



ABSTRACT

This paper planned to analyze Garuda Indonesia's financial condition during the year 2002 until 2006 and give recommendations on the financial restructuring program.

This paper uses qualitative analysis. The data are secondary data from Garuda Indonesia's financial statement for the year 2002 until 2006 which are used to evaluate the company's financial condition. Information that is essential for this paper is taken from interviews from the management of Garuda Indonesia. The paper conducts scenarios that Garuda Indonesia can take to revive its financial condition and give recommendations on the best scenario that Garuda Indonesia can use.

The result of the analysis indicates that Garuda Indonesia's financial condition for the year 2005 and 2006 are very poor and the company cannot pay its annual obligations and is considered in financial distress. To revive its financial condition, Garuda Indonesia needs to conduct a financial restructuring program. With the scenario presented, the debt to equity plus equity infusion scenario would fit best Garuda Indonesia's condition for the financial restructuring program. The forecast of Garuda Indonesia's balance sheet and income statement for the year 2007 until 2012 indicates that Garuda Indonesia can revive its financial condition and be able to pay its annual obligations starting from the year 2007 until 2012.

Keywords: financial restructuring, financial condition, debt to equity swap plus equity infusion



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