



Strong Komatsu Sales under Heavier Competition

In the first quarter of this year, the consolidated revenue of PT United Tractors Tbk grew by 3.9% y.o.y. due to strong Komatsu sales at the Construction Machinery division and higher coal volume sold at the Mining division. Contrary to the previous quarters, revenue of the Mining Contracting division declined by 10.9% due to lower production. Nonetheless, Mining Contracting was still the biggest contributor to the total revenue with 43.6%, followed by the Construction Machinery with 36.8% and the Mining with 19.6%.

Competitive market affecting profitability

Even though the consolidated revenue was up, the gross profit has declined by 9% due to competitive heavy equipment market and mining contracting business, and the increase in the fuel price since a year ago. As the results, the EBITDA also decreased by 7.9% y.o.y. In terms of margin, the EBITDA margin for Q1 '03 was 16.6% or lower than 18.7% in Q1 '02.

Net profit reached IDR 81 bio.

In 2003, the exchange rate has been quite stable by closing at IDR 8,908 per USD, not that far different from the closing rate of 2002. In effect, the foreign exchange gain was marginal at IDR 1.38 billion, a big contrary from foreign exchange gain of IDR 190.39 billion at Q1 '02. In the end, the net profit for Q1 '03 was recorded at IDR 81.35 billion, lower than IDR 138.39 billion for Q1 '02. Excluding the foreign exchange gain, actually the Company has performed better this year.

Highlights of the quarter's result

In Rp. bn.	3M 2003	3M 2002	% Increase
Sales	1,587	1,528	3.9
<i>Construction Machinery</i>	584	493	18.5
<i>Mining Contracting</i>	692	777	(10.9)
<i>Mining</i>	311	258	20.5
Gross Profit	256	282	(9.1)
<i>Gross Profit Margin (%)</i>	16.2	18.5	(12.5)
Operating Profit	153	192	(20.6)
<i>Operating Profit Margin (%)</i>	9.6	12.6	(23.5)
EBITDA	263	286	(7.9)
<i>EBITDA Margin (%)</i>	16.6	18.7	(11.3)
Net Income	81	138	(41.2)
Earnings (Losses) Per Share (Rp.)	53	90	(41.2)



PERFORMANCE OVERVIEW: CONSTRUCTION MACHINERY

CM revenue increased 18.5%

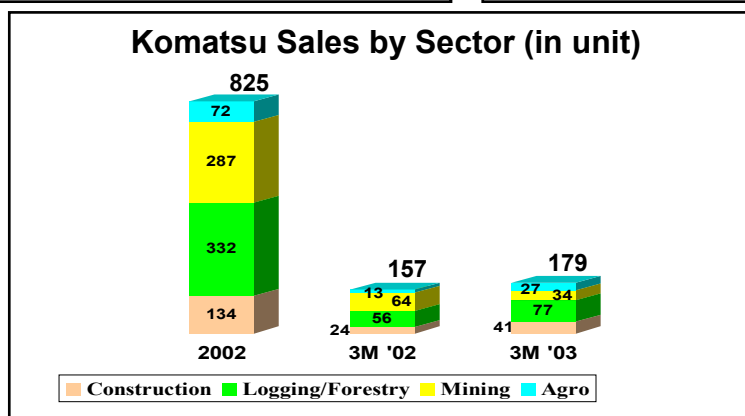
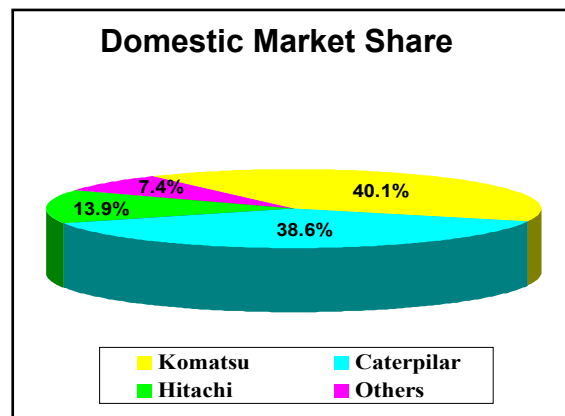
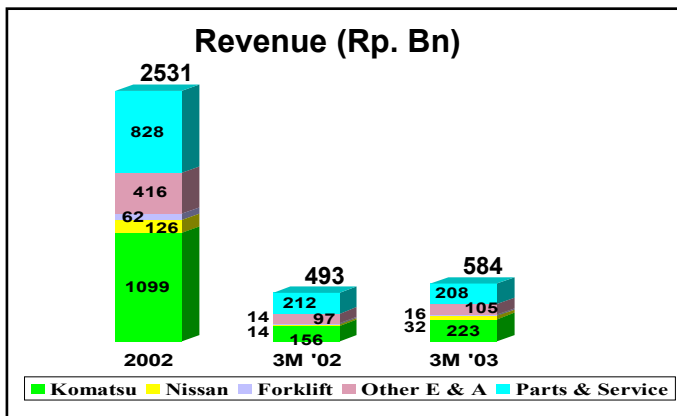
The revenue of Construction Machinery has increased in the Q1 '03 to IDR 584.29 billion, or 18.5% higher than the same period in 2002. The strong outcome was due to higher unit sales volume. Revenue of parts and service decline slightly by 1.6% to IDR 208.22 billion this period due to customers' overhaul postponement and the effect of IDR strengthening this year.

Komatsu unit sales up 14.0%

On the operation side, as of March 2003 Komatsu unit sales increased by 14.0% from 157 units last year to 179 units. The strong sales were due to still strong demand from the forestry sector for the pulp industry. In fact, only the mining sector that showed a decline in unit sales. Due to very strong Komatsu market share at the end of 2002, the competitors have become more aggressive this year. Nonetheless, Komatsu was able to maintain its lead in the market share by taking in 40.1%. Nissan Diesel truck also improved its sales to 37 units this year as compared to 17 units in 2002. As well, Komatsu-Patria forklift sales increased from 88 units in Q1 '02 to 112 units this year.

Margins decreased Due to tight market

Overall, CM registered gross profit margin and operating profit margin of 20.8% and 8.7%, respectively, as compared to 27.7% and 14.8% recorded in the previous year. The decrease in the margins was due to tighter competition in the heavy equipment market and the spare parts business, that the customers became more price sensitive.



March 31, 2003



PERFORMANCE OVERVIEW: MINING CONTRACTING

Revenue decreased due to lower production

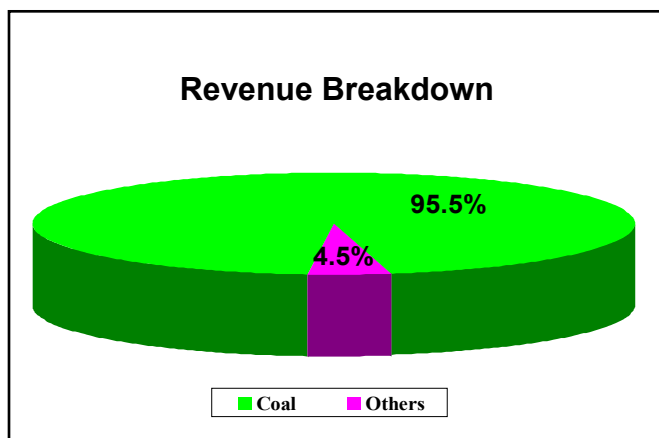
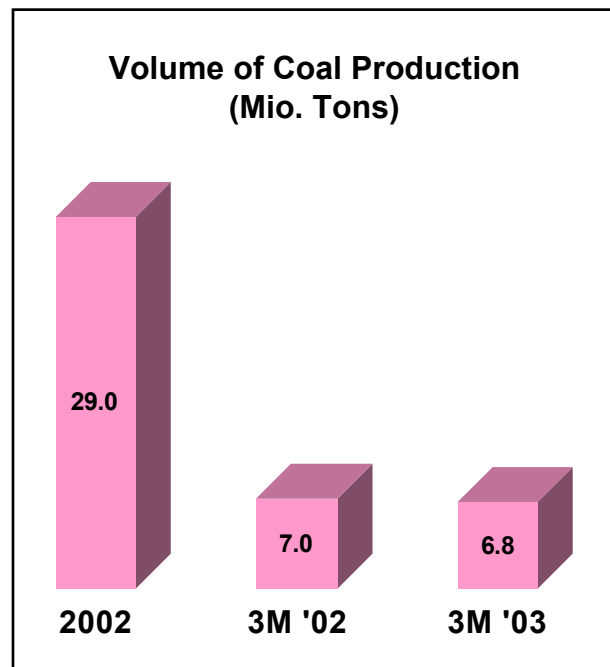
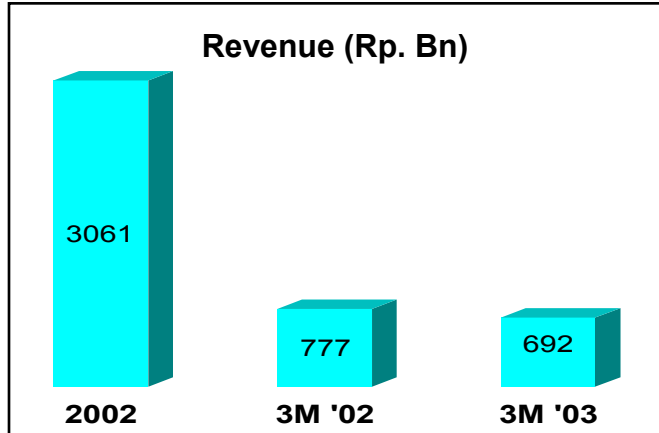
In the first quarter of 2003, PT Pamapersada Nusantara (Pama) recorded lower revenue of IDR 692.34 billion, down by 10.9% from IDR 776.88 billion a year ago. The decrease in revenue was due to lower production, heavier competition in the coal mining business, and strengthening IDR (over 90% of Pama's revenue was derived in USD). In 2003, Pama has produced 6.8 million tons of coal and 29.3 million bcm overburden, as compared to 7.0 million tons of coal and 30.1 million bcm overburden in 2002. The lower production was due to mining redesign, pending land settlement, and request from a client to reduce production (due to transportation problem in delivering coal to customer's clients).

Margins have improved

As of March 2003, Pama recorded slightly better gross profit and operating profit margins of 15.0% and 12.4%, respectively, as compared to 14.4% and 12.3% in Q1 '02. The gross profit margin improved due to cost efficiency. However, the operating expense increased in Q1 '03 so that the operating profit margin remained the same as last year's.

New project with Kideco

In the middle of this year, Pama will start the overburden removal work for Kideco Jaya Agung. The project is for 3 years with estimated revenue around USD 30 million annually.



March 31, 2003



PERFORMANCE OVERVIEW: COAL MINING

Coal sales volume increased 38.9%

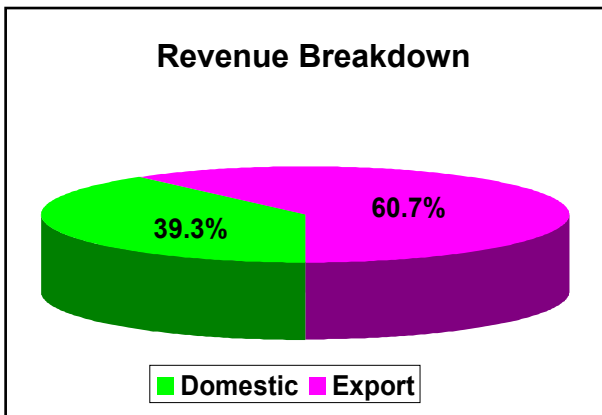
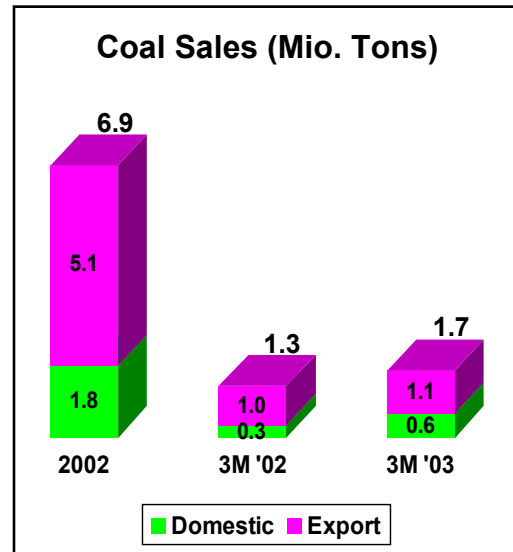
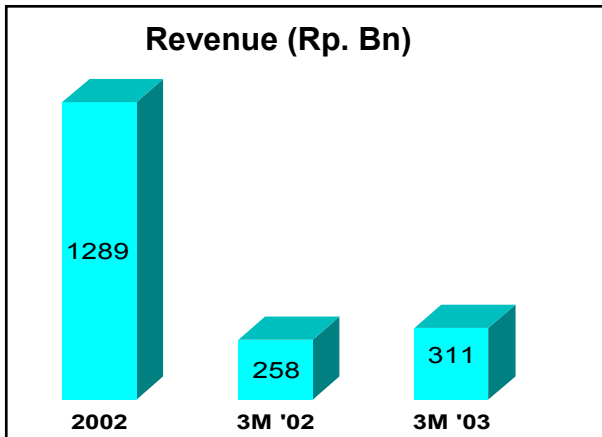
In 2022, the international spot price of coal was declining since the first quarter until it stabilized again in the fourth quarter. Then, the price has declined further in the first quarter of 2003. As the results, PT Berau Coal ("Berau") changed its strategy by selling more coal to the domestic market whose coal price was still better than the export's. Consequently, the sales to the domestic market has doubled in Q1 '03 to 0.6 million tons from previously just 0.3 million tons in Q1 '02. Overall, Berau sold 1.7 million tons of coal, 38.9% higher than 1.3 million tons of coal it sold last year.

Revenue was up 20.5%

With the increase in the sales volume, Berau recorded better net revenue of IDR 310.58 billion, up by 20.5% since the year before. However, the gross profit and operating profit margins have decreased to 10.0% and 5.1%, respectively, compared to 13.1% and 9.1% in Q1 '02. The decrease was attributed to higher fuel price that affected the equipment operational costs.

Debt rescheduling was agreed

Due to the declining business condition, Berau underwent debt rescheduling in the fourth quarter of 2002. In March 2003, management of Berau has reached an agreement on the term sheet with the creditors. The formal signing will be done after the documentation process is finished.



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March 31, 2003

PT UNITED TRACTORS Tbk and SUBSIDIARIES

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Rate Rp/US\$: 2003 = 8,908 and 2002 = 9,655

CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2003 AND 2002 (in million Rupiah)					CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS FOR THE YEARS ENDED MARCH 31, 2003 AND 2002 (in million Rupiah)			
ASSETS		LIABILITIES AND STOCKHOLDERS' EQUITY						
	2003	2002		2003	2002		2003	2002
CURRENT ASSETS			CURRENT LIABILITIES			NET REVENUE	1,587,208	1,527,925
Cash and cash equivalents	433,192	280,081	Short - term loans	104,855	226,293	COST OF REVENUE	1,330,942	1,245,942
Short-term investments	5,175	-	Trade payables			GROSS PROFIT	256,266	281,983
Trade receivables - net			Third parties	1,077,878	794,163			
Third parties	1,341,807	1,388,704	Related parties	173,675	200,287	OPERATING EXPENSES		
Related parties	6,547	1,238	Other payables	41,510	32,437	Selling	20,793	17,832
Other receivables - net	204,013	151,116	Accrued expenses	171,130	170,168	General and administrative	82,838	72,016
Inventories - net	944,316	1,147,051	Taxes payable	99,184	89,961	Total Operating Expenses	103,631	89,848
Prepaid taxes	264,626	200,081	Customers' deposits	40,157	62,234			
Advances and prepayments	211,069	227,759	Current maturities of long-term debt			INCOME FROM OPERATIONS	152,635	192,135
Total Current Assets	3,410,745	3,396,030	Bank loans	2,508,526	1,193,515			
			Finance leases	95,741	106,924	OTHER INCOME (CHARGES)		
NON-CURRENT ASSETS			Total Current Liabilities	4,312,656	2,875,982	Gain (loss) on foreign exchange - net	1,377	190,387
Restricted cash and time deposits	104,505	102,504				Interest and finance charges	(51,033)	(54,450)
Due from related parties-net	954	1,022	NON-CURRENT LIABILITIES			Interest income	3,810	3,189
Deferred tax assets - net	244,536	540,895	Due to related parties	61,015	65,731	Gain on sale of property, plant & equipment	13,434	2,140
Investments in bonds	5,746	6,403	Deferred tax liabilities	3,277	3,922	Other income (expenses)	846	6,543
Long-term investments	85,442	85,374	Deferred gain from sale-and-leaseback transactions	4,321	12,013	Other Income - Net	(31,566)	147,809
Property, plant and equipment - net	1,824,699	1,665,198	Long-term loans - net					
Deferred exploration and development expenditure - net	317,933	341,603	Bank loans	301,981	2,121,014	SHARE OF ASSOCIATES AND JOINT OPERATIONS' NET INCOME	102	62
Deferred stripping costs	132,183	131,208	Other loans	30,337	32,881			
Deferred charges	1,390	14,724	Finance leases	117,446	138,105	PROFIT BEFORE INCOME TAX	121,171	340,006
Loans to officers and employees	27,087	23,032	Accrued expenses	10,850	10,461			
Other assets	2,669	5,254	Provisions	36,563	22,700	INCOME TAX EXPENSE	(37,483)	(194,851)
Total Non-Current Assets	2,747,144	2,917,217	Total Non-Current Liabilities	565,790	2,406,827	INCOME BEFORE MINORITY INTEREST	83,688	145,155
						MINORITY INTERESTS IN NET INCOME OF SUBSIDIARIES	(2,343)	(6,788)
			MINORITY INTERESTS IN NET ASSETS OF SUBSIDIARIES	91,063	85,940	NET INCOME	81,345	138,367
			STOCKHOLDERS' EQUITY			BASIC EARNINGS PER SHARE	53	90
			Share capital	386,400	386,400			
			Additional paid-in capital	30,521	30,521			
			Translation difference	119,277	128,848			
			Exchange difference due to financial statement translation	124,835	107,927			
			Difference in the equity transactions of associates	13,747	13,747			
			Investment fair value revaluation reserve	(6,381)	668			
			Property, plant and equipment revaluation reserve	22,750	22,750			
			Appropriated retained earnings	10,000	-			
			Unappropriated retained earnings	487,231	253,637			
			Total Stockholders' Equity	1,188,380	944,498			
TOTAL ASSETS	6,157,889	6,313,247	TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	6,157,889	6,313,247			

Jakarta, April 30, 2003
PT UNITED TRACTORS Tbk
 S.E. & O
 THE BOARD OF DIRECTORS