

A B S T R A C T

The experience of many developing countries in the world shows that economic development and transformation involve a shift in resources from non-industrial sector to the industrial sector. As a consequence, there is a general tendency for the share of the industrial sector to increase with rising income levels.

Several developing countries in Asia such as Korea and Taiwan have succeeded in building up a full industrial structure, while in other countries, like Malaysia and Indonesia, a firm foundation for further development of the manufacturing sector has been laid down. Industrialisation is often considered the most important vehicle for improving general living standards and generating non-agricultural employment opportunities. In addition, the concern for more economic independence has often been a major motive for promoting industrialisation.

In Indonesia, the industrial sector has been rapidly gaining in importance in recent years; the promotion of industrialisation has received even higher priority as the windfall gains of the oil sector started to dwindle.

The growth of industry is not only expected to contribute significantly to the expansion of other sectors of the economy, but also to the creation of employment, a more equitable regional development and the generation of foreign exchange earnings.

Due to difficulties in obtaining raw materials, the local production of aluminium products (i.e. aluminium extrusion, sheets and foils) seems unable to operate optimally. Recently, the local as well as international demand for such products has been increasing at a substantial rate. The increasing local demand for aluminium products is caused by among others, the growth of the construction industry.

The raw materials for aluminium products such as scrap, ingots and billets have been difficult to obtain, because most of them have been for export purpose. Exporting aluminium scrap is more profitable than selling it domestically, since the former produces immediate payments while the latter delays the payments.

Business profitability will be shown by the financial statement which also explains the capability of a company to meet its short-term obligations when due as well as to utilize available funds efficiently and effectively.

Those who are interested in the development of the company are obliged to know its financial condition, which can be known by analyzing the balance sheet together with the income statement. The analysis will reveal the financial position and a picture of development during a given accounting period.

This study was prepared in order to analyse the financial statements of PT. Alumindo Perkasa, the market leader among 11 extrusion companies. It holds more than a 30% domestic market share, has a total of 465 employees and is supported by professionals who are experienced in this line of business.

For analysing the financial condition of this company, the writer has included the financial statements for 3 consecutive years (from 1989 until 1991). However, considering the scope of the financial statements, the writer has confined the scope of analysis to certain specifics, i.e. capital structure, trading in equity, financial ratios and the possibility of business failure of the company within a 3 year period. In addition, the writer has also analysed other internal and external factors using the technique of Strength, Weakness, Opportunity and Threat (SWOT) so as to identify the most critical factors and to focus on the potential impact on the strategy of the company.

To finalize this study, the writer has researched both the company and the bank with which the company conducts business. In order to draw conclusions and make recommendations, the writer has utilised class theory, text books and extensive library research. In addition, the writer has also compared and contrast with its reality.