



### Healthier Net Profit under Stronger IDR

As of June 2002, the consolidated revenue in USD increased by 32% y.o.y. Due to IDR strengthening against USD, in IDR revenue increased by less than 1% from IDR 3.54 trillion first half 2001 to IDR 3.56 trillion this year. The IDR exchange rate has gained by 24% from IDR 11,440/USD last year to IDR 8,730/USD currently. In terms of revenue contribution, contribution from the Construction Machinery (CM) has improved since last quarter, now accounted for 39% while Mining Contracting (MC) decreased its contribution to 44%. Contribution from the Mining division remained stable at 17%.

#### EBITDA reaches IDR 631 bio.

Under more competitive market and strong IDR, the gross profit and operating profit margins decreased from 21.7% and 15.6%, respectively, in Q2 2001 to currently 18.3% and 12.1%. The EBITDA has decreased as well to IDR 631.44 billion from IDR 745.55 billion in the first half of 2001. Nonetheless, the interest coverage has increased to 6.2 times, up from 4.0 a year before.

#### Net profit up to IDR 335 bio.

During the year, the IDR rate against USD has strengthened from IDR 11,440 in June 2001 to IDR 8,730 in June 2002. As the result, the Company recorded foreign exchange gain of IDR 393.67 billion this year, compared to loss of IDR 618.37 billion in 2002. The net profit improved to IDR 335.39 billion, much higher than last year's net loss of IDR 174.48 billion.

#### Highlights of the quarter's result

In Rp. bn.	6M 2002	6M 2001	% Increase
Sales	3,563	3,542	0.6
<i>Construction Machinery</i>	1,379	1,499	(8.0)
<i>Mining Contracting</i>	1,589	1,473	7.9
<i>Mining</i>	595	570	4.4
Gross Profit	641	767	(16.5)
<i>Gross Profit Margin (%)</i>	18.3	21.7	(15.7)
Operating Profit	430	553	(22.2)
<i>Operating Profit Margin (%)</i>	12.1	15.6	(22.7)
EBITDA	631	746	(15.3)
<i>EBITDA Margin (%)</i>	17.7	21.1	(15.8)
Net Income	335	(174)	292.2
Earnings (Losses) Per Share (Rp.)	217	(113)	292.2



# PERFORMANCE OVERVIEW: CONSTRUCTION MACHINERY

## Revenue in USD increased 20%.

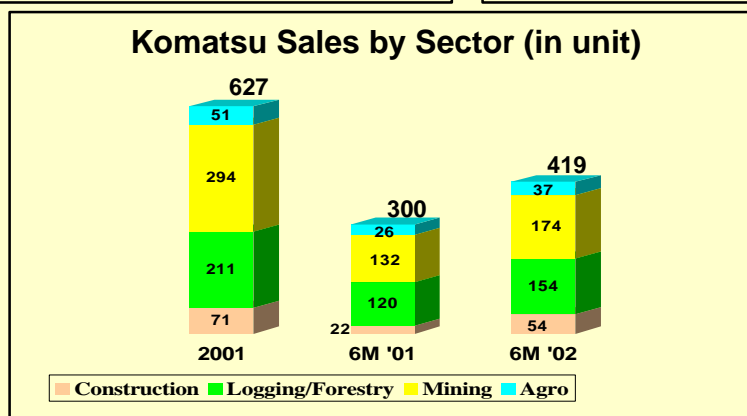
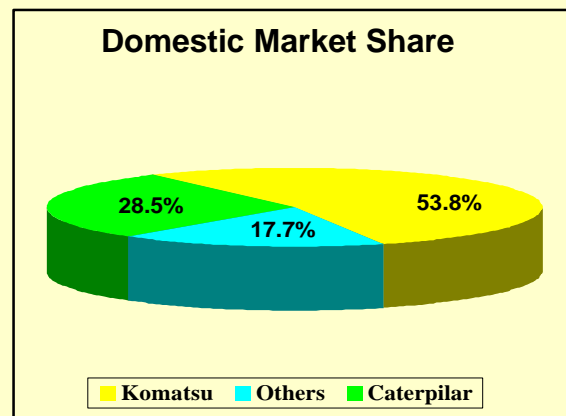
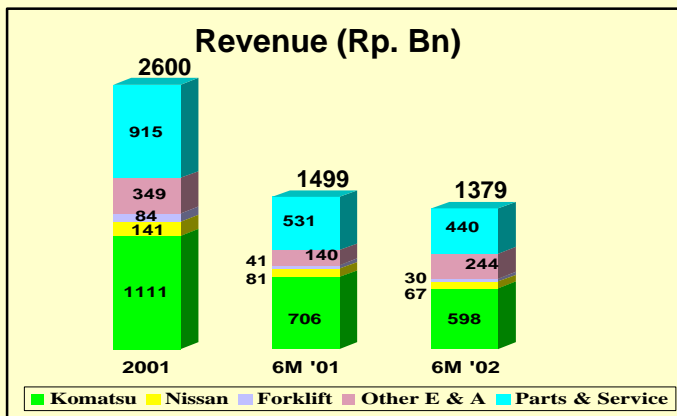
Up to the first half of 2002, Construction Machinery division increased its revenue in USD by about 20%. However, due to IDR strengthening, the revenue in IDR decreased to IDR 1.38 trillion from IDR 1.50 trillion last year.

## Komatsu improved market share to 53.8%

Operationally, Komatsu sales increased to 419 units, almost 40% growth over 300 units sold by June of last year. The increase was mostly contributed from the sales of the new excavator model that was just introduced early 2002 and got good response from our customers. In addition, the improvement in pulp price also resulted in higher demand for heavy equipment in the forestry sector. The sales increase translated to better market share for the year, registering 53.8% or way ahead of its closest competitor. Sales of Nissan Diesel trucks also improved to 108 units since the first quarter, or better than 83 units sold for the same period in 2001. On the other hand, sales of Komatsu-Patria forklift decreased from 211 units in Q2 2001 to 202 units this year.

## GPM decreased to 19%

Overall, CM registered lower gross profit margin and operating profit margin of 19.3% and 8.0%, respectively, as compared to 23.3% and 14.4% recorded in the previous year. Lower gross profit margin was due to more competition in the heavy equipment market and IDR strengthening.



June 30, 2002



## PERFORMANCE OVERVIEW: MINING CONTRACTING

### Pama grew by 41% y.o.y in USD

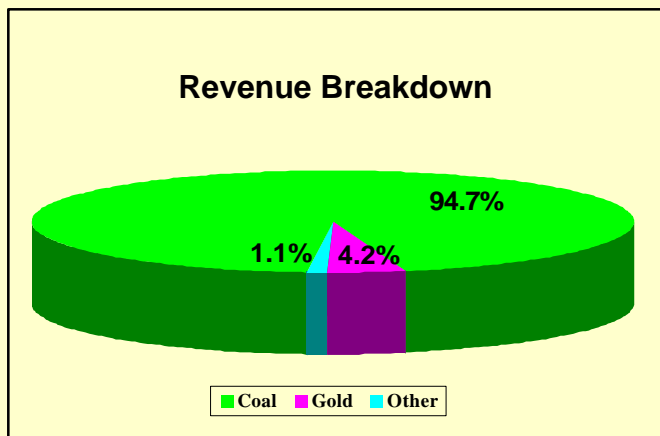
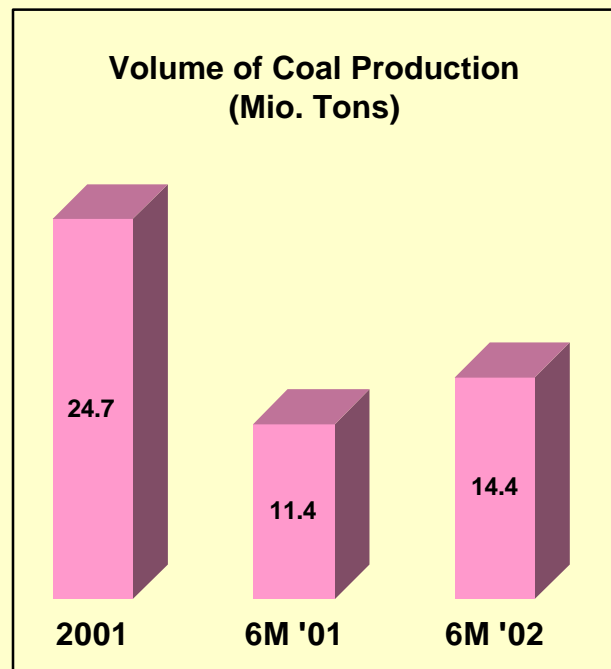
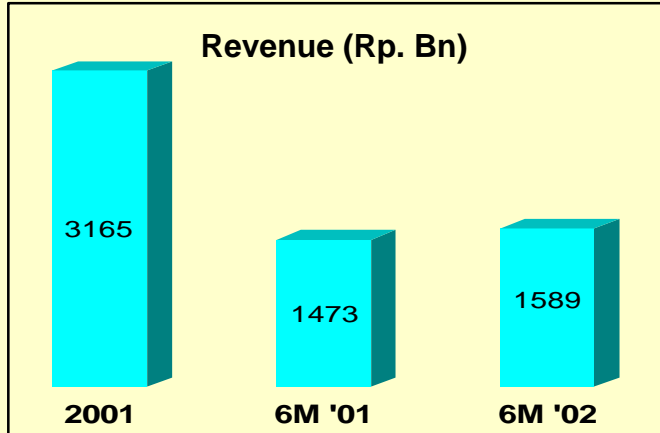
As of June 2002, the Mining Contracting (MC) division, through PT Pamapersada Nusantara (Pama), recorded revenue increase of about 41% in USD or 8% in IDR. The increase in revenue was due to higher coal production that reached 14.4 million tons with 67.0 million bcm overburden as compared to 11.4 million tons of coal and 52.2 million bcm overburden in first half 2001. The gold mine of Indomuro Kencana has been closed in May 2002 after it ran out of reserve. Total gold ore production for this year was 0.4 million ton with 1.7 million bcm waste.

### Giving out dividend of US\$ 10.7 mio.

In the second quarter of 2002, Pama improved its gross profit margin and operating profit margin to 18.9% and 16.9%, respectively, better than the first quarter but below last year's numbers of 23.3% and 19.1%. Lower margins this year than in 2001 was due to first quarter's higher production cost that impacted the first half margins. For year 2001, Pama declared final dividend equivalent of US\$ 10.7 million during its Annual General Meeting of Shareholders which was paid in June 2002. UT then used the dividend to repay some of its debt in Facility I.

### New contract with Freeport

During the quarter, Pama also signed contract with Freeport to do road maintenance for three years. The addition of client increased Pama's customer base and would improve the projected revenue.



June 30, 2002



# PERFORMANCE OVERVIEW: COAL MINING

## Berau's revenue increased to USD 63 mio.

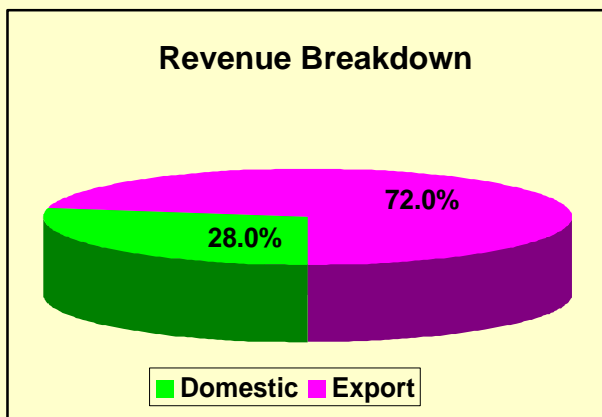
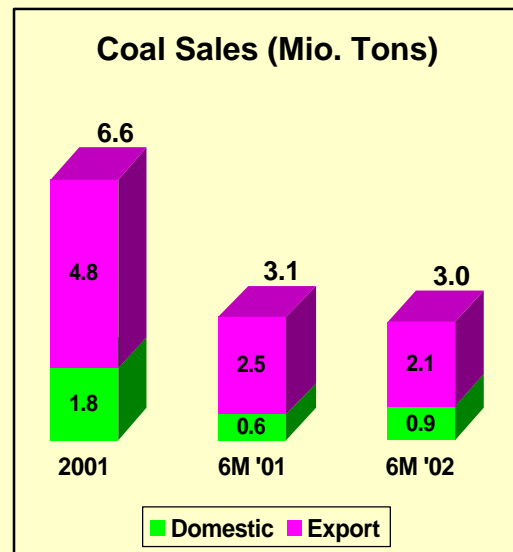
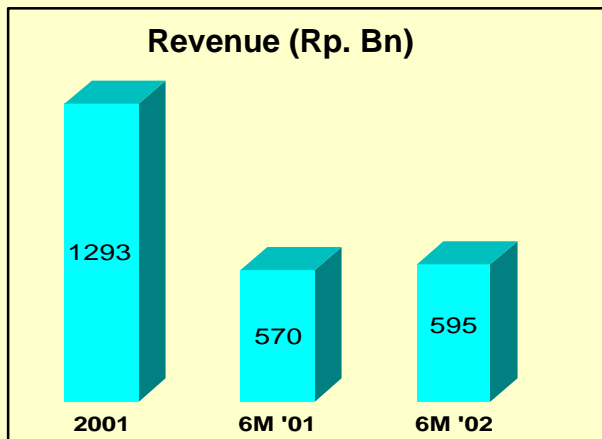
PT Berau Coal (Berau) has sold 3 million tons of coal up to June 2002, or slightly below previous year's sales of 3.1 million tons. Lower sales was due to the effect of heavy rainfall at the beginning of 2002 that brought significant impact on Berau's production. Of the 3 million tons, 71.5% was exported. Overall, the net revenue in USD improved by 41% y.o.y. due to improving coal price that reached an average of USD 20.88/ton this year. However, lately the coal spot price tends to go down so that the projected average coal price is expected to be lower toward the end of the year.

## Higher cost due to fuel and stripping ratio

Looking at the gross profit, its margin dropped slightly to 12.6% as compared to 13.0% in the first half of 2001. Berau incurred higher cost this year as the result of the increase fuel price and higher stripping ratio. Following lower GPM, the operating profit margin also decreased to 8.6% this year from 9.7% the previous year for the same period.

## Berau is sold

On August 21, 2002, the directors of UT and UTHI has signed the Shares Sale & Purchase Agreement (SSPA) with consortium PT Intra Karsa Corporindo to divest the whole Company's ownership in Berau. The transfer of ownership will be completed after all of the conditions in the SSPA have been met. Within a short time, Extraordinary General Meeting of Shareholders will be conducted to get the approval for the divestment.



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**June 30, 2002**

# PT UNITED TRACTORS Tbk and SUBSIDIARIES

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Rate Rp/US\$: 2002 = 8,730 and 2001 = 11,440

CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2002 AND 2001 (in million Rupiah)					CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001 (in million Rupiah)			
ASSETS		LIABILITIES AND STOCKHOLDERS' EQUITY						
	2002	2001		2002	2001		2002	2001
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>			<b>NET REVENUE</b>	3,563,390	3,542,244
Cash and cash equivalents	389,493	245,435	Short - term loans	165,372	178,954	<b>COST OF REVENUE</b>	2,922,515	2,775,136
Trade accounts receivable - net			Trade payables			<b>GROSS PROFIT</b>	<b>640,875</b>	<b>767,108</b>
Third parties	1,287,147	1,476,021	Third parties	789,784	733,399	<b>OPERATING EXPENSES</b>		
Related parties	23,599	32,066	Related parties	187,275	330,777	General and administrative	172,997	174,991
Other receivables - net	134,982	39,266	Others	19,171	48,481	Selling	38,026	39,495
Inventories - net	978,379	1,234,981	Accrued expenses	206,581	158,703	<b>Total Operating Expenses</b>	<b>211,023</b>	<b>214,486</b>
Prepaid taxes	264,824	241,571	Taxes payable	123,125	66,334	<b>INCOME FROM OPERATIONS</b>	<b>429,852</b>	<b>552,622</b>
Advances and prepayments	162,209	151,504	Customers' deposits	39,571	75,688	<b>OTHER CHARGES (INCOME)</b>		
<b>Total Current Assets</b>	<b>3,240,633</b>	<b>3,420,844</b>	Current maturities of long-term debt			Loss (gain) on foreign exchange - net	(393,674)	618,373
			Bank loans	1,017,234	288,717	Interest and finance charges	101,798	185,122
<b>NON-CURRENT ASSETS</b>			Obligations under finance leases	98,389	155,167	Interest income	(8,805)	(10,572)
Restricted cash and time deposits	88,019	102,791	<b>Total Current Liabilities</b>	<b>2,646,502</b>	<b>2,036,220</b>	Gain on sale of property, plant & equipment	(4,300)	(2,260)
Due from related parties-net	1,455	29,134				Miscellaneous	(9,689)	(6,115)
Deferred tax assets - net	376,558	779,576	<b>NON-CURRENT LIABILITIES</b>			<b>Other Income - Net</b>	<b>(314,670)</b>	<b>784,548</b>
Investments in bonds	5,789	7,588	Due to related parties	104,025	128,007	<b>EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES AND JOINT OPERATIONS</b>	<b>(651)</b>	<b>15,703</b>
Investments in associates and joint operations	81,809	109,920	Deferred tax liabilities	2,023	6,099	<b>PROFIT BEFORE INCOME TAX</b>	<b>745,173</b>	<b>(247,629)</b>
Property, plant and equipment - net	1,687,532	1,677,021	Deferred gain from sale-and-leaseback transactions	6,691	8,147	<b>INCOME TAX BENEFIT (EXPENSE)</b>	<b>(401,644)</b>	<b>87,506</b>
Deferred exploration and development expenditure - net	307,661	407,593	Long-term debts - net			<b>INCOME BEFORE MINORITY INTEREST</b>	<b>343,529</b>	<b>(160,123)</b>
Deferred stripping costs	123,040	69,821	Bank loans	1,818,525	3,795,059	<b>MINORITY INTERESTS IN NET INCOME OF SUBSIDIARIES</b>	<b>(8,143)</b>	<b>(14,356)</b>
Deferred charges	7,378	46,701	Obligations under finance leases	134,849	195,413	<b>NET INCOME</b>	<b>335,386</b>	<b>(174,479)</b>
Other assets	32,021	39,011	Provision for restorations and mine closure	9,253	-	<b>BASIC EARNINGS PER SHARE</b>	<b>217</b>	<b>(113)</b>
<b>Total Non-Current Assets</b>	<b>2,711,262</b>	<b>3,269,156</b>	<b>Total Non-Current Liabilities</b>	<b>2,075,366</b>	<b>4,132,725</b>			
			<b>MINORITY INTERESTS IN NET ASSETS OF SUBSIDIARIES</b>	<b>78,909</b>	<b>70,101</b>			
			<b>STOCKHOLDERS' EQUITY</b>					
			Share capital	386,400	386,400			
			Additional paid-in capital	30,521	22,360			
			Translation difference	116,837	146,778			
			Exchange difference due to financial statement translation	133,064	146,657			
			Capital transactions of affiliates	13,747	13,747			
			Unrealized gains (losses) on securities available for sale	(2,857)	9,480			
			Property, plant and equipment revaluation reserve	22,750	22,750			
			Retained earnings (accumulated losses)	450,656	(297,218)			
			<b>Total Stockholders' Equity</b>	<b>1,151,118</b>	<b>450,954</b>			
<b>TOTAL ASSETS</b>	<b>5,951,895</b>	<b>6,690,000</b>	<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>5,951,895</b>	<b>6,690,000</b>			

Jakarta, August 27, 2002  
PT UNITED TRACTORS Tbk  
S.E. & O

THE BOARD OF DIRECTORS