



Jakarta, April 2011

PT Krakatau Steel (Persero) Tbk.

IDX : KRAS
Reuters : KRAS.JK
Bloomberg : KRAS.IJ

**Market Capitalization - as of March 31, 2011
(IDR million)**
18,456,750

**Issued shares - as of March 31, 2011
(million shares)**
15,775

Share Price (Closing), IDR

3 January 2011 1,190
31 March 2011 1,170
3 month high 1,260
3 month low 1,020

Shareholders Composition - as of March 31, 2011

Government of Indonesia 80.00%
Public 20.00%

Board of Directors

President Director Fazwar Bujang
Operations Director Syahrir Syah Pohan
Finance Director Sukandar
Marketing Director Irvan Kamal Hakim
Logistics Director Yerry
Human Resources Director Dadang Danusiri

Consolidated Subsidiaries

PT Krakatau Wajatama
PT KHI Pipe Industries
PT Meratus Jaya Iron & Steel
PT Krakatau Daya Listrik
PT Krakatau Tirta Industri
PT Krakatau Bandar Samudera
PT Krakatau Industrial Estate Cilegon
PT Krakatau Engineering
PT Krakatau Information Technology
PT Krakatau Medika

Website

<http://www.krakatausteel.com>

ANNOUNCEMENT OF FIRST QUARTER 2011 RESULTS

Financial Highlights

Description (Rp bn)	Q1 2011	Q1 2010	Change (%)
Revenue	4,236	4,412	-4.0
Cost of Revenues	3,814	3,525	8.2
Gross Profit	422	887	-52.4
Operating Expenses	269	339	-20.6
Operating Income	153	548	-72.0
EBITDA	291	671	-56.6
Net Income	142	468	-69.7
EPS (Rp/share)	9	30	-69.7
Total Assets	17,780	13,015	36.6

Ratio	Q1 2011	Q1 2010
Gross Margin	9.97%	20.10%
Operating Margin	3.62%	12.42%
Net Margin	3.35%	10.61%
EBITDA Margin	6.88%	15.22%
Debt to Equity	64.83%	73.23%
Debt to Assets	34.41%	35.26%
Return on Equity (ROE) *	1.50%	7.47%
Return on Assets (ROA) *	0.80%	3.63%

* return Q1 2011 & 2010 in 3 months

- Net revenue in Q1 2011 was Rp 4.2 trillion, or a 4% decline year on year. This was due to a decline in sales volume of 13.5%, partially offset by an increase in average steel prices of 9% year on year.
- Gross profit of Rp 422 billion in Q1 2011 was 52% lower than in Q1 2010 as a result of the decrease in revenue and an increase in raw material prices.
- EBITDA of Rp 289 billion for Q1 2011 also showed a decrease of 52% year on year, consistent with the decline of operating income.
- Net income fell by 70% year on year in Q1 2011, amounting to Rp142 billion or equivalent to EPS of Rp 9 (full amount).

Investor Relations

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DISCLAIMER

This document contains financial conditions and result of operation, and may also contain certain projections, plans, strategies, and objectives of the Company, which would be treated as forward looking statements within the meaning of applicable law. Forward looking statements, by their nature, involve risk and uncertainty that could cause actual results and development to differ materially from those expressed or implied in these statements. PT Krakatau Steel (Persero) Tbk does not guarantee that any action, which should have been taken in reliance on this document will bring specific results as expected.

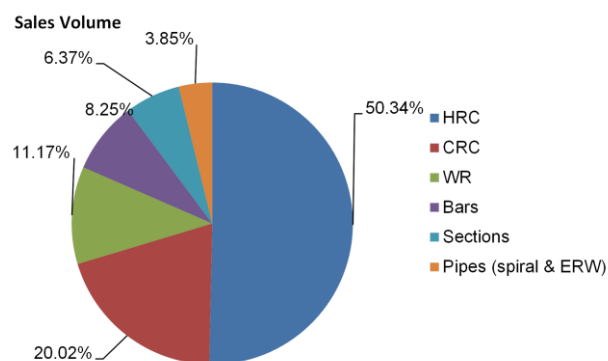


MARKETING RESULTS

Steel Sales (tons)	Q1 2011	Q1 2010	Change (%)
HRC	241,236	296,696	-18.7
CRC	95,953	139,483	-31.2
WR	53,547	75,460	-29.0
Bars	39,549	45,011	-12.1
Sections	30,542	23,641	29.2
Pipes (spiral & ERW)	18,429	10,611	73.7
Total	479,256	590,902	-18.9

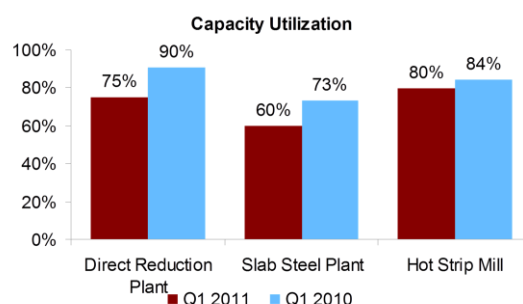
Average Selling Price Rp/kg	Q1 2011	Q1 2010	Change (%)
HRC	7,815	7,075	10.5
CRC	8,662	7,894	9.7
WR	6,798	5,844	16.3
Bars	6,582	5,815	13.2
Sections	7,703	6,682	15.3
Pipes (spiral & ERW)	10,139	13,513	-25.0

- Through the first three months of 2011, steel demand in general has remained high, with pricing of intermediate and finished steel products increasing by between 9 and 17% year-on-year.
- The steel price increases in Q1 2011 have been triggered by increases in raw material costs, initially in the US market and followed by Europe and Asia. Higher steel pricing in Q1 2011 has been generally accepted by Indonesian market.
- In Q1 2011, the sales volume of steel products, consisting of HRC, CRC, Billet, Wire Rod, Bar, Section and Pipe, reached 508,968 tons with the sales volume percentage shown in the chart above. In total, sales volume was 13.5% lower than Q1 2010, largely due to the on-going revitalization work in the hot strip mill (HSM) restricting production below the target of 200,000 tons per month. Through the end of Q1 2011, the new HSM equipment is still in commercial performance testing. The resulting low utilization has also impacted the downstream production of the cold rolling mill (CRM) and Pipe mill.



OPERATIONAL RESULTS

Production (tons)	Q1 2011	Q1 2010	Change (%)
Sponge Iron	282,008	339,336	-16.9
Slab	268,456	329,127	-18.4
HRC	477,794	422,017	13.2



- Production of HRC in Q1 2011 reached 477,794 ton, or 13.2% higher than in Q1 2010. Utilization, however, dropped from 84% in Q1 2010 to 80% in Q1 2011 due to the expansion in capacity of HSM from 2 million in 2010 to 2.4 million ton/year in 2011 following the revitalization project.
- The decline in slab and sponge iron production was primarily caused by insufficient supplies of natural gas and a shortage of electricity from PLN impeding the production program.



BALANCE SHEET (in billion rupiah)

NERACA	3/31/2011 Unaudit	12/31/2010 Audited As represented	BALANCE SHEET
ASET			ASSETS
ASET LANCAR			CURRENT ASSETS
Kas dan setara kas	3,287	4,194	Cash & cash equivalents
Investasi jangka pendek	4	-	Short-term investments
Deposito yang dibatasi penggunaannya	27	27	Restricted time deposits
Piutang Usaha - bersih	1,797	1,184	Trade receivables (net)
Piutang lain-lain - bersih	55	82	Other receivables (net)
Persediaan - bersih	6,593	6,550	Inventories (net)
Uang muka dan biaya dibayar dimuka	190	136	Advances and prepaid expenses
Pajak dibayar dimuka	103	115	Prepaid taxes
Jumlah Aset Lancar	12,056	12,288	Total Current Assets
ASET TIDAK LANCAR			NON CURRENT ASSETS
Taksiran tagihan pajak	373	303	Estimated claims for tax refund
Investasi pada saham - bersih	314	311	Investments in shares of stock (net)
Aset pajak tangguhan - bersih	25	27	Deferred tax assets (net)
Aset tetap - bersih	4,723	4,389	Fixed Asset (net)
Aset lain-lain	290	266	Other assets
Jumlah Aset Tidak Lancar	5,724	5,296	Total Non Current Assets
JUMLAH ASET	17,780	17,584	TOTAL ASSETS
LIABILITAS DAN EKUITAS			LIABILITIES
LIABILITAS LANCAR			Current Liabilities
Hutang bank jangka pendek	4,919	5,137	Short-term bank loans
Hutang usaha	984	902	Trade payables
Hutang lain-lain	122	84	Other payables
Hutang pajak	139	86	Taxes payable
Biaya yang masih harus dibayar	271	266	Accrued expenses
Uang muka penjualan dan lainnya	192	219	Sales and other advances
Bagian pinjaman jk panjang yg jth tempo 1 th	209	234	Current portion of LT loans
Bagian liabilities jk panjang yg jth tempo 1 th	5	4	Current portion of LT liability
Total Current Liabilities	6,840	6,931	Total Current Liabilities
LIABILITAS TIDAK LANCAR			NON CURRENT LIABILITIES
Liabilities pajak tangguhan - bersih	74	65	Deferred tax liabilities, net
Pinjaman jk panjang stl dikurangi jth tempo 1 th	989	862	LT loans, net of current portion
Liabilities jk panjang stl dikurangi jth tempo 1 th	45	47	LT liabilities, net of current portion
Liabilities kesejahteraan	265	254	Estimated liabilities for employee benefits
Total Non Current Liabilities	1,373	1,228	Total Non Current Liabilities
TOTAL LIABILITIES	8,213	8,159	TOTAL LIABILITIES
HAK MINORITAS	131	132	MINORITY INTEREST
SHAREHOLDER'S EQUITY			SHAREHOLDER'S EQUITY
Modal saham			Share capital
nominal Rp.500 persaham pada 31/3/2011 dan 2010			Par value Rp.500 pershare in 31/3/2011 and 2010
nominal Rp.1.000.000 persaham 31 Maret 2010			par value Rp.1.000.000 pershare in 31 Maret 2010
Modal dasar			Authorized capital
40.000.000.000 saham pada tahun 2011 dan 2010			40.000.000.000 shares in 31/3/2011 and 31/12/2010
8.000.000.000 saham pada 31 Maret 2010			8.000.000.000 shares in 31 Maret 2010
Modal ditempatkan dan disetor penuh	7,888	7,888	Issued and fully paid
15.775.000.000 saham pada tahun 2011 dan 2010			15.775.000.000 shares in 31/3/2011 dan 31/12/2010
2.000.000 saham pada 31 Maret 2010			2.000.000 shares in 31 Maret 2010
Tambahan modal disetor	1,016	1,016	Additional paid-in capital, net
Modal disetor lainnya	-	-	Other paid-in capital
Selisih transaksi perubahan ekuitas AP	18	18	Difference arising from transactions resulting in change in the equity of Subsidiary
Saldo laba			Retained earnings
Dicadangkan	1,343	1,343	Appropriated
Tidak dicadangkan	(829)	(971)	Unappropriated
Saldo laba, net	514	372	Retain Earning, net
Equities, net	9,436	9,294	Equities, net
TOTAL LIABILITIES AND EQUITY	17,780	17,584	TOTAL LIABILITIES AND EQUITY
check	0	-	

See accompanying notes to consolidated financial statements, which form an integral part of the consolidated financial statements.



INCOME STATEMENT *(in billion rupiah)*

LAPORAN LABA RUGI	3/31/2011 Unaudit	3/31/2010 Unaudit	PROFIT & LOSS STATEMENT
Pendapatan bersih	4,236	4,412	Net Revenues
Beban pokok pendapatan	3,814	3,525	Cost of Revenues
Laba (rugi) kotor	422	887	Gross Profit
Beban Usaha			Operating Expenses
Distribusi dan Penjualan	68	77	Distribution and sales
Administrasi	202	262	Administration
Laba (rugi) operasi	153	548	Income from Operations
Penghasilan (beban) lain-lain			Other Income
Laba (rugi) selisih kurs	42	80	Gain on foreign exchange
Beban bunga	(70)	(57)	Interest Expense
Penjualan limbah produksi		-	Sales of waste products
Pendapatan bunga	32	9	Interest income
Laba pengalihan aset tetap			Gain on transfer of fixed asset
Lain-lain bersih	41	24	Miscellaneous, net
Laba sebelum beban (manfaat) pajak	199	604	Income Before Tax
Beban (manfaat) pajak - bersih	59	152	Tax Expense (Benefit)
Laba (rugi) sebelum hak minoritas atas laba bersih	140	452	Income Before Minority Interest of Subsidiaries
AP			
Hak minoritas atas laba bersih anak perusahaan	2	16	Minority Interest in net (income) loss of Subsidiaries
Pos Luar Biasa setelah pajak			
Laba (rugi) bersih	142	468	Net Income
EPS	9	30	EPS

See accompanying notes to consolidated financial statements, which form an integral part of the consolidated financial statements.