

CONTENTS

	Page
Acknowledgements	i
Contents.....	iii
List of Tables.....	vi
CHAPTER I INTRODUCTION.....	1
1.1 Background of Problem.....	1
1.1.1 Establishment of the Company.....	1
1.1.2 Nickel Industry History and Current Industry	3
1.1.3 Producer and Nickel Industries.....	5
1.1.3.1 <i>Nickel Market in Japan</i>	5
1.1.3.2 <i>Selling Contracts</i>	6
1.1.4 Source Financing	7
1.2 The Objectives of the Study	9
1.3 Methodology.....	10
1.3.1 Method of collecting data.....	10
1.3.2 Analytical method	10
1.4 Plan of study.....	11
CHAPTER II THEORETICAL FRAMEWORK	12
2.1 Financial Ratio Analysis	12

2.1.1 Liquidity Ratio	14
2.1.2 Leverage Ratio	17
2.1.3 Activity Ratio	20
2.1.4 Profitability Ratio.....	23
2.2 The Analysis of Financial Statement	25
2.3 Analysis of the possibility of business failure.....	26
2.4 Types of Financial Distress	28
CHAPTER III GENERAL OVERVIEW OF COMPANY.....	32
3.1 The company's, Mission, and Strategy.....	32
3.1.1 Mission	32
3.1.2 Strategy	33
3.2. Company Recent Development and Business Product.....	33
3.2.1 Company Background	33
3.2.2 Nickel Market Condition.....	34
3.2.3 Operation.....	35
3.2.4 Expansion.....	38
3.2.5 Capital Expenditures.....	40
3.2.6 Financial Result	40
3.2.7 Financial Position.....	42
3.2.8 Dividends	43
3.2.9 Ownership of PT Inco	44

3.2.10 Board of Commissioner	44
3.2.11 Board of Directors.....	45
3.2.12 Community Assistance Projects	46
3.2.13 PT. Inco People	47
CHAPTER IV FINANCIAL ANALYSIS AND EVALUATION 52	
4.1 Liquidity Ratio.....	52
4.2 Leverage Ratio	56
4.3 Activity Ratio.....	61
4.4 Profitability Ratio	65
4.5 Horizontal and Vertical Analysis of Financial Statement	70
4.5.1 Horizontal and Vertical Analysis of Balance Sheet.....	71
4.5.2 Horizontal and Vertical Analysis of Balance Statement	73
4.6 Capital Structures Analysis and Its Impact to PT. Inco Profitability	81
4.7 Flow of Fund Analysis of PT. Inco.....	84
4.8 Evaluation of The Possibility of Business Failure Occurrence Using Multiple Discriminate Analysis	87
CHAPTER V CONCLUSION AND RECOMMENDATION 90	
5.1 Conclusion.....	90
5.2 Recommendation	93
BIBLIOGRAPHY	95

LIST OF TABLE

TABLE NO.

1.	Balance sheet of PT. Inco	49
2.	Statement of earning	51
3.	Computation of Current Ratio	53
4.	Computation of Ratio	54
5.	Computation of Cash Ratio	55
6.	Computation of Debt Ratio	57
7.	Computation of Debt to Equity Ratio	58
8.	Computation of Long-term Debt to Equity Ratio	59
9.	Computation of Time Interest Earned Ratio	60
10.	Computation of Solvability Ratio	60
11.	Computation of Inventory Turnover Ratio	62
12.	Computation of Fixed Assets Turnover Ratio	63
13.	Computation of Total Assets Turnover Ratio	64
14.	Computation of Average Inventory Turnover Ratio	65
15.	Computation of Net Profit Margin Ratio	66
16.	Computation of Return on Investment Ratio	67
17.	Computation of Return on Equity Ratio	68
18.	Computation of Rentability Ratio	68
19.	Summary of Financial Ratio of PT. Inco	69

20.	Horizontal Analysis of Balance sheet of PT. Inco	76
21.	Vertical Analysis of Balance Sheet of PT. Inco	77
22.	Trend Analysis of Balance Sheet of PT. Inco	78
23.	Horizontal Analysis of Statement of Earning of PT. Inco	79
24.	Vertical Analysis of Statement of Earning of PT. Inco	80
25.	Trend Analysis of Statement of Earning of PT. Inco	81
26.	Analysis of Profitability in 1995	83
27.	Analysis of Profitability in 1996	83
28.	Analysis of Profitability in 1997	84
29.	Statement of Cash Flow of PT. Inco	86
30.	Summary of the application of Discriminant Analysis to the Possibility of Business Failure of PT. Inco.	89