



THRIVING PERFORMANCE UNDER INCREASING EXCHANGE RATES

PT United Tractors Tbk. (UT) has just released the result for its June 30, 2000 Financial Reports. Under recovering economic condition, UT reported better performance than ever, by recording a net revenue of Rp. 2.32 trillion, or a good 31% improvement over the same period last year. The improvement was due to better overall operation results from the companies in the UT Group.

Increasing GP and OP As the result of higher revenue, the gross profit and operating profit increased by 11% and 13%, respectively, from the first half of 1999. The EBITDA reached Rp. 632.67 billion as compared to Rp. 568.49 billion the previous year. The cash and cash equivalent has increased to Rp. 567.27 billion from 501.20 billion in 1999, showing the ability of the Company to manage cash better.

Higher exchange rate On the other hand, the foreign exchange (forex) loss increased to Rp. 449.18 billion, much higher than expected because of increasing exchange rates from Rp. 7,100/USD at the end of 1999 to Rp. 8,735/USD by the first half of 2000. The exchange rate is predicted to stay high until after the General Assembly Meeting in August 2000 has gone by. Even with such high forex loss, the Company reported a net loss of just Rp. 57.53 billion, relatively small due to much better performance this year. The management expects that the Rupiah would strengthen back to the 8000 level line with politics stabilization by the fourth quarter of this year and finally will bring positive impact to the profitability and its financial structure.

Debt restructuring progress For the debt restructuring, one by one subsidiary has reached agreement. Started by Berau Coal which signed in March 2000, then UT Pandu Engineering in May 2000, followed by Pandu Dayatama Patria in June 2000 and lastly by Pamapersada Nusantara in July 2000. UT is expected to follow soon.

Highlights of the quarter's result

In Rp. bn.		Q2 2000	Q2 1999	% Increase
Sales	Construction Machinery	950	677	40
	Mining Contracting	967	894	8
	Mining	254	158	60
	Material Handling	151	41	268
Total Sales		2,322	1,770	31
Gross Profit		618	557	11
Operating Profit		490	434	13
EBITDA		633	568	11
Net Income		(58)	438	(113)
Earnings (Losses) Per Share (Rp.)		(386)	3,172	(112)

June 30, 2000



PERFORMANCE OVERVIEW: CONSTRUCTION MACHINERY

Improving Komatsu sales

In the first half of 2000, CM revenue increased to Rp. 949.73 billion as compared to Rp. 676.96 billion the year before. The increase can be attributed to the sales of 395 units of Komatsu, a 40% increase from 283 units in the first half of 1999. The increase was due to excellent sales to the forestry/logging sector with 231 units. The high sales in this sector were caused by the replanting session for many forest areas after the trees had been cut down and to replace older equipment. The market share of Komatsu in Indonesia reached 47.4%, much higher than its closest rival.

Other equipment sales

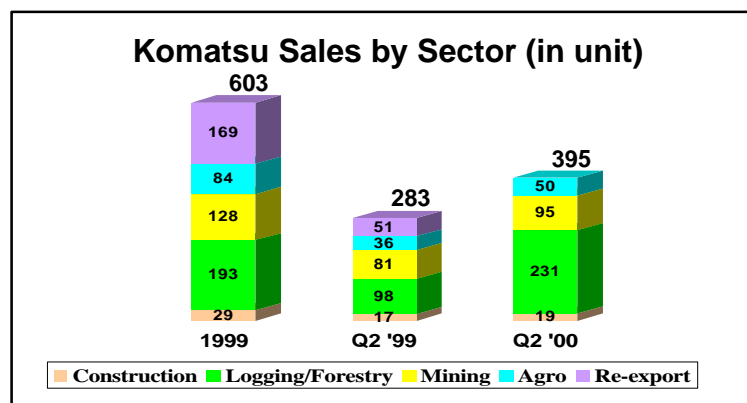
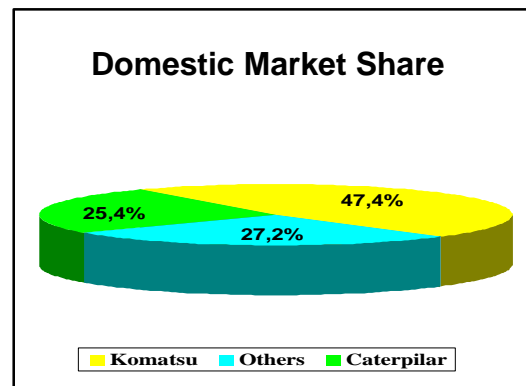
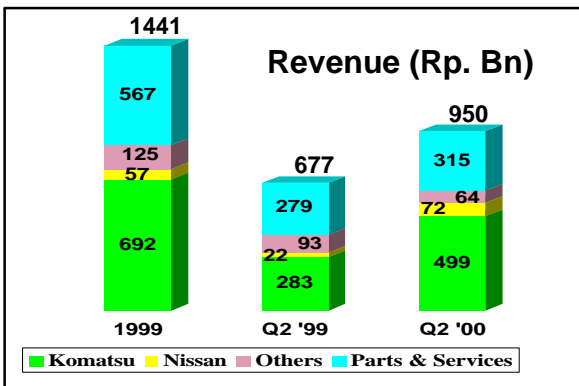
In addition, UT also sold 91 units of Nissan Diesel trucks, a big increase from just 18 units in the first quarter 2000 and 41 units in the first half of 1999. The improving sales were as expected following the increase of heavy equipment sales to the forestry/logging sector. Another major equipment sales came from Timberjack forestry equipment that reached 42 units in the first six months of 2000.

Parts and Services sales

The revenue increased can be attributed also from 13% increase sales from parts and services. As the sales of heavy equipment increase, so do the sales of parts.

Better GPM and OPM

With better revenue, CM registered gross profit margin of 33%, or a bit better than 32% margin the previous year. The operating income margin increased also to 24% from 20% in 1999.



June 30, 2000



PERFORMANCE OVERVIEW: MINING CONTRACTING

Pama's production

Looking at the performance of Mining Contracting (MC) division, the revenue has increased by 8% compared to last year. So far, Pama has extracted 11.0 million tons of coal with 39.8 million bcm overburden, increased from 9.6 million tons of coal and 33.5 million bcm overburden in the first half of 1999. Pama has also extracted 0.8 million bcm of gold with 2.8 million bcm waste as compared to 0.8 million bcm of gold and 3.6 million bcm waste the previous year.

Replacing equipment

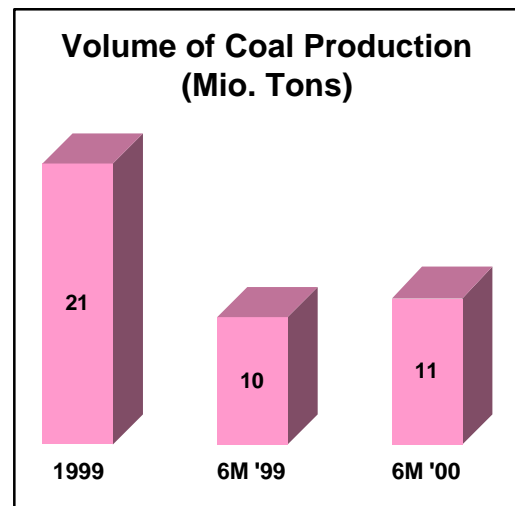
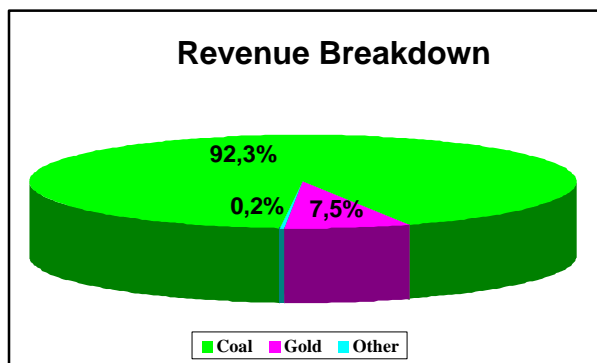
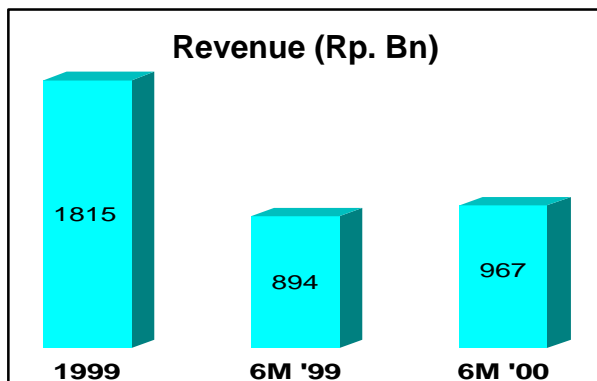
In the first half of 2000, Pama bought 33 units of Komatsu and 10 units of Kenworth trucks from UT to replace their older equipment. With newer equipment, Pama is expected to maintain its production level this year.

Improving GPM and OPM

Pama's gross profit margin has increased to 23% from 21% in the first quarter of 2000. The rebound is as expected because Pama overhauled many of its equipment in the first quarter and they were all producing again in the second half. With better GPM, the operating profit margin improved as well to 21% from 19% in the first quarter of 2000.

Debt restructuring is final

As to the debt restructuring, Pama has just signed the agreement on July 20, 2000, for the total loan of US\$ 38.7 million. The initial payment was US\$ 6.8 million and the principal repayment is rescheduled for 4 years until the end of year 2003. The amortization schedule will be easier in the early year and increasing toward the end of the term according to the business projection of Pama.



June 30, 2000



PERFORMANCE OVERVIEW: COAL MINING

Big sales increase

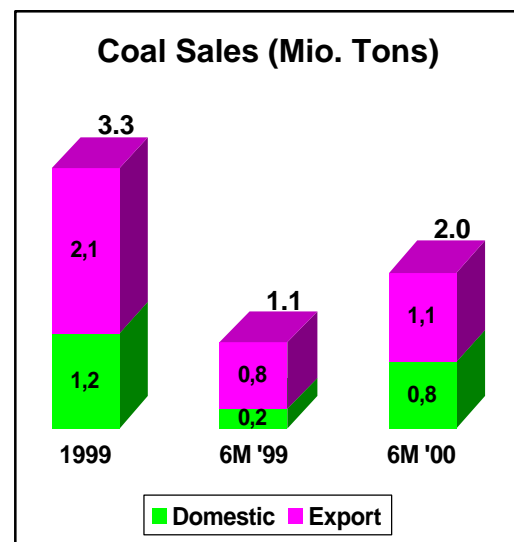
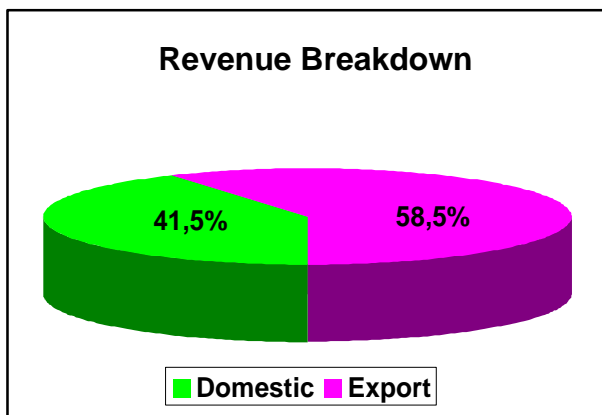
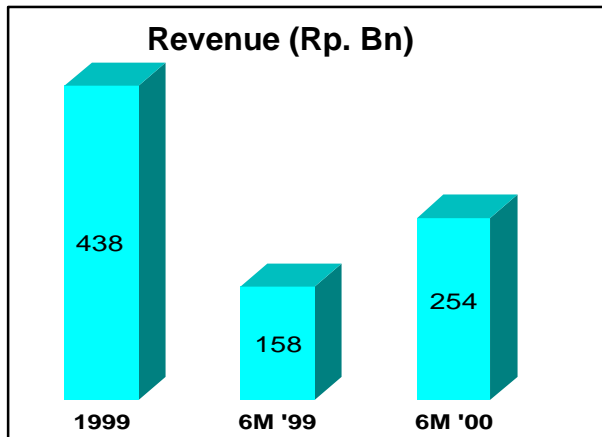
PT Berau Coal keeps improving its performance by delivering close to 2 million tons of coal in the first six months of this year, with over 57% directed for export. The sales is an 82% improvement from just 1.1 million tons of coal over the same period in 1999. The increase is as projected due to the previous agreement to supply coals to the Indonesian power plants such as Suralaya and Java Power, and the increase demand from other countries' power plants such as to Taiwan, Korea and Thailand.

Much better GPM and OPM

The increase in sales volume allows Berau to survive under currently low coal price. The costs can be kept low and the gross profit margin is maintainable at 14%, much improved from negative 2% the year before. The operating margin has improved as well to 9% as compared to negative 12% in 1999.

Debt restructuring terms

As additional information, Berau signed its debt agreement at March 29, 2000, for total loan of US\$ 40 million. The principal is repaid semi-annually until the end of year 2004 and the interest is paid every quarter. The interest margin ranges from 1.5% up to 3.5% above SIBOR by the end of the term. The amortization schedule calls for easier payment in the beginning year, and increases toward the end year according to the projected performance of the Company.



June 30, 2000



PERFORMANCE OVERVIEW: MATERIAL HANDLING

Revenue increased by 3.7 folds

The Material Handling (MH) division is definitely on its way up after becoming the hardest hit division during the economic crisis. Its revenue increased by 3.7 folds this period to Rp. 150.66 billion from just Rp. 40.96 billion in the first half of 1999. The revenue increase came mostly from the engine assembly that improved by much this year, especially from the assembly of passenger car engines such as BMW and Peugeot. In the first six months last year, there were only 138 units of engine assembled, but that number has now risen to 1742 units.

Komatsu forklift doubled its sales

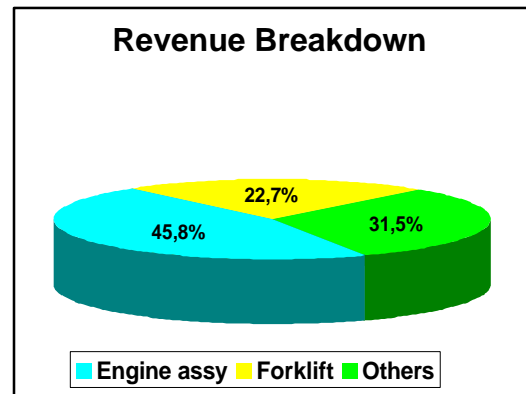
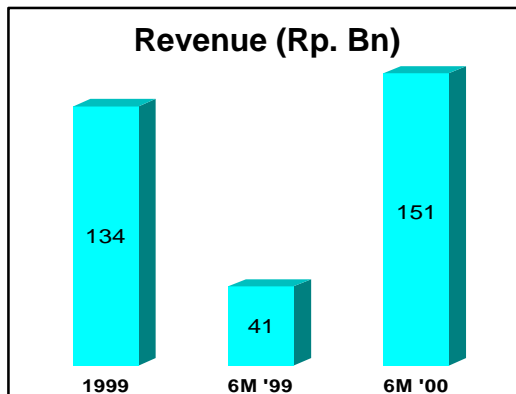
The sales of forklift has improved as well from 126 units last year to 191 units this year. The increase in forklift sales came from the sales of Komatsu forklift that has doubled since a year ago to reach 147 units this year. The rest of the revenue came from the sales of components and attachments, with some directed to the export markets, whose value in Rupiah keeps rising following the exchange rate.

Maintaining operating margin

In all, the gross profit margin for this division reached close to 28%, after a one-time high margin of 37% in the first half of 1999. The current margin reflects closer to the truth margin because last year's high margin was resulted by old inventories that were sold at higher price. However, the operating income margin is the same for both this time and last year's at 21% due to efficiency that has been done this year.

Debt restructuring is finished

As to the debt restructuring, the two companies under this division have both finished their negotiation. UT Pandu Engineering reached a deal with its lenders on May 16, 2000, for the total loan of US\$ 14.5 million with repayment schedule up to year 2004. The initial principal payment was US\$ 1.7 million with the average interest margin of 2.5% above SIBOR. PT Pandu Dayatama Patria bought back its Rp. 2 billion loan on June 9, 2000 at the price of Rp. 600 million. The US\$ 2 million loan was restructured on June 22, 2000 with repayment schedule up to year 2004 and flat interest margin of 2.5% above SIBOR.



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June 30, 2000

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Rate Rp/US\$: 2000 = 8,735 and 1999 = 6,726

CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2000 AND 1999 (in million Rupiah)					CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS FOR THE SIX MONTHS ENDED JUNE 30, 2000 AND 1999 (in million Rupiah)			
ASSETS		LIABILITIES AND STOCKHOLDERS' EQUITY						
	2000	1999		2000	1999		2000	1999
CURRENT ASSETS			CURRENT LIABILITIES			NET REVENUE	2.321.750	1.770.282
Cash and cash equivalents	517.881	500.103	Short - term loans	491.847	470.157	COST OF REVENUE	1.704.134	1.212.808
Time deposits	49.391	1.099	Trade accounts payable			GROSS PROFIT	617.616	557.474
Trade account receivable - net			Third parties	245.515	93.947			
Third parties	904.963	606.759	Related parties	308.511	60.397	OPERATING EXPENSES		
Related parties	54.669	55.122	Other payables			General and administrative	107.876	104.273
Other receivables - net			Third parties	9.452	20.862	Selling	19.610	19.024
Third parties	110.100	79.564	Accrued expenses	241.466	206.513	Total Operating Expenses	127.486	123.297
Inventories - net	916.889	503.081	Taxes payable	33.386	95.836			
Advances	100.614	83.421	Customers' deposits	55.860	37.552	INCOME FROM OPERATIONS	490.130	434.177
Prepaid taxes and expenses	130.759	144.964	Current portion of long-term debts					
Bank loans			Bank loans	2.190.092	2.199.958	OTHER CHARGES (INCOME)		
Capital lease obligations			Capital lease obligations	169.709	160.878	Financing cost	178.687	149.917
Total Current Assets	2.785.266	1.974.113	Total Current Liabilities	3.745.838	3.346.100	Equity in net losses (incomes) of associated companies	(10.389)	25.590
DUE FROM RELATED PARTIES	6.862	27.857				Loss (gain) on foreign exchange and swap cost - net	449.180	(338.769)
DEFERRED TAX ASSETS - Net	659.409	455.336	DUE TO RELATED PARTIES	99.070	92.898	Interest income	(23.495)	(17.775)
INVESTMENTS	130.759	123.591	DEFERRED TAX LIABILITIES - Net	100.744	2.688	Gain on sale of:		
PROPERTY, PLANT AND EQUIPMENT			LONG-TERM DEBTS - Net			Investment in shares of stock	-	(4.827)
Carrying value	2.044.354	1.808.719	Bank loans	716.531	-	Property and equipment	(2.762)	(3.518)
Accumulated depreciation	790.051	578.498	Capital lease obligations	151.316	198.137	Miscellaneous - net	(442)	(5.726)
Net Book Value	1.254.303	1.230.221	Total Long-Term Debts	867.847	198.137	Other Charges (Incomes) - Net	590.779	(195.108)
DEFERRED DEVELOPMENT AND EXPLORATION COST - Net	322.645	251.188	UNREALIZED INCOME - Net	13.908	10.522	INCOME (LOSS) BEFORE PROVISION FOR INCOME TAX	(100.649)	629.285
OTHER ASSETS			MINORITY INTEREST IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES	38.388	35.896	PROVISION FOR INCOME TAX		
Estimated claims for tax refund	82.320	18.604	STOCKHOLDERS' EQUITY			Current	62.424	93.967
Deferred charges - net	93.261	79.899	Capital stock	386.400	138.000	Deferred	(105.888)	102.245
Patent - net	15.159	20.850	Additional paid-in capital	16.875	16.875	Total Provision for Income Tax	(43.464)	196.212
Loans to employees	14.694	10.551	Revaluation increment	22.750	271.150	INCOME (LOSS) BEFORE MINORITY INTEREST IN NET LOSSES (INCOMES) OF SUBSIDIARIES	(57.185)	433.073
Goodwill - net	2.518	2.758	Difference in equity transactions of associated companies	13.747	13.747	MINORITY INTEREST IN NET LOSSES (INCOMES) OF SUBSIDIARIES	(341)	4.712
Others	2.049	1.652	Cumulative translation adjustments	222.968	178.937	NET INCOME (LOSS)	(57.526)	437.785
Total Other Assets	210.001	134.314	Unrealized gain (loss) in investment	27.104	39.440			
			Deficit	(186.394)	(147.770)	EARNINGS (LOSSES) PER SHARE*		
			Total Stockholders' Equity	503.450	510.379	Income from operations per share (in Rupiah)	3.291	3.146
TOTAL ASSETS	5.369.245	4.196.620	TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	5.369.245	4.196.620	Net Income (Loss) per share (in Rupiah)	(386)	3.172

The consolidated financial statement above is not audited nor checked by the Public Accountants.

*Earning per share is calculated according to PSAK 56.

Jakarta, August 2, 2000
PT UNITED TRACTORS Tbk
S.E. & O

THE BOARD OF DIRECTORS