



Stronger Fundamental and Excellent Growth

For the first six months of 2004, PT United Tractors Tbk (UT/Company) recorded consolidated net revenue of IDR 4.29 trillion, as compared to IDR 3.33 trillion recorded in the first half of 2003. The increase in revenue is mainly due to the boost of sales in Construction Machinery (CM) division. Overall, Mining Contracting (MC) division still serves as the largest contributor to the consolidated revenue with 42%, followed by CM division with 38% and Mining division with 20%.

Gross margin at 19.3%

With the picking up of heavy equipment business, the consolidated gross profit margin has improved to 19.3% from 15.8% in the first half of 2003, followed with an increase in operating profit margin, from 9.3% to 12.5% this year. EBITDA margin has also increased to 18.0% this year from 15.9% in the first half of 2003.

Net profit at IDR 191 bio.

During the second quarter of 2004, the exchange rate has weakened and closing at IDR 9,415 per USD, weaker than the closing rate of 2003 at IDR 8,285 per USD. In effect, the foreign exchange loss was recorded at IDR 171 billion, as compared to the foreign exchange gain of IDR 126 billion last year. Bottom line, the net profit for this semester reached IDR 191 billion, lower than IDR 251 billion recorded last year.

A significant reduce of debt

In 15 June 2004, the Company also has succeeded to conclude one major step in its debt restructuring program, the repurchase of USD 66.3 million face value of its debt, using proceeds from the rights issue. This means UT has successfully reduced its debt from an equivalent of USD 241 million to USD 175 million, and has met its obligations under the Creditors Agreement in relation to raising new equity.

Highlights of the quarter's result

In Rp. bio	6M 2004	6M 2003	% Increase
Sales	4,293	3,335	28.7
<i>Construction Machinery</i>	1,664	1,206	37.9
<i>Mining Contracting</i>	1,828	1,478	23.7
<i>Mining</i>	801	651	23.0
Gross Profit	827	528	56.6
<i>Gross Profit Margin (%)</i>	19.3	15.8	22.1
Operating Profit	536	311	72.3
<i>Operating Profit Margin (%)</i>	12.5	9.3	34.4
EBITDA	778	530	46.8
<i>EBITDA Margin (%)</i>	18.1	15.9	13.8
Net Income	191	251	(23.9)
Earnings (Losses) Per Share (Rp.)	67	162	(58.6)



PERFORMANCE OVERVIEW: CONSTRUCTION MACHINERY

CM revenue increased 38%

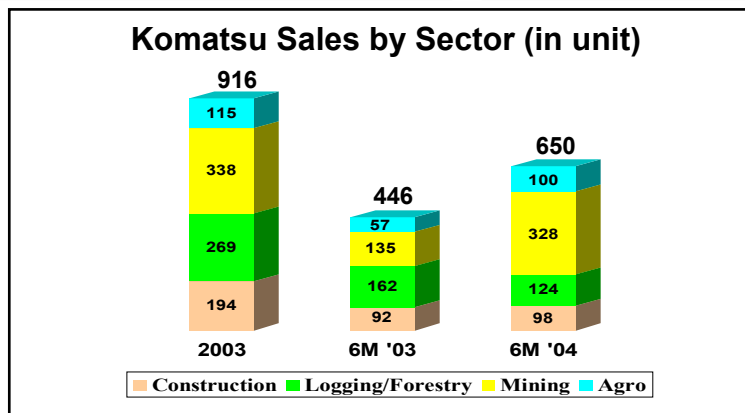
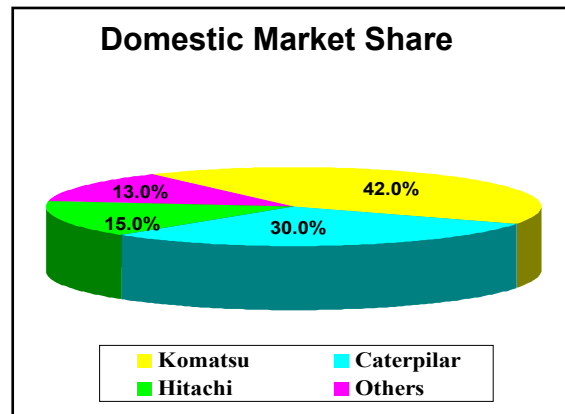
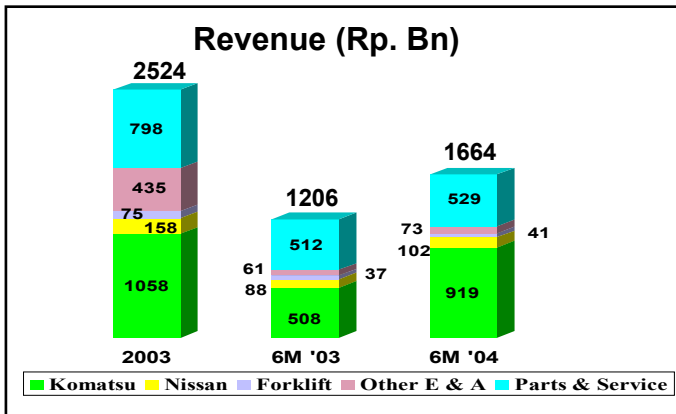
By June 2004, Construction Machinery division has recorded net revenue of IDR 1.66 trillion, or 38% higher than last year's revenue. The increase can be attributed to stronger sales in heavy equipment during the last six months. Revenue of heavy equipment and component has increased by 63.6% compared to last year, while revenue of parts and service by 3.3%.

Komatsu unit sales up 46% compared to last year

By the first semester, Komatsu unit sales have increased 45.7% from 446 units last year to 650 units this year. While sales to the forestry sector decreased, the sales to other three sectors (mining, construction and agro) have been up considerably. With stronger competition, Komatsu was still able to hold on to its lead in the market share by taking in 42%. Sales of other products such as Nissan Diesel truck and Komatsu-Patria forklift have also increased this year to 149 and 247 units, respectively, from 130 and 193 units during the first half of last year.

Higher operating expense to accomodate increased sales

Despite of the increase in heavy equipment sales, CM registered lower gross profit margin of 17.8% as compared to 18.4% last year, due to decreased margins of spare parts and service, as the result of relentless competition with local shops. Current operating profit margin is 6.7%, lower than 8.2% recorded last year, as the result of debt restructuring expense previously recorded in the first quarter, as well as increased selling expenses due to higher sales of heavy equipment.



June 30, 2004



PERFORMANCE OVERVIEW: MINING CONTRACTING

Revenue of MC is IDR 1.83 trio.

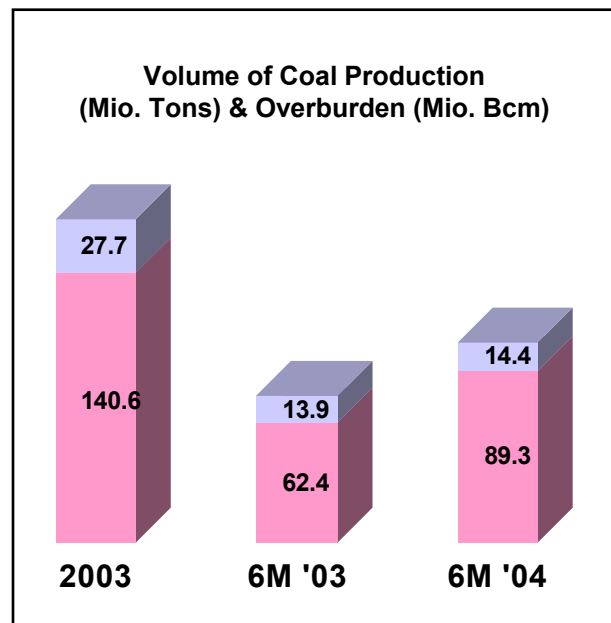
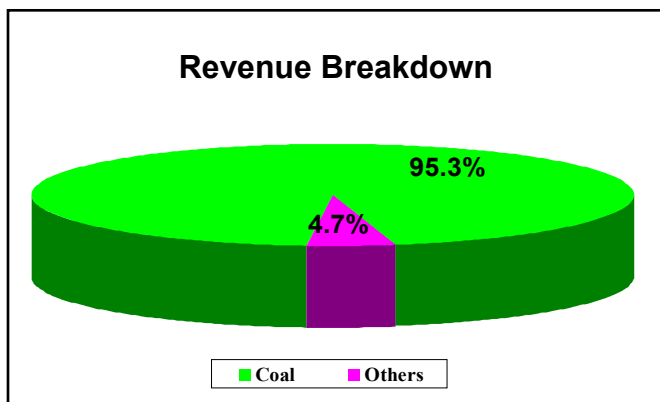
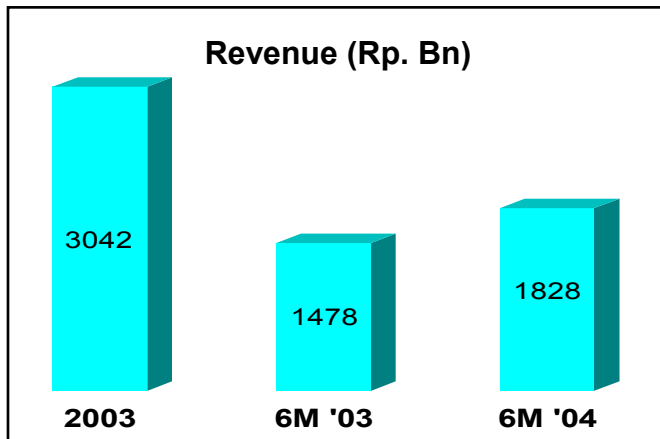
Mining Contracting division under PT Pamapersada Nusantara (Pama) recorded net revenue of IDR 1.83 trillion, 23.7% higher compared to IDR 1.48 trillion during the first half of 2003. Pama's production for the first six months of this year has reached 14.4 million tons of coal and 89.3 million bcm overburden, as compared to 13.9 million tons of coal and 62.4 million bcm overburden in 2003.

GP margin 15.9% as compared to last year's 14.5%

Gross profit margin as of June 2004 is 15.9%, as compared to last year's 14.5%, while operating profit margin has increased to 13.3% as compared to 11.6% during the first half of 2003.

Preparation for new projects

Aside from the existing projects, Pama is preparing to start several new projects, such as for PT Arutmin Indonesia, located in Asam-asam, South Kalimantan, and for PT Jembayan Muara Bara, located in Tenggara, East Kalimantan. Each projects is expected to deliver 3 million tons of coal per year. Another project is for PT Tanjung Alam – PT Timah Tbk, located in Banjar, South Kalimantan, which is expected to deliver 1 million tons of coal per year. This project is run by one of Pama's subsidiaries, PT Kalimantan Prima Persada.





PERFORMANCE OVERVIEW: COAL MINING

Coal sales volume increased 27.8%

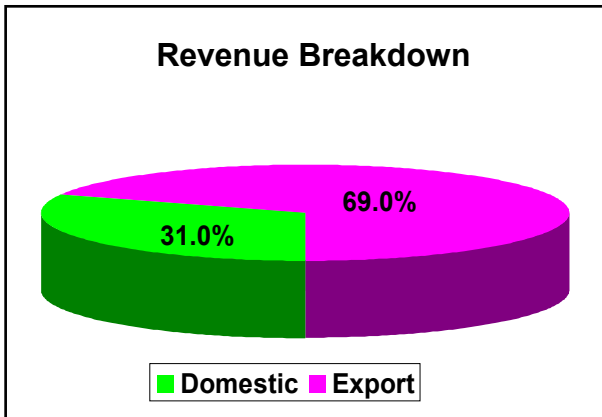
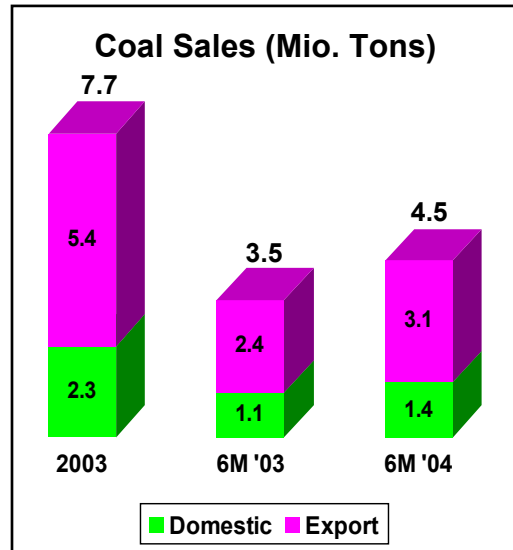
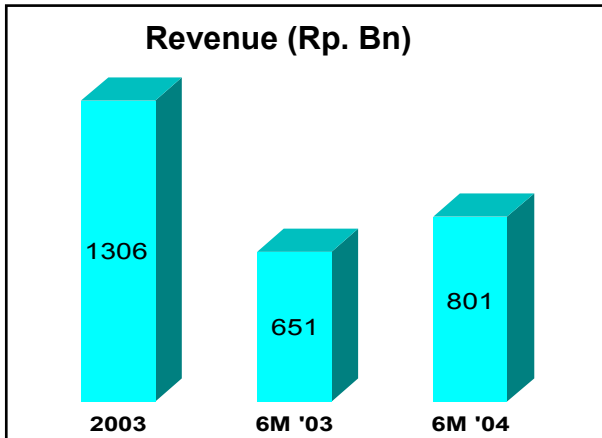
As of June 2004, Berau recorded net revenue of IDR 801 billion, or 23% higher than IDR 651 billion recorded the previous year. In USD, Berau sales has increased by 40.5% y.o.y. The growth is driven by increasing coal sales volume that was up 28% from 3.5 million tons in 2003 (67% export) to 4.5 million tons (69% export). Sales of coal to the domestic market has improved by 22%, while to the export market is up 31%.

Improvement in margins

Gross profit and operating profit margins for this year has increased considerably to 23.2% and 18.3%, respectively, compared to 10.2% and 5.1% last year, due to increased coal production and current year's improved average price for coal.

The exercise of PT Armadian Tritunggal's pre-emptive right over shares of Berau

In May 2004, one of Berau Coal's minority shareholders, PT Armadian Tritunggal, has decided to exercise its pre-emptive right to purchase all of UT's shares in Berau Coal. Based on that decision, UT has signed a Shares Sale and Purchase Agreement (SSPA) with PT Armadian Tritunggal on June 2004. The transaction is expected to conclude by the end of July 2004.



For further information:

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June 30, 2004

PT UNITED TRACTORS Tbk and SUBSIDIARIES

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Phone (021) 4605959 - 4605979

Rate Rp/US\$: 2004 = 9,415 and 2003 = 8,285

CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2004 AND 2003 (in million Rupiah)					CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS FOR THE SIX MONTHS ENDED JUNE 30, 2004 AND 2003 (in million Rupiah)			
ASSETS		LIABILITIES AND STOCKHOLDERS' EQUITY						
	2004	2003		2004	2003		2004	2003
CURRENT ASSETS			CURRENT LIABILITIES			NET REVENUE	4,292,863	3,334,852
Cash and cash equivalents	960,548	532,797	Short - term loans	77,541	114,895	COST OF REVENUE	3,466,215	2,807,026
Short-term investments	6,075	5,175	Trade payables			GROSS PROFIT	826,648	527,826
Trade receivables - net			Third parties	1,048,526	580,457	OPERATING EXPENSES		
Third parties	2,004,243	1,402,844	Related parties	517,176	366,013	Selling	63,911	44,300
Related parties	9,949	19,013	Other payables	53,537	23,632	General and administrative	227,038	172,584
Other receivables - net	19,596	2,326	Accrued expenses	253,295	162,094	Total Operating Expenses	290,949	216,884
Inventories - net	979,164	936,691	Taxes payable	119,228	85,530	INCOME FROM OPERATIONS	535,699	310,942
Prepaid taxes	82,113	171,906	Customers' deposits	80,513	38,986	OTHER INCOME (CHARGES)		
Advances and prepayments	152,636	121,145	Current maturities of long-term debt			Gain (loss) on foreign exchange - net	(170,852)	126,259
Other assets	324	158	Bank loans	254,873	2,304,965	Interest and finance charges	(83,300)	(98,156)
Total Current Assets	4,214,648	3,192,055	Finance leases	133,840	83,949	Interest income	7,519	8,405
NON-CURRENT ASSETS			Total Current Liabilities	2,538,529	3,760,521	Gain on sale of property, plant & equipment	26,328	15,984
Restricted cash and time deposits	119,773	104,006	NON-CURRENT LIABILITIES			Other income (expenses)	28,560	2,067
Due from related parties-net	5,853	5,457	Trade payables-third parties	233,355	246,721	Other Income - Net	(191,745)	54,559
Deferred tax assets - net	131,629	194,404	Due to related parties	63,720	57,003	SHARE OF ASSOCIATES AND JOINT OPERATIONS'		
Investments in bonds	3,576	5,267	Deferred tax liabilities	79,188	3,753	NET INCOME	2,571	(375)
Long-term investments	110,985	104,350	Deferred gain from sale-and-leaseback transactions	-	3,250	PROFIT BEFORE INCOME TAX	346,525	365,126
Property, plant and equipment - net	2,159,808	2,002,043	Long-term loans - net			INCOME TAX EXPENSE	(119,639)	(108,702)
Deferred exploration and development expenditure - net	336,340	295,718	Bank loans	1,678,882	258,616	INCOME BEFORE MINORITY INTEREST	226,886	256,424
Deferred stripping costs	125,674	126,662	Other loans	32,064	28,215	MINORITY INTERESTS IN NET INCOME OF SUBSIDIARIES	(28,690)	(5,614)
Deferred charges	6,382	2,796	Finance leases	81,096	175,924	NET INCOME BEFORE EXTRAORDINARY EXPENSE	198,196	250,810
Loans to officers and employees	25,222	26,020	Accrued expenses	13,499	9,533	EXTRAORDINARY EXPENSE	(7,457)	-
Other assets	3,069	2,725	Provisions	80,424	46,942	NET INCOME	190,739	250,810
Total Non-Current Assets	3,028,311	2,869,448	Total Non-Current Liabilities	2,262,228	829,957	BASIC EARNINGS PER SHARE	67	162
			MINORITY INTERESTS IN NET ASSETS OF SUBSIDIARIES	121,256	88,942			
			STOCKHOLDERS' EQUITY					
			Share capital	709,632	387,200			
			Additional paid-in capital	371,504	31,033			
			Exchange difference due to financial statement translation	234,887	247,652			
			Difference in the equity transactions of associates	14,647	13,747			
			Investment fair value revaluation reserve	18,291	13,005			
			Property, plant and equipment revaluation reserve	22,750	22,750			
			Appropriated retained earnings	30,000	20,000			
			Unappropriated retained earnings	919,235	646,696			
			Total Stockholders' Equity	2,320,946	1,382,083			
TOTAL ASSETS	7,242,959	6,061,503	TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	7,242,959	6,061,503			

Jakarta, June 30, 2004
PT UNITED TRACTORS Tbk
 S.E. & O
 THE BOARD OF DIRECTORS