



Catching up on Coal Production

Consolidated revenue was increased 17% to IDR 6.92 trio

Despite the upbeat views over major sectors in Indonesia, it appears that current domestic heavy equipment market could not accelerate fast enough to draw near last year's market position, with a drop of 43%. On the positive side, coal production by the Company's mining contracting division showed a satisfying increase of 23%, that managed to compensate the slow equipment sales.

Gross & op. profit margin were 18.2% and 10.9%

The Company's consolidated net revenue as of June 2006 was IDR 6.92 trillion, or 17% higher than the IDR 5.93 trillion recorded in the same period last year. Unlike in mid year of 2005, revenue contribution from Construction Machinery business unit was exceeded by Mining Contracting, who supplied 55% to the total revenue.

Consolidated net profit was slightly down to IDR 538 bio

On the profitability side, higher costs and expenses made the Company's consolidated gross profit was only increased 5% to IDR 1.26 trillion, while operating profit was down 14% to IDR 757 billion. Despite the foreign exchange gain of IDR 90 billion, the Company's interest expense rose by IDR 100 billion due to higher loan in Mining Contracting, ensuing a consolidated net profit of IDR 538 billion, or down 4% compared to last year's net profit of IDR 558 billion. Below is the highlights of the six-month results.

In bio Rp	6M 2006	6M 2005	% Increase
Sales	6,918	5,932	16.6
<i>Construction Machinery</i>	3,122	3,386	(7.8)
<i>Mining Contracting</i>	3,796	2,546	49.1
Gross Profit	1,261	1,206	4.6
<i>Gross Profit Margin (%)</i>	18.4	20.3	(9.4)
Operating Profit	757	879	(13.9)
<i>Operating Profit Margin (%)</i>	11.0	14.8	(25.7)
EBITDA	1,373	1,213	13.2
<i>EBITDA Margin (%)</i>	19.8	20.4	(2.9)
Net Income	538	558	(3.6)
Earnings (Losses) Per Share (Rp.)	189	196	(3.6)



CONSTRUCTION MACHINERY

Performance Overview

CM revenue was down 7.8% to IDR 3.12 trillion

For the first half 2006, Construction Machinery – conducted by United Tractors – suffered 7.8% decline in revenue, from last year's IDR 3.39 trillion to IDR 3.12 trillion. The result was mainly due to the significantly lower sales of heavy equipment which did not only include Komatsu, but also Nissan, Scania and Forklift as well. The only increase was found in sales of other equipment & attachment, mainly contributed by United Tractors Pandu Engineering who produces attachment and component for the heavy equipment.

Komatsu sales volume was 1,101 units, with 50.3% market share

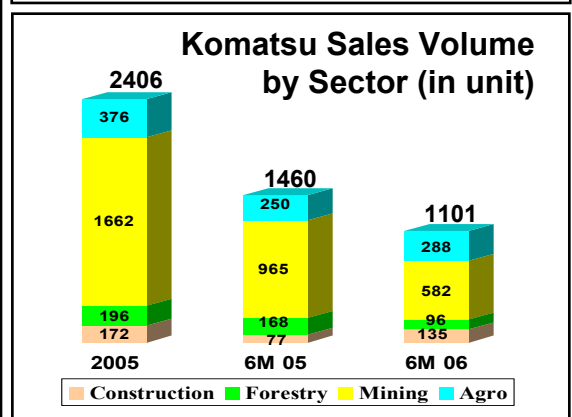
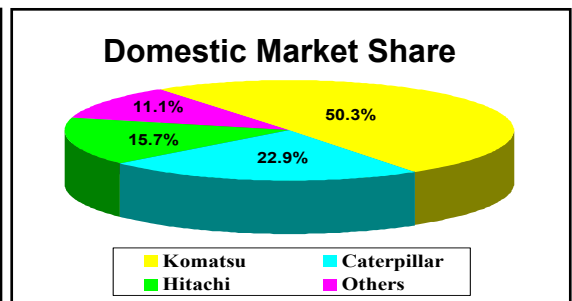
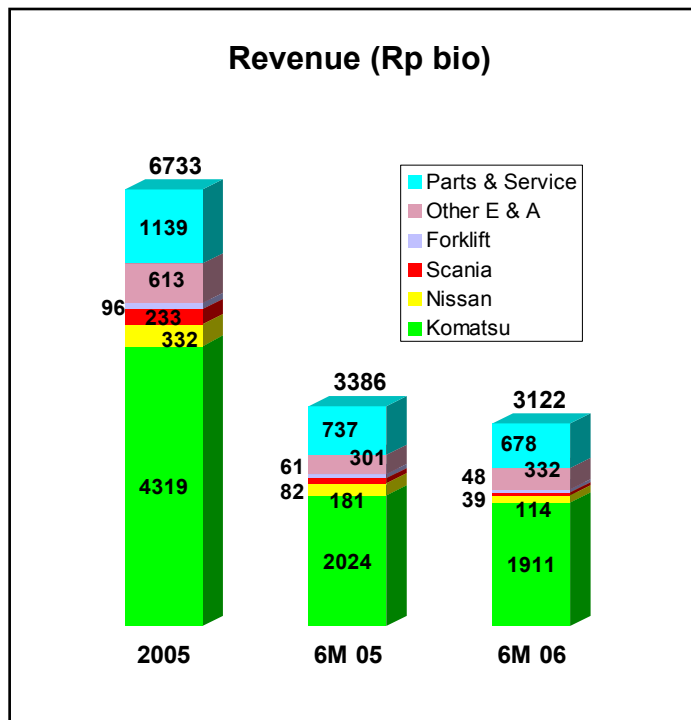
Komatsu sales volume up to June 2006 was 1,101 units or down 25% compared to the same period last year which achieved 1,460 units. A significant increase was seen in Construction sector, due to growing demand from regional areas. Unfortunately, this growth could not compensate the painfully low sales volume to Mining and Forestry sectors, as compared to last year. Nevertheless, due to 30% decline in domestic market of heavy equipment, Komatsu's market share as of June 2006 reached as high as 50.3%, compared to last year's 46.5%

Down in sales volume for Nissan Diesel, Scania and forklift

As was mentioned above, other complimentary products also experienced lower sales volume, such as Nissan Diesel which was down from 234 to 156 units, Scania from 76 to 59 units, and Komatsu forklift from 297 to 257 units.

Gross and op. profit margin were 15.2% and 6.5%, respectively

Due to strengthened IDR year on year, the business unit recorded lower gross profit margin, from 18.6% to 15.2%, mainly pressured by margin of heavy equipment. Increased operating expenses, such as for freight and warehouse, resulted in lower operating profit margin, from 12.9% to 6.5%.





MINING CONTRACTING

Performance Overview

23% increase in coal production; 32% increase in overburden removal

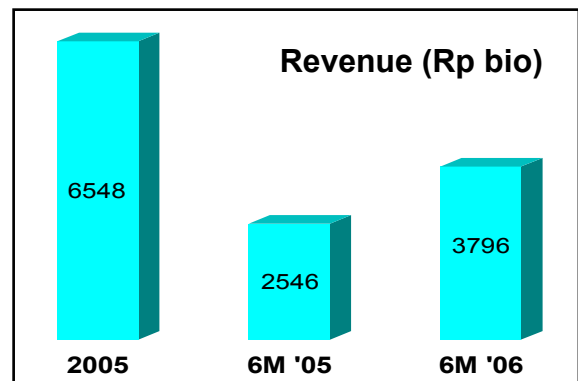
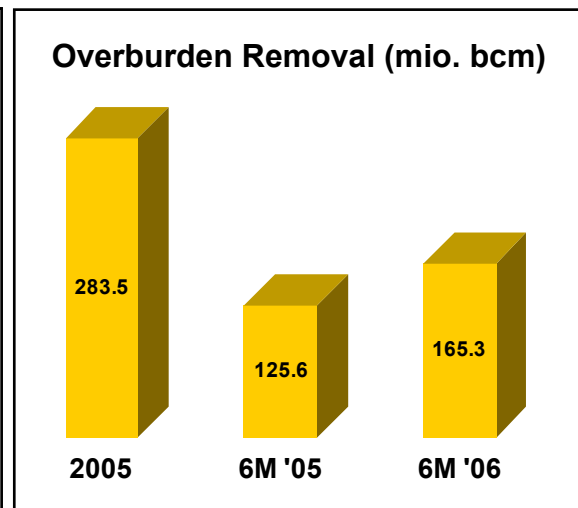
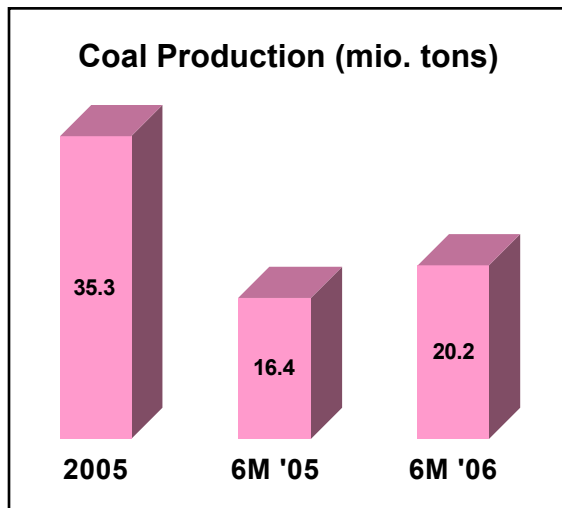
Regardless of the slow down in Construction Machinery, Pamapersada Nusantara (Pama) as the Company's Mining Contracting business unit, succeeded to reap the benefit of current attractive coal price, by delivering an increase of coal production and overburden removal above its last year's achievement. Until first half of the year, Pama's coal production achieved 20.2 million ton or increased 23%, while attaining 32% increase in overburden removal, from 125.6 million to 165.3 million bcm.

Revenue was up 49% to IDR 3.8 trillion

As a result, Mining Contracting was able to record 49% increase in revenue, from IDR 2.55 trillion to IDR 3.80 trillion. Largest contributors to the revenue were still dominated by Pama's coal mining projects for Adaro Indonesia (30%), Indominco Mandiri (20%) and Kaltim Prima Coal (15%).

Lower gross and operating profit margin

However, despite the perking up in revenue, the business unit could not escape from higher cost in consumables and depreciation, as well as other expenses, resulting in lower gross profit margin as compared to last year, from 17.5% to 16.7%, and lower operating profit margin from 13.4% to 11.9%.



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Rate Rp/US\$: 2006 = 9,300 and 2005 = 9,713

CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2006 AND 2005 (in million Rupiah)					CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS FOR THE THREE MONTHS ENDED JUNE 30, 2006 AND 2005 (in million Rupiah)			
ASSETS		LIABILITIES AND STOCKHOLDERS' EQUITY						
	2006	2005		2006	2005		2006	2005
CURRENT ASSETS			CURRENT LIABILITIES			NET REVENUE	6,917,581	5,932,001
Cash and cash equivalents	873,362	620,035	Short-term bank loans	596,382	173,655	COST OF REVENUE	5,656,520	4,725,614
Short-term investments	28,350	14,310	Dividen payables	-	99,772	GROSS PROFIT	1,261,061	1,206,387
Trade receivables:			Trade payables:			OPERATING EXPENSES		
Third parties (net of allowance for doubtful accounts 2006: Rp 352,374; 2005: Rp 80,886)	2,727,715	2,288,215	Third parties	1,432,667	1,299,844	Selling expenses	79,718	64,879
Related parties	18,561	22,815	Related parties	455,938	690,270	General and administration expenses	425,004	263,001
Other receivables - third parties (net allowance for doubtful accounts 2006: Rp 198; 2005: Rp 75,757)	52,549	52,186	Other payables - third parties	38,267	37,886	Total Operating Expenses	504,722	327,880
Inventories (net of allowance for inventory obsolescence 2006: Rp 30,216; 2005: Rp 25,930)	1,531,718	1,664,574	Current tax liabilities	104,378	137,721	OPERATING INCOME	756,339	878,507
Prepaid taxes	206,051	107,684	Accrued expenses	201,371	99,770	OTHER INCOME (EXPENSES)		
Advances and prepayments	237,740	257,112	Customer deposits	60,310	112,590	Foreign exchange gain (loss) - net	129,131	(53,783)
Other assets	-	84	Deferred revenues	53,585	-	Interest and finance charges	(175,814)	(76,455)
			Current maturities of long-term debt:			Interest income	34,987	36,823
			Bank loans	178,728	65,077	Gain on sale of fixed assets	28,990	6,347
			Finance leases	445,381	198,258	Other income - net	10,634	505
			Amounts due to related parties	800	700			
Total Current Assets	5,676,046	5,027,015	Total Current Liabilities	3,567,807	2,915,543	Total Other Income (Expenses)	27,928	(86,563)
NON-CURRENT ASSETS			NON-CURRENT LIABILITIES			EQUITY IN NET INCOME OF ASSOCIATES AND JOINT OPERATIONS	2,585	2,553
Restricted cash and time deposits	25,652	82,651	Trade payables - third parties	797,537	668,618	PROFIT BEFORE INCOME TAX	786,852	794,497
Amount due from related parties	4,251	1,558	Deferred tax liabilities	654	3,045	INCOME TAX EXPENSE	(243,000)	(229,209)
Loan receivable - third party	277,140	388,520	Long-term debt, net of current maturities:			Total Income Tax Expense	(243,000)	(229,209)
Deferred tax assets	98,739	44,011	Bank loans	1,510,776	1,510,574	INCOME BEFORE MINORITY INTEREST	543,852	565,288
Long-term investments	127,175	113,164	Finance leases	836,924	249,042	MINORITY INTEREST	(5,438)	(7,557)
Fixed assets (net of accumulated depreciation 2006: Rp 2,785,456; 2005: Rp 1,993,451)	4,919,834	3,377,520	Amounts due to related parties	6,531	8,576	NET INCOME BEFORE EXTRAORDINARY EXPENSE	538,414	557,731
Deferred charges	93,670	34,197	Provisions	142,007	111,055	NET INCOME	538,414	557,731
Loans to officers and employees	39,455	35,382	Deferred gain from sale and leaseback	22,835	-	BASIC EARNINGS PER SHARE	189	196
Other assets	4,036	2,459	Total Non-Current Liabilities	3,317,264	2,550,910			
Total Non-Current Assets	5,589,952	4,079,462	MINORITY INTERESTS IN EQUITY OF SUBSIDIARIES	47,646	44,051			
			SHAREHOLDERS' EQUITY					
			Share capital:					
			Authorized capital - 6,000,000,000 ordinary shares with a par value of Rp 250 per share; issued and fully paid capital (2006: 2,851,609,100 ordinary shares; 2005: 2,850,809,000 ordinary shares)	712,902	712,702			
			Additional paid-in capital	374,254	374,126			
			Exchange difference from financial statements translation	137,462	145,751			
			Difference in the equity transactions of subsidiaries	26,935	12,895			
			Investment fair value revaluation reserve	82,114	68,620			
			Fixed assets revaluation reserve	22,750	22,750			
			Retained earnings:					
			Appropriated	71,290	40,000			
			Unappropriated	2,905,574	2,219,129			
			Total Shareholders' Equity	4,333,281	3,595,973			
TOTAL ASSETS	11,265,998	9,106,477	TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	11,265,998	9,106,477			

Jakarta, June 30, 2006
PT UNITED TRACTORS Tbk
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 THE BOARD OF DIRECTORS