



Resurgence of the Construction Sector

For the first six months of 2003, PT United Tractors Tbk (UT/Company) recorded consolidated net revenue of IDR 3.33 trillion, as compared to IDR 3.56 trillion recorded in the first half of 2002. The decrease in revenue is due to stronger IDR rate, more competitive market in heavy equipment and mining contracting business, and lower production from the Mining Contracting (MC) division. However, sales of Komatsu heavy equipment show strong growth in the construction sector. Overall, MC was still the biggest contributor to the consolidated revenue with 44%, followed by the Construction Machinery (CM) with 38% and the Mining with 18%.

Margins decreased due to competitive market

Under more competitive business, the gross profit margin has declined to 15.8% from previously 18.0% in the first half of 2002. The decrease in margin was attributed to the effect of strengthening IDR. A big portion of revenue is earned in USD whereby some of the costs are in IDR, so that the decrease in IDR revenue is not in line with the decrease in the costs. As the results, the EBITDA margin also decreased to 15.9% this year from 17.7% in the first half of 2002.

Net profit at IDR 251 bio.

During the second quarter of 2003, the exchange rate has strengthened and closing at IDR 8,285 per USD, stronger from the closing rate of 2002 at IDR 8,940 per USD. In effect, the foreign exchange gain was recorded at IDR 126.26 billion, but still far below the foreign exchange gain of IDR 393.67 billion last year. Bottom line, the net profit for this semester reached IDR 250.81 billion, lower than IDR 335.39 billion recorded last year.

Highlights of the quarter's result

In Rp. bn.	6M 2003	6M 2002	% Increase
Sales	3,335	3,563	(6.4)
<i>Construction Machinery</i>	1,254	1,379	(9.1)
<i>Mining Contracting</i>	1,478	1,589	(7.0)
<i>Mining</i>	603	595	1.3
Gross Profit	528	641	(17.6)
<i>Gross Profit Margin (%)</i>	15.8	18.0	(12.0)
Operating Profit	311	430	(27.7)
<i>Operating Profit Margin (%)</i>	9.3	12.1	(22.7)
EBITDA	530	631	(16.6)
<i>EBITDA Margin (%)</i>	15.9	17.7	(10.8)
Net Income	251	335	(25.2)
Earnings (Losses) Per Share (Rp.)	162	217	(25.2)



PERFORMANCE OVERVIEW: CONSTRUCTION MACHINERY

CM revenue dropped 9%

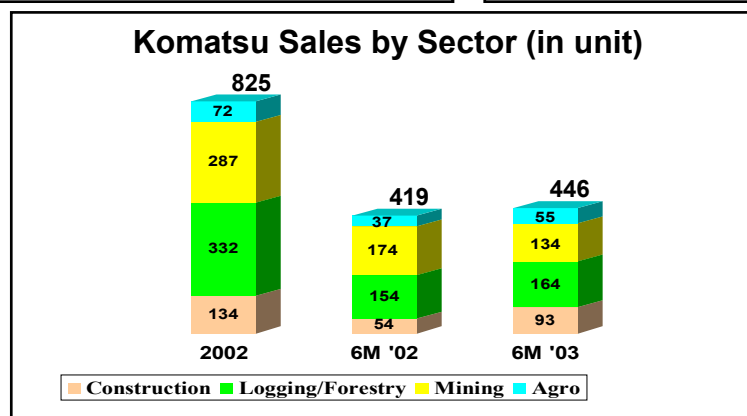
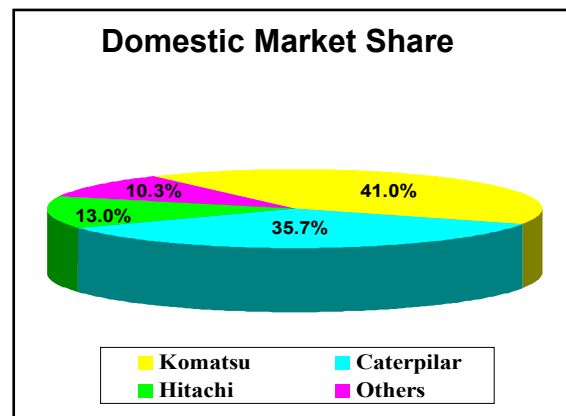
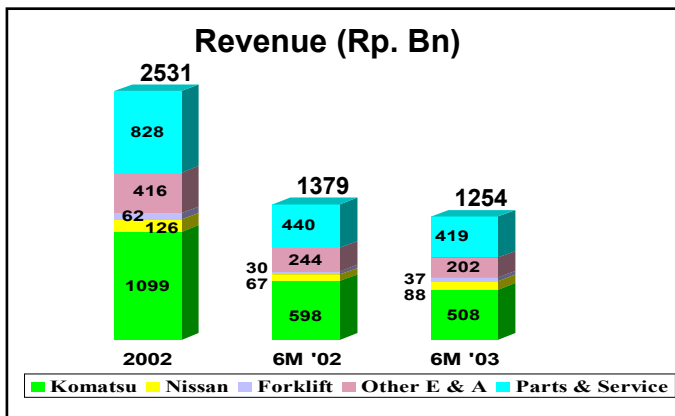
So far this year, CM division recorded net revenue of IDR 1.25 trillion, or 9.1% below last year's revenue. The decrease can be attributed to stronger IDR rate (sales of heavy equipment, parts and service are in USD mostly), stronger competition, and smaller demand from the mining sector. The revenue of heavy equipment and component dropped by 11.1%, while the revenue of parts and service by 4.7%.

Komatsu unit sales in construction sector up 72%

On the operation side, so far this year Komatsu unit sales have increased by 6.4% from 419 units to 446 units in 2003. While sales to the mining sector decreased, the sales to other three sectors (forestry, construction and agro) have actually been up. The construction sector shows exceptionally strong growth of 72.2%, an early sign of the resurgence in the national development. With stronger competition, Komatsu was still able to hold on to its lead in the market share by taking in 41%. Sales of other products such as Nissan Diesel truck and Komatsu-Patria forklift have also improved to 130 units and 238 units, respectively, this year as compared to 108 units and 202 units in the first half of 2002.

Margins have improved

Overall, CM registered better gross profit margin and operating profit margin of 20.1% and 8.4%, respectively, as compared to 19.3% and 8.0% recorded in 2002. The improvement is due to continuing efficiency efforts in the Company without sacrificing services to the customers.



June 30, 2003



PERFORMANCE OVERVIEW: MINING CONTRACTING

Revenue of MC is IDR 1.48 trio.

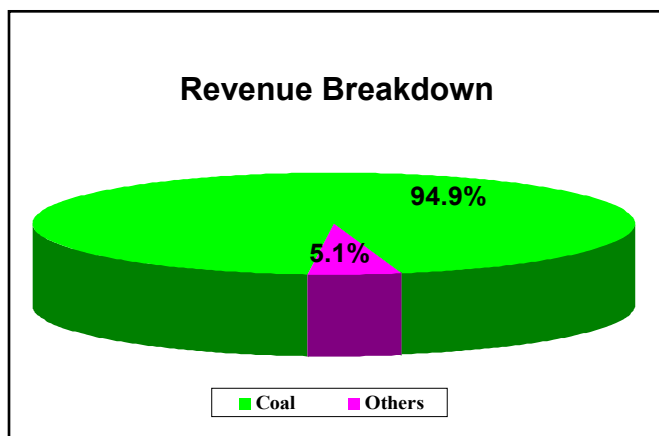
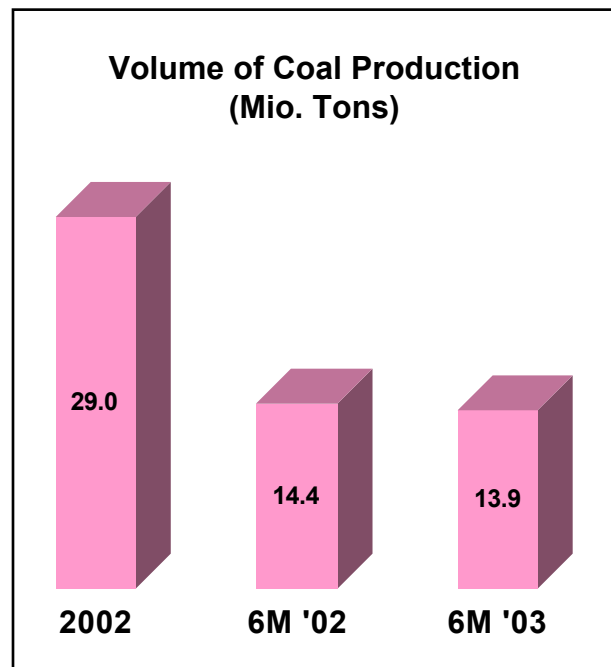
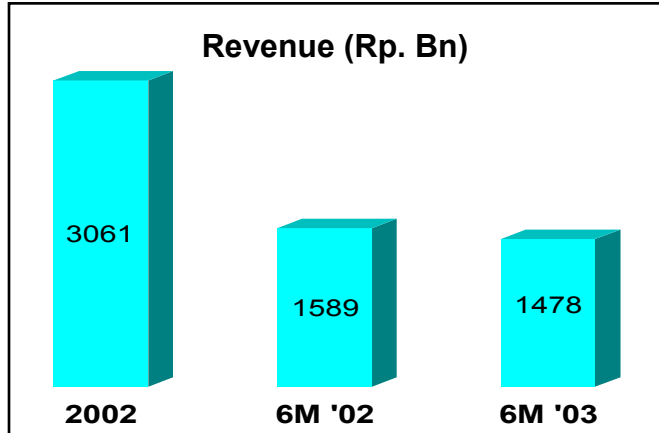
The MC division under PT Pamapersada Nusantara (Pama) recorded net revenue of IDR 1.48 trillion, lower 7.0% compared to IDR 1.59 trillion at the first half of 2002. The decrease in revenue was due to lower production, heavier competition in the coal mining business, and strengthening IDR (over 90% of Pama's revenue was denominated in USD). In the first half of this year, Pama has finalized its contract with Kaltim Prima Coal (KPC) in February while the new projects (see below) will start in the second half so that the production was below last year's. Thus, Pama's production for the first six months of this year reached 13.9 million tons of coal and 62.4 million bcm overburden, as compared to 14.4 million tons of coal and 67.0 million bcm overburden in 2002.

Heavier competition affect margins

As of June 2003, due to heavier competition and the effect of strengthening IDR, Pama recorded lower gross profit and operating profit margins of 14.5% and 11.6%, respectively, as compared to 18.7% and 16.6% in the first half of 2002.

New project with Kideco and DEJ

As was mentioned in last quarter's report, Pama will start new projects with Kideco Jaya Agung and Dasa Eka Jasatama (DEJ, previously known as Kadya Caraka Mulya project). The DEJ project is a coal mining located at Banjarbaru, South Kalimantan, whose contract will run until year 2009.



June 30, 2003



PERFORMANCE OVERVIEW: COAL MINING

Coal sales volume increased 16%

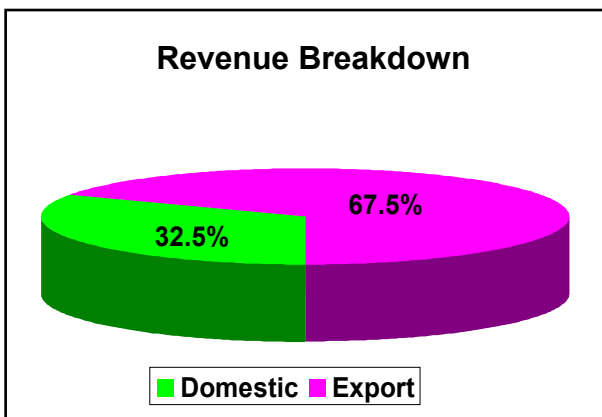
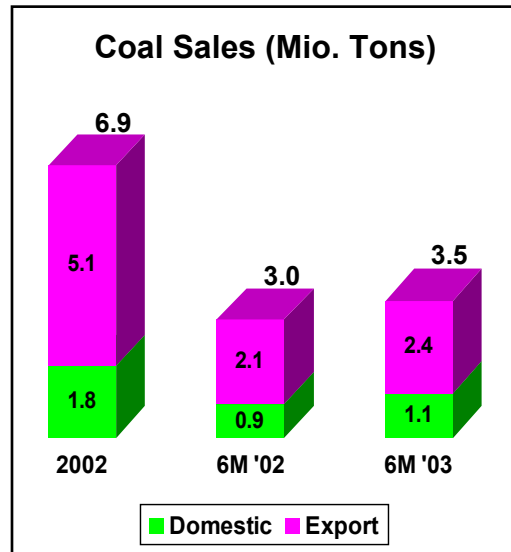
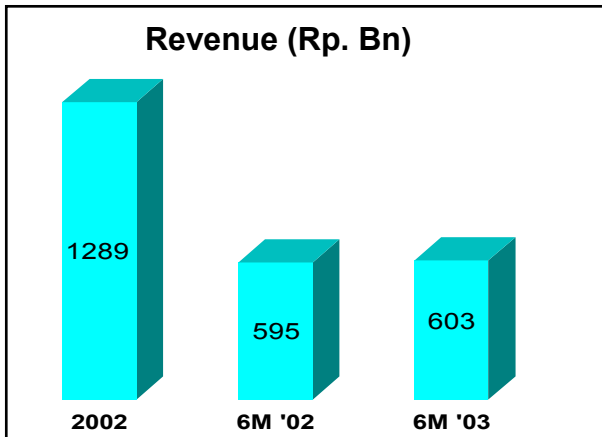
As of June 2003, Berau still shows strong coal sales. Berau recorded net revenue of IDR 603.15 billion, or a bit higher than IDR 595.41 billion recorded the previous year. In USD, actually Berau increased its sales by 11% y.o.y. The growth is driven by increasing coal sales volume that was up 16.2% from 3.0 million tons in 2002 (72% export) to 3.5 million tons (67% export). Sales of coal to the domestic market has improved by 33%, while to the export market is up 10%. The international coal price has stabilized in the second quarter of 2003 and expected to remain stable until the end of the year.

Margins decreased

Lower average price this year than last year's while the cost did not drop so much has caused lower gross profit and operating profit margins. The margins for this year fell to 10.2% and 5.3%, respectively, for the gross profit and operating profit margins, while last year's were still 12.6% and 8.6%. Higher cost was also related to higher freight cost that affected the gross profit margin.

Debt rescheduling was signed

As was mentioned in the last quarter report, Berau has reached agreement on the term sheet with its lenders. The signing of the agreement was finalized last June 2003. The creditors have agreed to extend the repayment schedule to year 2008 from originally up to 2004.



For further information:

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June 30, 2003

PT UNITED TRACTORS Tbk and SUBSIDIARIES

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Rate Rp/US\$: 2003 = 8,285 and 2002 = 8,730

CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2003 AND 2002 (in million Rupiah)					CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS FOR THE SIX MONTHS ENDED JUNE 30, 2003 AND 2002 (in million Rupiah)			
ASSETS		LIABILITIES AND STOCKHOLDERS' EQUITY						
	2003	2002		2003	2002		2003	2002
CURRENT ASSETS			CURRENT LIABILITIES			NET REVENUE	3,334,852	3,563,390
Cash and cash equivalents	528,524	389,493	Short - term loans	114,895	165,372	COST OF REVENUE	2,807,026	2,922,515
Short-term investments	5,175	-	Trade payables			GROSS PROFIT	527,826	640,875
Trade receivables - net			Third parties	1,221,147	818,774	OPERATING EXPENSES		
Third parties	1,397,923	1,310,452	Related parties	173,979	158,291	Selling	45,074	43,976
Related parties	15,514	3,094	Other payables	21,992	33,658	General and administrative	171,810	167,047
Other receivables - net	210,456	132,278	Accrued expenses	167,455	175,713	Total Operating Expenses	216,884	211,023
Inventories - net	936,691	978,379	Taxes payable	85,530	123,125	INCOME FROM OPERATIONS	310,942	429,852
Prepaid taxes	171,906	264,824	Customers' deposits	38,986	39,571	OTHER INCOME (CHARGES)		
Advances and prepayments	121,145	162,209	Current maturities of long-term debt			Gain (loss) on foreign exchange - net	126,259	393,674
Total Current Assets	3,387,334	3,240,729	Bank loans	2,304,965	1,017,234	Interest and finance charges	(98,156)	(101,798)
			Finance leases	83,949	98,389	Interest income	8,405	8,805
NON-CURRENT ASSETS			Total Current Liabilities	4,212,898	2,630,127	Gain on sale of property, plant & equipment	15,984	4,300
Restricted cash and time deposits	108,437	88,019	NON-CURRENT LIABILITIES			Other income (expenses)	2,067	9,689
Due from related parties-net	5,307	1,359	Due to related parties	57,003	59,807	Other Income - Net	54,559	314,670
Deferred tax assets - net	194,404	376,558	Deferred tax liabilities	3,753	2,023	SHARE OF ASSOCIATES AND JOINT OPERATIONS' NET INCOME	(375)	651
Investments in bonds	5,267	5,789	Deferred gain from sale-and-leaseback transactions	4,890	6,691	PROFIT BEFORE INCOME TAX	365,126	745,173
Long-term investments	104,350	81,809	Long-term loans - net			INCOME TAX EXPENSE	(108,702)	(401,644)
Property, plant and equipment - net	2,002,043	1,687,532	Bank loans	258,616	1,818,525	INCOME BEFORE MINORITY INTEREST	256,424	343,529
Deferred exploration and development expenditure - net	295,718	307,661	Other loans	28,216	29,731	MINORITY INTERESTS IN NET INCOME OF SUBSIDIARIES	(5,614)	(8,143)
Deferred stripping costs	126,662	123,040	Finance leases	175,924	134,849	NET INCOME	250,810	335,386
Deferred charges	2,796	7,378	Accrued expenses	9,927	8,223	BASIC EARNINGS PER SHARE	162	217
Loans to officers and employees	26,020	28,035	Provisions	38,811	31,892			
Other assets	2,725	3,986	Total Non-Current Liabilities	577,140	2,091,741			
Total Non-Current Assets	2,873,729	2,711,166	MINORITY INTERESTS IN NET ASSETS OF SUBSIDIARIES	88,942	78,909			
			STOCKHOLDERS' EQUITY					
			Share capital	387,200	386,400			
			Additional paid-in capital	31,033	30,521			
			Translation difference	110,128	116,837			
			Exchange difference due to financial statement translation	137,524	133,064			
			Difference in the equity transactions of associates	13,747	13,747			
			Investment fair value revaluation reserve	13,005	(2,857)			
			Property, plant and equipment revaluation reserve	22,750	22,750			
			Appropriated retained earnings	20,000	10,000			
			Unappropriated retained earnings	646,696	440,656			
			Total Stockholders' Equity	1,382,083	1,151,118			
TOTAL ASSETS	6,261,063	5,951,895	TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	6,261,063	5,951,895			

Jakarta, July 29, 2003
PT UNITED TRACTORS Tbk
 S.E. & O
 THE BOARD OF DIRECTORS