



Maintaining Profitability Year on Year

Consolidated revenue of IDR 5.2 trio.

As of September 2003, PT United Tractors Tbk (UT/Company) recorded consolidated net revenue of IDR 5.24 trillion, just slightly lower than IDR 5.36 trillion recorded in the same period of 2002. Lower revenue can be attributed to stronger IDR rate with this year average rate reaching IDR 8,595/USD for nine months while last year's was IDR 9,332/USD. Even though the gross profit margin and operating profit margin declined from 17.0% and 10.8%, respectively, to currently 16.7% and 10.5%, the EBITDA margin has improved to 16.9% from 16.4% last year's. At the bottom line, the net profit reached IDR 389.18 billion this year, or better than IDR 382.27 billion as of September 2002.

MC contributed 44% to total revenue

The respectable consolidated revenue was contributed from growing spare parts and service revenue of Construction Machinery (CM), new projects revenue of Mining contracting (MC), and growing coal delivery from Mining. Overall, MC was still the biggest contributor to the consolidated revenue with 44%, followed by the Construction Machinery (CM) with 37% and the Mining with 19%.

Improving margins since Q2 '03

During the third quarter of 2003, the overall gross profit has improved to 16.7% from 15.8% in the second quarter due to continuing cost efficiency at CM and MC, and increasing coal price at Mining. Combined with efficiency on the operating expense across the board, the operating profit margin has also improved to 10.5% from 9.3% in the second quarter. Thus, EBITDA margin also improved, even better than the year before. Below is the highlight of the quarter's results.

In Rp. bn.	9M 2003	9M 2002	% Increase
Sales	5,239	5,365	(2.4)
<i>Construction Machinery</i>	1,937	2,031	(4.6)
<i>Mining Contracting</i>	2,305	2,369	(2.7)
<i>Mining</i>	997	965	3.3
Gross Profit	874	912	(4.3)
<i>Gross Profit Margin (%)</i>	16.7	17.0	(1.9)
Operating Profit	550	578	(4.8)
<i>Operating Profit Margin (%)</i>	10.5	10.8	(2.5)
EBITDA	884	881	0.4
<i>EBITDA Margin (%)</i>	16.9	16.4	2.8
Net Income	389	382	1.8
Earnings (Losses) Per Share (Rp.)	248	247	0.4



PERFORMANCE OVERVIEW: CONSTRUCTION MACHINERY

CM's revenue down by 5%

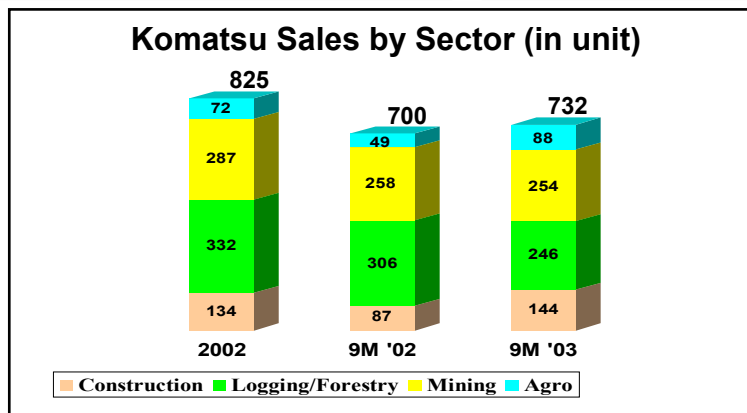
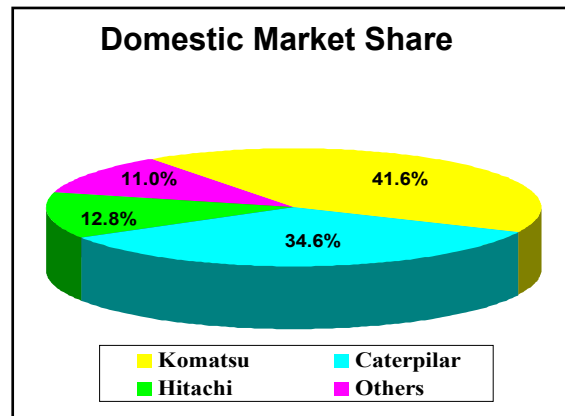
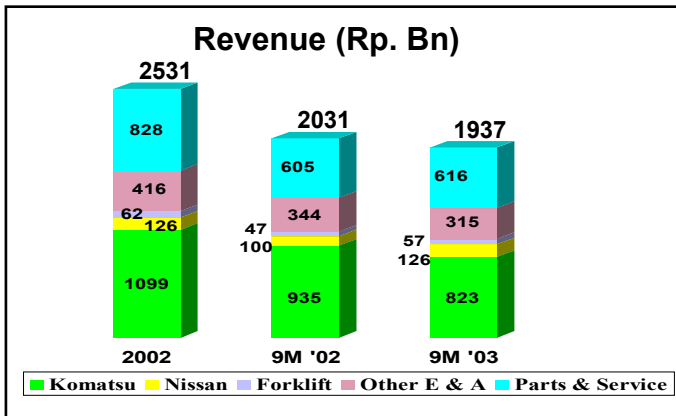
As of September 2003, CM division recorded revenue of IDR 1.94 trillion, or 4.6% lower than IDR 2.03 trillion last year. The decrease is mainly due to revenue of heavy equipment sales that are affected by stronger IDR rate (sales of heavy equipment, parts and service are in USD mostly) and more competitive heavy equipment market, especially in the forestry sector. However, sales of parts and services show small growth of 1.8% y.o.y.

But, Komatsu unit sales up by 5%

On the operation side, UT has sold 732 units of Komatsu, an increase of 4.6% from 700 units as of September 2002. The main driver of the sales comes from the construction sector that grows by 65.5% y.o.y. and the agro sector that grows by 79.6%. Even though in terms of quantity the contribution from construction and agro sectors is small, but their sales contribute significantly to the overall unit sales increase. Thus, Komatsu is still the market share leader by taking in 41.6% of the market. Meanwhile, sales of Nissan Diesel truck continues its strengthening pattern, reaching 200 units, or a grow by 22.7% y.o.y. Sales of Komatsu and Patria forklifts have also improved to 363 units, increase by 17.9% since a year ago.

Margins also better

Overall, CM still registered higher gross profit margin and operating profit margin of 19.6% and 8.2%, respectively, as compared to 18.5% and 7.0% recorded in 2002. The improvement is due to continuing efficiency efforts in the Company without sacrificing services to the customers.





PERFORMANCE OVERVIEW: MINING CONTRACTING

Revenue reaches IDR 2.3 trio.

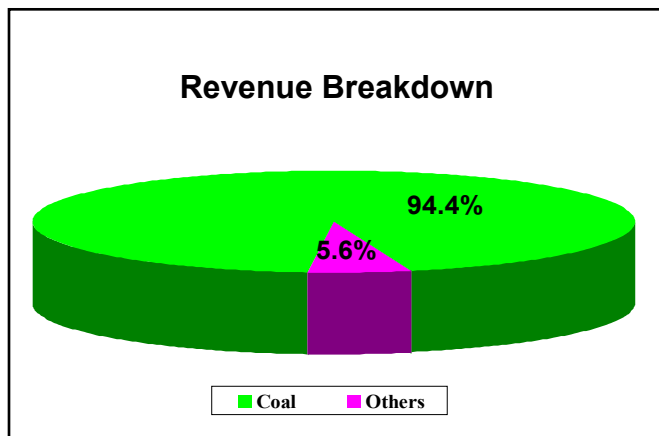
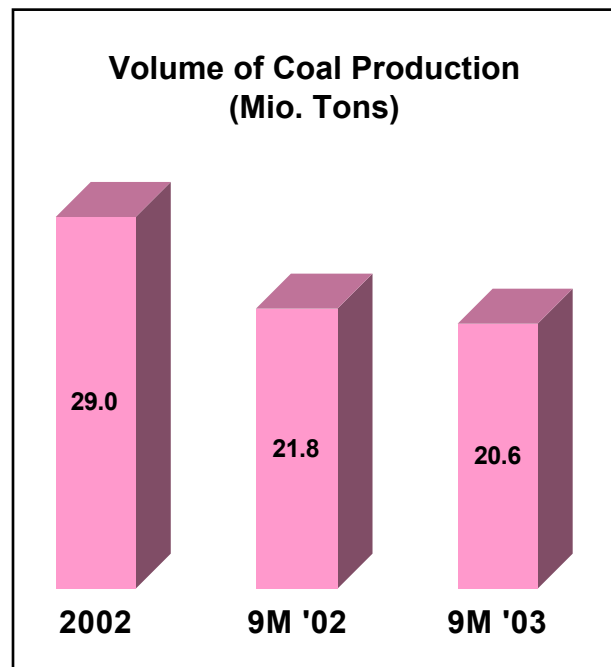
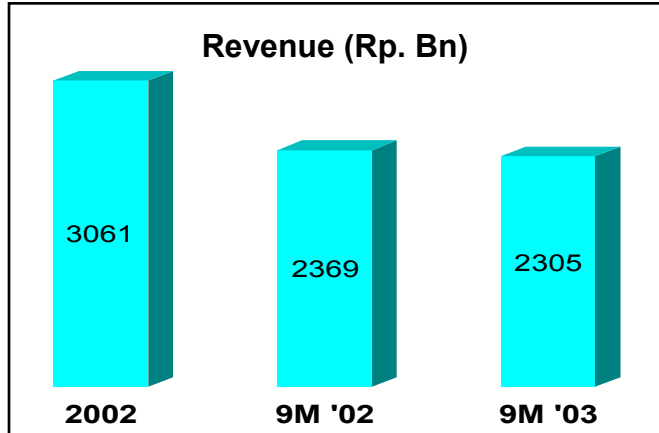
The MC division under PT Pamapersada Nusantara (Pama) recorded revenue of IDR 2.30 trillion, 2.7% below September 2002's revenue of IDR 2.37 trillion. The decrease in revenue is mainly due to strengthening IDR (more than 90% of Pama's revenue is in USD) and lower production. As of September 2003, Pama has produced 20.6 million tons of coal and 104.2 million bcm overburden, or less than 21.8 million tons of coal and 106.9 million bcm overburden the year before. Pama's new projects with Kideco Jaya Agung and Dasa Eka Jasatama (DEJ) have just started in the beginning of third quarter. In addition, Pama also got other revenue from road maintenance at Freeport.

Margins decrease

As of September 2003, Pama recorded lower gross profit and operating profit margins of 16.4% and 13.9%, respectively, as compared to 17.9% and 15.1% for the same period in 2002. Lower margins this year are due mainly to IDR strengthening that affects the cost structure. However, the margins have actually improved since the first half 2003.

Respectable safety grades

On the safety side, Pama has been able to maintain its NOSA star grading. Based on 1 to 5 stars with 5 being the best, Pama has been able to maintain the 4 stars grading for its head office, and the jobsites at Tanjung Enim and Tenggara.



September 30, 2003



PERFORMANCE OVERVIEW: COAL MINING

Coal sales volume up by 15%

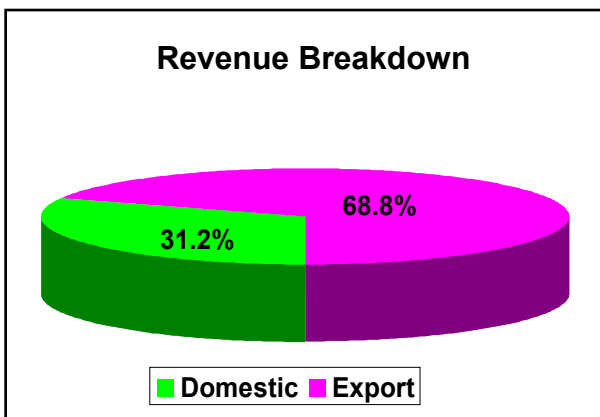
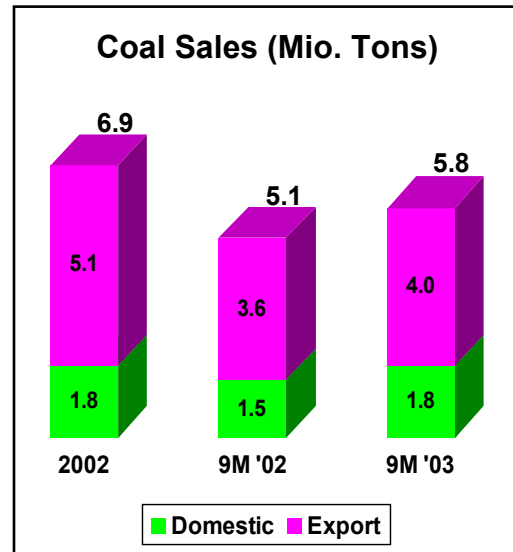
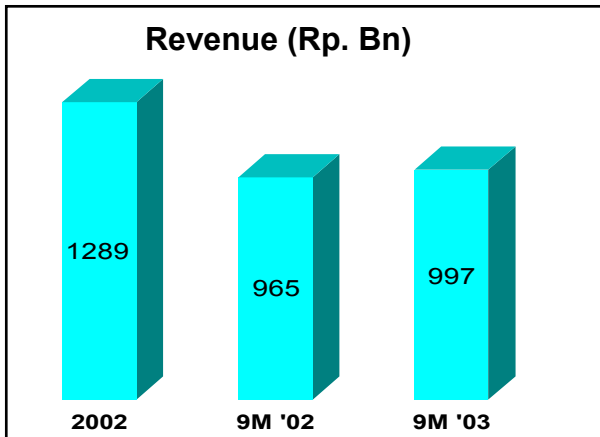
During the third quarter of 2003, Berau delivered more coal than the previous quarters in 2003. As the result, Berau has delivered 5.8 million tons of coal, or up by 2.3 million tons since the first half 2003. Compared to the year before, the coal delivery represents 15.2% increase. Back by respectable volume growth, Berau was able to record revenue of IDR 996.61 billion, or 3.3% higher than IDR 965.00 billion recorded the previous year. In USD, actually Berau increased its sales by 12% y.o.y. As of September 2003, the average coal price stands at USD 19.92 per ton, or below USD 20.47 per ton as of September 2002.

Positive coal demand outlook

Due to unstable coal price, the customers now tend to go with short-term contracts. Nonetheless, the outlook for the coal demand is to continue strengthening at least until the first quarter of 2004 due to increase demand of energy in the face of incoming holiday season towards the end of the year.

Improving margins in Q3

For nine months of 2003, Berau recorded lower gross profit and operating profit margins of 11.5% and 7.1%, respectively, compared to 11.7% and 8.0% as of September 2002. However, these margins have actually improved since the first half 2003 due to continuous efficiency done in the Company.



For further information:

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September 30, 2003

PT UNITED TRACTORS Tbk and SUBSIDIARIES

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Rate Rp/US\$: 2003 = 8,389 and 2002 = 9,015

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2003 AND 2002 (in million Rupiah)					CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002 (in million Rupiah)			
ASSETS		LIABILITIES AND STOCKHOLDERS' EQUITY						
	2003	2002		2003	2002		2003	2002
CURRENT ASSETS			CURRENT LIABILITIES			NET REVENUE	5,238,539	5,364,995
Cash and cash equivalents	736,637	367,128	Short - term loans	113,572	122,558	COST OF REVENUE	4,364,922	4,452,591
Short-term investments	5,175	-	Trade payables			GROSS PROFIT	873,617	912,404
Trade receivables - net			Third parties	1,163,535	1,190,690	OPERATING EXPENSES		
Third parties	1,602,709	1,574,415	Related parties	197,813	184,653	Selling	67,629	66,066
Related parties	4,682	3,552	Other payables	19,219	34,186	General and administrative	255,640	268,194
Other receivables - net	232,029	145,214	Accrued expenses	203,970	179,060	Total Operating Expenses	323,269	334,260
Inventories - net	847,159	958,517	Taxes payable	78,828	112,466	INCOME FROM OPERATIONS	550,348	578,144
Prepaid taxes	100,121	276,935	Customers' deposits	41,018	35,666	OTHER INCOME (CHARGES)		
Advances and prepayments	98,679	227,770	Current maturities of long-term debt			Gain (loss) on foreign exchange - net	116,176	335,211
Total Current Assets	3,627,191	3,553,531	Bank loans	2,338,208	1,051,644	Interest and finance charges	(147,057)	(154,681)
			Finance leases	120,165	86,334	Interest income	14,657	23,010
NON-CURRENT ASSETS			Total Current Liabilities	4,276,328	2,997,257	Gain on sale of property, plant & equipment	17,001	13,658
Restricted cash and time deposits	94,271	74,720	NON-CURRENT LIABILITIES			Other income (expenses)	20,147	11,463
Due from related parties-net	5,354	1,222	Due to related parties	57,625	61,650	Other Income - Net	20,924	228,661
Deferred tax assets - net	179,967	401,662	Deferred tax liabilities	12,319	2,022	SHARE OF ASSOCIATES AND JOINT OPERATIONS'		
Investments in bonds	5,333	5,815	Deferred gain from sale-and-leaseback transactions	1,947	5,410	NET INCOME	1,122	1,381
Long-term investments	104,965	69,729	Long-term loans - net			PROFIT BEFORE INCOME TAX	572,394	808,186
Property, plant and equipment - net	1,946,642	1,817,402	Bank loans	274,568	1,868,784	INCOME TAX EXPENSE	(169,502)	(408,109)
Deferred exploration and development expenditure - net	299,600	315,912	Other loans	28,570	30,701	INCOME BEFORE MINORITY INTEREST	402,892	400,077
Deferred stripping costs	137,997	119,238	Finance leases	122,543	119,418	MINORITY INTERESTS IN NET INCOME OF SUBSIDIARIES	(13,716)	(17,810)
Deferred charges	2,803	3,784	Accrued expenses	10,466	8,736	NET INCOME	389,176	382,267
Loans to officers and employees	26,540	31,106	Provisions	39,647	34,919	BASIC EARNINGS PER SHARE	248	247
Other assets	2,849	3,738	Total Non-Current Liabilities	547,685	2,131,640			
Total Non-Current Assets	2,806,321	2,844,328	MINORITY INTERESTS IN NET ASSETS OF SUBSIDIARIES	97,547	89,947			
			STOCKHOLDERS' EQUITY					
			Share capital	391,574	386,400			
			Additional paid-in capital	33,832	30,521			
			Translation difference	111,393	120,268			
			Exchange difference due to financial statement translation	120,589	128,272			
			Difference in the equity transactions of associates	13,747	13,747			
			Investment fair value revaluation reserve	13,005	(20,480)			
			Property, plant and equipment revaluation reserve	22,750	22,750			
			Appropriated retained earnings	20,000	10,000			
			Unappropriated retained earnings	785,062	487,537			
			Total Stockholders' Equity	1,511,952	1,179,015			
			TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	6,433,512	6,397,859			
TOTAL ASSETS	6,433,512	6,397,859						

Jakarta, October 29, 2003
PT UNITED TRACTORS Tbk
S.E. & O

THE BOARD OF DIRECTORS