



Mining Contracting Full Steam Ahead

Consolidated revenue was up 7% to IDR 10.46 trillion

As expected, until the third quarter 2006, the Company's mining contracting division, Pamapersada Nusantara (Pama) still shows its strength to contribute excellent returns to the Company's overall revenue. Since first semester this year, the business unit manages to muscle its coal production and overburden removal into a steady increase. And indeed, the timing could not be more perfect, since domestic market of heavy equipment has not shown any rebound. Based on our internal market research, equipment market as of September 2006 was down 18% year on year, although a few non-mining sectors have begun to reveal glimpses of promising growth, lead by the agrobusiness.

Gross & op. profit margin were 18.2% and 11.6%

For nine months operation in 2006, The Company recorded a consolidated net revenue of IDR 10.46 trillion, or 7% higher than the IDR 9.78 trillion revenue of the same period last year. Of the total revenue, Mining Contracting contributed 57%, and the remaining was contributed by Construction Machinery.

Consolidated net profit was IDR 842 billion

Strengthened Rupiah as well as increasing cost in both business units created a pressure on the Company's consolidated gross profit margin, which was declined from 20.7% to 18.2%, while operating profit margin was also down from 14.4% to 11.6%. Nevertheless, due to foreign exchange gain as compared to last year's loss, the Company's consolidated net income was slightly increased, from IDR 809 billion to IDR 842 billion. Below is the highlights of the nine-month results.

In bio Rp	9M 2006	9M 2005	% Increase
Sales	10,462	9,779	7.0
<i>Construction Machinery</i>	4,538	5,113	(7.8)
<i>Mining Contracting</i>	5,924	4,666	49.1
Gross Profit	1,905	2,023	(5.8)
<i>Gross Profit Margin (%)</i>	18.2	20.7	(12.1)
Operating Profit	1,211	1,404	(13.7)
<i>Operating Profit Margin (%)</i>	11.6	14.4	(19.4)
EBITDA	2,086	2,076	0.5
<i>EBITDA Margin (%)</i>	19.9	21.2	(6.1)
Net Income	842	809	4.1
Earnings (Losses) Per Share (Rp.)	295	284	3.9



CONSTRUCTION MACHINERY

Performance Overview

CM revenue was down 11% y.o.y to IDR 4.54 trillion

By September 2006, Construction Machinery – conducted by United Tractors – experienced a y.o.y negative revenue growth of 11%, from IDR 5.11 trillion to IDR 4.54 trillion (after elimination), due to the low sales of Komatsu, as well as other products such as Nissan Diesel, Scania and forklift. On the bright side, the business unit enjoyed a bit of revenue increase from sales of spare parts & service (up 23%) and other equipment & attachment (up 11%), contributed by United Tractors Pandu Engineering.

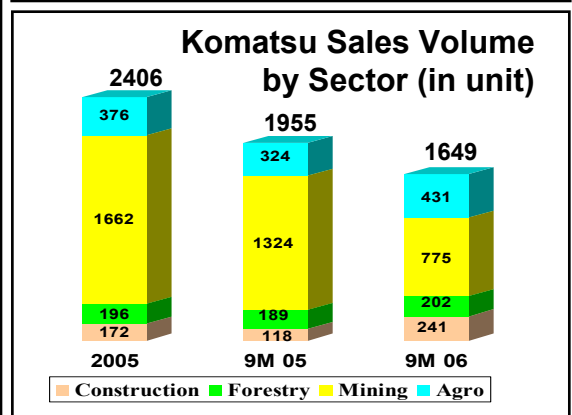
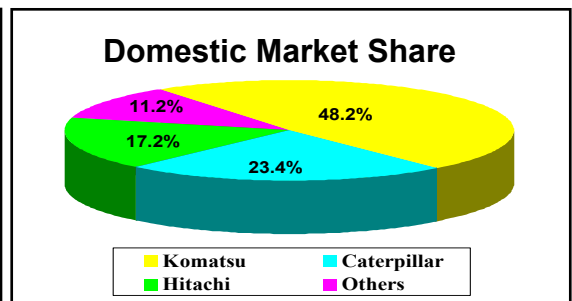
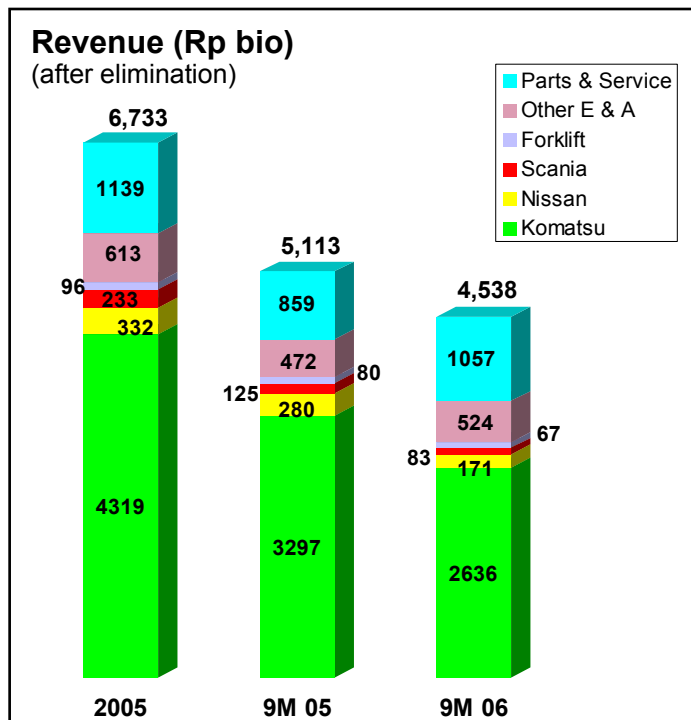
Komatsu sales volume grew in all sectors, except Mining

Sales volume of Komatsu until this third quarter was 1,649 units or 16% lower than last year's volume of 1,955 units, hauled down by 40% decline in sales to the Mining sector. On the positive side, the drop was softened by increase of sales in the remaining three sectors: Agro (up 33%), Forestry (up 7%) and Construction (up 4%). Moreover, Komatsu still succeeds to lead the domestic heavy equipment market with 48.2% market share as compared to last year's market share of 46.6%

Among the complementary products distributed by Construction Machinery, sales volume of Nissan Diesel was down from 372 to 241 units, Scania was fairly flat from 117 to 120 units, and Komatsu forklift was down from 387 to 376 units.

Gross and op. profit margin were 15.8% and 7.6%, respectively

Current strengthening of Rupiah as well as change of equipment sales mix played a considerable role upon the gross profit, resulting in lower gross profit margin, from 18.4% to 15.8%, mostly pulled down by margin of heavy equipment. In addition, operating expenses were also increased, ensuing a lower operating profit margin of 7.6% as compared to 12.2% margin from last year.



Source: Internal Market Research



MINING CONTRACTING

Performance Overview

20% increase in coal production; 23% increase in overburden removal

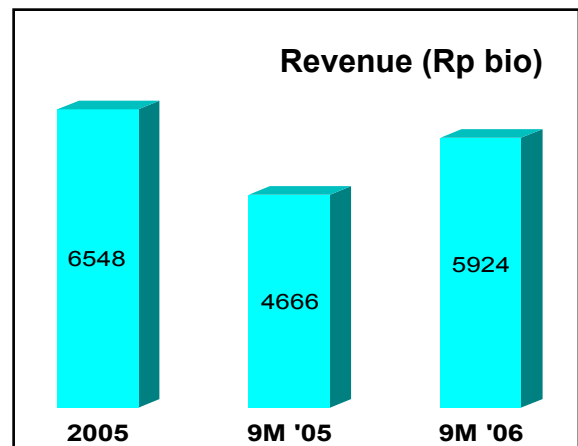
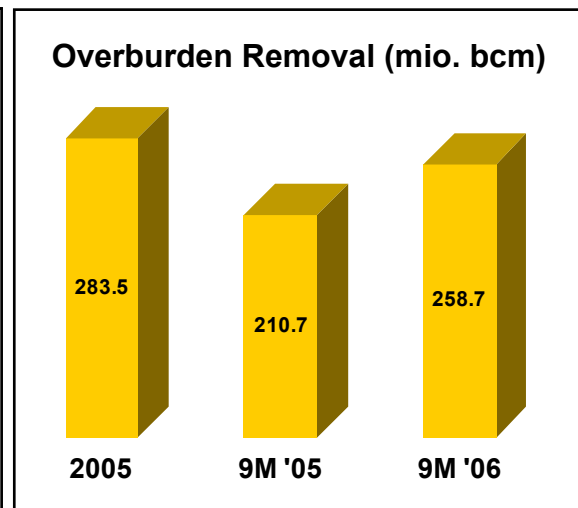
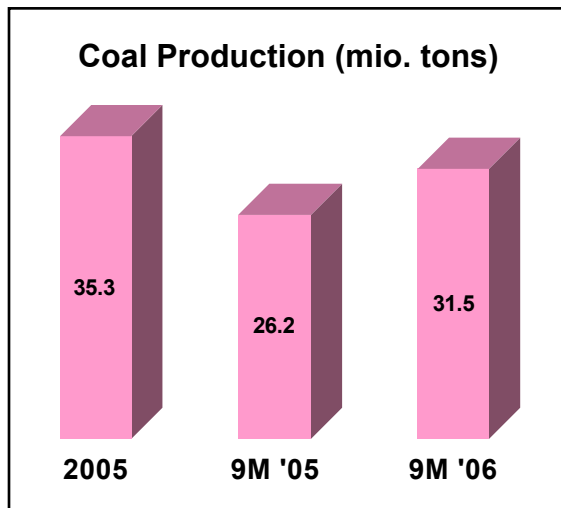
It appears that the sluggish heavy equipment sales to mining sector does not affect Pamapersada Nusantara (Pama)'s productivity in mining contracting. Facilitated by prolonged dry season, the business unit succeeded to increase its production in coal and overburden removal. Until September, Pama's coal production was 31.5 million ton or increased 20%, with overburden removal of 258.7 million bcm or increased 23%.

Revenue was up 30% to IDR 5.92 trillion

The production rise was also reflected in Pama's revenue, as it grew from IDR 4.67 trillion on the same period last year to IDR 5.92 trillion this year. Major 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%).

GP margin of 16.2% and OP margin of 11.9%

Nevertheless, higher consumables and depreciation cost (due to additional equipments for the last two years) eroded the gross profit, resulting in lower gross profit margin as compared to last year, from 18.4% to 16.2%. Higher loan in Pama's side also ensuing higher interest expense and wore down the operating profit margin from 13.1% to 11.9%.



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Rate Rp/US\$: 2006 = 9,235 and 2005 = 10,310

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2006 AND 2005 (in million Rupiah)					CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005 (in million Rupiah)			
ASSETS		LIABILITIES AND STOCKHOLDERS' EQUITY						
	2006	2005		2006	2005		2006	2005
CURRENT ASSETS			CURRENT LIABILITIES			NET REVENUE	10,461,902	9,778,666
Cash and cash equivalents	471,377	499,891	Short-term bank loans	606,642	451,372	COST OF REVENUE	8,556,675	7,755,359
Short-term investments	30,375	14,670	Dividen payables	128,322	-	GROSS PROFIT	1,905,227	2,023,307
Trade receivables:			Trade payables:			OPERATING EXPENSES		
Third parties (net of allowance for doubtful accounts 2006: Rp 347,304; 2005: Rp 184,936)	3,167,522	2,947,283	Third parties	1,502,804	1,525,804	Selling expenses	124,391	104,911
Related parties	18,179	27,293	Related parties	384,041	1,101,413	General and administration expenses	570,238	514,126
Other receivables - third parties (net allowance for doubtful accounts 2006: Rp 198; 2005: Rp 2,927)	73,568	33,435	Other payables - third parties	45,037	52,792	Total Operating Expenses	694,629	619,037
Inventories (net of allowance for inventory obsolescence 2006: Rp 17,781; 2005: Rp 22,283)	1,640,275	2,334,809	Current tax liabilities	113,091	165,613	OPERATING INCOME	1,210,598	1,404,270
Prepaid taxes	278,847	81,684	Accrued expenses	225,935	153,515	OTHER INCOME (EXPENSES)		
Advances and prepayments	289,653	298,877	Customer deposits	80,222	143,050	Foreign exchange gain (loss) - net	135,435	(184,745)
Other assets	-	12	Deferred revenues	58,311	-	Interest and finance charges	(277,600)	(136,436)
			Current maturities of long-term debt:			Interest income	55,192	57,509
			Bank loans	198,121	182,680	Gain on sale of fixed assets	80,662	10,376
			Finance leases	441,977	161,378	Dividend income	1,581	3,027
			Amounts due to related parties	800	1,981	Other income - net	8,077	11,571
Total Current Assets	5,969,796	6,237,954	Total Current Liabilities	3,785,303	3,939,598	Total Other Income (Expenses)	3,347	(238,698)
NON-CURRENT ASSETS			NON-CURRENT LIABILITIES			EQUITY IN NET INCOME OF ASSOCIATES AND JOINT OPERATIONS	4,229	4,118
Restricted cash and time deposits	16,838	83,892	Trade payables - third parties	670,367	724,006	PROFIT BEFORE INCOME TAX	1,218,174	1,169,690
Amount due from related parties	4,070	4,440	Deferred tax liabilities	641	2,943	INCOME TAX EXPENSE	(367,887)	(350,005)
Loan receivable - third party	234,569	412,400	Long-term debt, net of current maturities:			Total Income Tax Expense	(367,887)	(350,005)
Deferred tax assets	95,482	65,898	Bank loans	1,527,022	1,573,058	INCOME BEFORE MINORITY INTEREST	850,287	819,685
Long-term investments	129,219	126,091	Finance leases	784,521	237,699	MINORITY INTEREST	(8,239)	(10,749)
Fixed assets (net of accumulated depreciation 2006: Rp 2,950,747; 2005: Rp 2,187,927)	4,918,338	3,538,313	Amounts due to related parties	6,019	2,800	NET INCOME BEFORE EXTRAORDINARY EXPENSE	842,048	808,936
Deferred charges	95,041	34,220	Provisions	157,166	146,968	NET INCOME	842,048	808,936
Loans to officers and employees	39,283	37,374	Deferred gain from sale and leaseback	20,850	-	BASIC EARNINGS PER SHARE	295	284
Other assets	4,116	2,247	Total Non-Current Liabilities	3,166,586	2,687,474			
Total Non-Current Assets	5,536,956	4,304,875	MINORITY INTERESTS IN EQUITY OF SUBSIDIARIES	45,564	44,975			
			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 in 2006 and 2005)	712,902	712,902			
			Additional paid-in capital	374,254	374,254			
			Exchange difference from financial statements translation	136,143	155,173			
			Difference in the equity transactions of subsidiaries	28,960	13,255			
			Investment fair value revaluation reserve	82,114	82,114			
			Fixed assets revaluation reserve	22,750	22,750			
			Retained earnings:					
			Appropriated	71,290	40,000			
			Unappropriated	3,080,886	2,470,334			
			Total Shareholders' Equity	4,509,299	3,870,782			
TOTAL ASSETS	11,506,752	10,542,829	TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	11,506,752	10,542,829			

Jakarta, October 31, 2006
PT UNITED TRACTORS Tbk
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THE BOARD OF DIRECTORS