



ABSTRACT

REVIEW OF INVESTMENT ALTERNATIVES SELECTION AT PT. TMA IN THE FRAME OF RESCUING PROGRAM

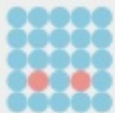
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This research aims to review the selection of investment alternatives for purchasing or replacing of weaving machineries at PT. TMA. Data were analyzed using ratio analysis on the financial statements, the balance sheet, income statement, and cash flows statement.

In the middle of 1997, Indonesia was suffered from economic crisis. The performance of PT. TMA was decreased. That performance in the last five years worsen, because the enterprise had negative gross profit margin which was not proportional to interest burden. PT. TMA plan to invest in 58-inch weaving machineries to produce fancy item products. This product has higher price and potential market, so that it could increase the profit margin and penetrate to new market. Analysis of investment selection by purchasing weaving machineries has three alternatives such as: (1) addition new 58-inch machine; (2) reduction old 44-inch machine and addition new 58-inch machine; as well as (3) reduction old 44-inch machine and addition used 58-inch machine.

The second alternative, which proposes investment of purchasing new 58-inch machine and selling old 44-inch machine, shows the best choice. Liquidity ratio (Current Ratio) is 1,96, solvability ratio (Debt Equity Ratio) is 2,53, profit margin is 10,85%, ROE (Return On Asset) is 31,18%. For those results, it concludes that the financial performance of PT. TMA until the year of 2004 is well, in which the enterprise could result high profit margin and has liquid and solvable condition.

Key Words: *Semi integrated textile industry, PT. TMA, Cibitung – West Java, financial management, review of enterprise performance, investment feasibility analysis, cash flow projection, and financial ratios.*



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