

ABSTRACT

The best known of the bankruptcy prediction studies that have withstood the test of time is Altman's (1968) Z-Score model. The original Z-Model was design for manufacturing firms. Also, the model was only directly applicable to publicly traded companies because one of its inputs was the market value of equity. The Z-Model could also be used as a comparative analysis of a company's financial performance from year to year.

Due to the fluctuation of Asiana's financial performance from 1993 until 1997, by using Z-Factor Formula, we could analyze and compare the company's financial performance from 1993 (before the company went public) until 1997 (as the significant depreciation of rupiah has resulted in the lowering of the local consumer purchasing power and the increasing of the rupiah equivalent of Asiana's liabilities from its US dollar loans and the related interest payment obligations).