprehensive income for the period attributable to Parent Company shareholder	**1,441**	**2,659**	**4,843**	**4,819**	**9,943**

SALES BY DIVISION

(MSEK)	Q2 2012	Q2 2011	Q 1–2 2012	Q 1–2 2011	Full year 2011
Mining Division	5,816	7,534	13,009	12,953	28,335
of which intra-group revenue	68	108	144	144	310
Minerals Division	423	651	863	1,174	2,628
of which intra-group revenue	0	0	1	0	5
Special Businesses Division	637	597	1,272	1,184	2,523
of which intra-group revenue	548	528	1,099	959	2,049
Eliminations	-617	-636	-1,244	-1,104	-2,364
Total net sales	**6,259**	**8,146**	**13,900**	**14,208**	**31,122**

OPERATING PROFIT BY DIVISION

(MSEK)	Q2 2012	Q2 2011	Q 1–2 2012	Q 1–2 2011	Full year 2011
Mining Division	2,198	3,738	6,177	6,427	13,624
Minerals Division	33	122	71	223	603
Special Businesses Division	1	90	90	154	405
Consolidation adjustments	65	7	76	32	73
Operating profit	**2,297**	**3,958**	**6,415**	**6,836**	**14,705**
Profit before tax	2,339	2,877	6,698	6,951	14,801

**Other operating income and expenses also includes selling, administrative, and research and development expenses.*

CONDENSED STATEMENT OF FINANCIAL POSITION

(MSEK)	30 Jun 2012	30 Jun 2011	31 Dec 2011
ASSETS			
Non-current assets			
Intangible assets	274	311	270
Property, plant and equipment	28,096	24,618	26,285
Financial assets	1,066	1,539	1,124
Total non-current assets	**29,436**	**26,468**	**27,679**
Current assets			
Inventories	2,807	2,197	2,449
Current receivables	3,187	4,232	5,401
Short-term investments	13,003	7,476	9,506
Cash and cash equivalents	3,965	5,071	8,695
Total current assets	**22,962**	**18,976**	**26,051**
TOTAL ASSETS	**52,398**	**45,444**	**53,730**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company shareholders	37,735	32,769	37,893
Total shareholders' equity	**37,735**	**32,769**	**37,893**
Non-current liabilities			
Provisions for pensions and similar commitments	2,897	2,585	2,775
Provisions for urban transformation	3,569	3,455	4,664
Other provisions	176	165	161
Deferred tax liabilities	3,762	3,228	3,775
Total non-current liabilities	**10,405**	**9,433**	**11,375**
Current liabilities			
Trade payables	1,750	1,689	1,982
Other liabilities	1,108	898	2,041
Provision for urban transformation	1,400	655	439
Total current liabilities	**4,258**	**3,242**	**4,462**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**52,398**	**45,444**	**53,730**

STATEMENT OF CHANGES IN GROUP EQUITY

MSEK	Share capital	Shareholders' equity attributable to Parent Company shareholders: Reserves – Translation reserve	Fair value reserve	Hedging reserve	Retained profits including net profit for the year	Total equity
Opening equity 1 Jan 2011	700	-93	1,313	160	30,871	32,951
Net income for the year					10,960	10,960
Other comprehensive income for the period		-10	-647	-208	-153	-1,018
Comprehensive income for the period		-10	-647	-208	10,807	9,942
Dividend					-5,000	-5,000
Closing equity 31 Dec 2011	**700**	**-103**	**666**	**-48**	**36,678**	**37,893**

MSEK	Share capital	Shareholders' equity attributable to Parent Company shareholders: Reserves – Translation reserve	Fair value reserve	Hedging reserve	Retained profits including net profit for the year	Total equity
Opening equity 1 Jan 2012	700	-103	666	-48	36,678	37,893
Profit for the period					4,944	4,944
Other comprehensive income for the period		8	-90	57	-76	-101
Comprehensive income for the period		8	-90	57	4,868	4,843
Dividend					-5,000	-5,000
Closing equity 30 June 2012	**700**	**-95**	**576**	**9**	**36,546**	**37,735**

CONDENSED CASH FLOW STATEMENT

(MSEK)	Q2 2012	Q2 2011	Q 1–2 2012	Q 1–2 2011	Full year 2011
Operating activities					
Profit before tax	2,338	4,082	6,698	6,951	14,802
Adjustments for non-cash items	375	397	812	745	2,886
Income tax paid	-780	-987	-1,965	-2,825	-4,032
Cash flow from operating activities before working capital changes	1,933	3,491	5,545	4,871	13,656
Cash flow from changes in working capital	854	-830	968	541	92
Cash flow from operating activities	**2,788**	**2,661**	**6,513**	**5,412**	**13,748**
Investments in property, plant and equipment	-1,477	-1,382	-2,746	-2,427	-5,126
Other operating investments					17
Short-term investments (net)	-5,262	-1,802	-3,497	-960	-2,990
Cash flow after investing activities	-3,951	-523	270	2,025	5,649
Cash flow from financing activities – dividend paid	-5,000	-5,000	-5,000	-5,000	-5,000
Cash flow for the period	**-8,951**	**-5,523**	**-4,730**	**-2,975**	**649**
Cash and cash equivalents at start of period	12,916	10,594	8,695	8,046	8,046
Cash and cash equivalents at end of period	3,965	5,071	3,965	5,071	8,695
Change in cash and cash equivalents	**-8,951**	**-5,523**	**-4,730**	**-2,975**	**649**
Subcomponents of cash and cash equivalents					
Cash and bank balances			1,241	1,103	1,056
Short-term investments (maturity <90 days)			2,724	3,968	7,639
Cash and cash equivalents			**3,965**	**5,071**	**8,695**
LIQUIDITY					
Cash and cash equivalents			3,965	5,071	8,695
Short-term investments (maturity >90 days <1 year)			13,003	7,476	9,506
			16,968	**12,547**	**18,201**

OPERATING CASH FLOW

(MSEK)	Q2 2012	Q2 2011	Q 1–2 2012	Q 1–2 2011	Full year 2011
Cash flow from operating activities	2,788	2,661	6,513	5,412	13,748
Investments in property, plant and equipment	-1,477	-1,382	-2,746	-2,427	-5,126
Other operating investments					17
Operating cash flow (excluding short-term investments)	**1,311**	**1,279**	**3,767**	**2,985**	**8,639**
Short-term investments (net)	-5,262	-1,802	-3,497	-960	-2,990
Cash flow after investing activities	-3,951	-523	270	2,025	5,649
Cash flow from financing activities – dividend paid	-5,000	-5,000	-5,000	-5,000	-5,000
Cash flow for the period	**-8,951**	**-5,523**	**-4,730**	**-2,975**	**649**

PERSONNEL

	Q 1–2 2012	Q 1–2 2011	Full year 2011
Average number of employees	4,246	4,056	4,191
– of which women	740	638	702
– of which men	3,506	3,418	3,489

KEY RATIOS IN PER CENT

	Q 1–2 2012	Q 1–2 2011	Full year 2011
Profit margin	48.2	48.9	47.6
Return on equity	30.4	30.5	30.9
Equity/assets ratio at end of period	72.0	73.1	70.5

LKAB – PARENT COMPANY

CONDENSED INCOME STATEMENT

(MSEK)	Q2 2012	Q2 2011	Q 1–2 2012	Q 1–2 2011	Full year 2011
Net sales	5,797	7,524	12,971	12,931	28,282
Cost of goods sold	-3,241	-3,476	-6,226	-6,086	-13,579
Gross profit	**2,556**	**4,048**	**6,745**	**6,846**	**14,703**
Other operating income and expenses*	-289	-347	-500	-487	-1,124
Operating profit	**2,266**	**3,701**	**6,245**	**6,358**	**13,579**
Profit from financial income and expenses	657	351	851	426	447
Profit before appropriations and tax	2,924	4,052	7,096	6,785	14,026
Appropriations	0	0	0	0	-2,373
Tax	-739	-1,182	-1,843	-1,798	-3,046
Profit for the period	**2,185**	**2,870**	**5,254**	**4,987**	**8,607**

STATEMENT OF COMPREHENSIVE INCOME

(MSEK)	Q2 2012	Q2 2011	Q 1–2 2012	Q 1–2 2011	Full year 2011
Other comprehensive income for the period	2,185	2,870	5,254	4,987	8,607
Comprehensive income for the period	2,185	2,870	5,254	4,987	8,607

CONDENSED BALANCE SHEET

(MSEK)	30 Jun 2012	30 Jun 2011	31 Dec 2011
ASSETS			
Non-current assets			
Intangible assets	61	116	58
Tangible assets	22,886	19,950	21,165
Financial assets in Group companies	2,635	2,291	2,707
Other financial assets	586	592	586
Total non-current assets	**26,168**	**22,949**	**24,516**
Current assets			
Inventories	2,200	1,692	1,879
Current receivables from Group companies	1,578	1,556	1,570
Other current receivables	2,587	4,348	4,914
Short-term investments	15,706	11,420	17,073
Cash and bank balances	1,014	754	830
Total current assets	**23,084**	**19,770**	**26,266**
TOTAL ASSETS	**49,252**	**42,719**	**50,782**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	25,040	21,166	24,786
Untaxed reserves	14,509	12,135	14,509
Provisions for urban transformation	4,969	5,760	5,103
Other provisions	1,674		1,777
Current liabilities			
Trade payables	1,185	1,196	1,398
Liabilities to Group companies	1,113	1,264	1,906
Other liabilities	762	1,198	1,303
Total current liabilities	**3,060**	**3,658**	**4,607**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**49,252**	**42,719**	**50,782**

(MSEK)	Q 1–2 2012	Q 1–2 2011	Full year 2011
Assets pledged	240	248	240
Contingent liabilities	145	118	176

**Other operating income and expenses also includes selling, administrative, and research and development expenses.*

KEY RATIOS IN PER CENT

	Q 1–2 2012	Q 1–2 2011	Full year 2011
Profit margin	54.7	52.5	49.6
Return on equity	27.0	31.7	26.2
Equity/assets ratio at end of period	72.6	70.5	69.9

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

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