

## ABSTRACT

Regarding to the economic crisis, the rapid declining in value of the currencies of many Asia Pacific countries, including Indonesia, are experiencing adverse economic condition, which mainly resulting from currency depreciation in the region, the principal consequences of which have been an extreme lack of liquidity and highly volatile exchange and interest rate. The ensuing economic turmoil has had a particularly sudden and deep impact on PT. Fajar Surya Wisesa Tbk and the packaging paper industry as whole.

PT. Fajar Surya Wisesa Tbk is one of the largest packaging paper manufacturer in Indonesia, with capacity of 500,000 tonnes per year. The company's products include kraft, liner and corrugated medium for container box packaging : coated duplex and ivory board for display packaging.

In order to compete and survive in the industries, PT. Fajar Surya Wisesa Tbk must has a good strategy and policy, especially in marketing and financial areas. Due to the economic crisis, a firm's financial condition is very important so that the company could survive during the unstable situation, and has made PT. Fajar Surya Wisesa to review its financial condition and then make some improvements as needed.

By using financial tolls to analyze the financial conditions for the period of 1995, 1996 and 1997, it can be known how the financial conditions of the company really is. It is noted that PT. Fajar Surya Wisesa Tbk is in a very critical condition, even in fact, there is a possibility of business failure.

From the analysis, it can be seen that the financial policy of PT. Fajar Surya Wisesa Tbk was applying incorrect direction, which is most of the investment and operating activities as well as its expansion were financed by debt capital improperly, while the ability of the company to earn profit was declining from year to year. This condition has made the equity of the company also smaller and smaller.

To overcome this problem, PT. Fajar Surya Wisesa Tbk has to change their policies in financial plan. By maintaining the cash flows for continuing the company's operating activities, increase the revenue and reduce the costs and expenses. Restructuring its debt and freeze all of the capital expenditures, are an urgent action to be conducted by the management. So that from the analysis of working capital financing and possibility of business failure, the writer could derive several conclusions and recommendations on PT. Fajar Surya Wisesa Tbk.