



# NEWS RELEASE

No.2004-C-553  
Oct 13, 2004

## **R&I Rating Monitor: Ishikawajima-Harima View/Downgrade**

Rating and Investment Information, Inc. (R&I), has placed the following ratings on the Rating Monitor scheme, with a view to downgrading them:

**ISSUER: Ishikawajima-Harima Heavy Industries Co., Ltd. (Sec. Code: 7013)  
Senior Long-term Credit Rating; Long-term Bonds (10 Series)**

### **R&I RATING: (BBB+); Placed on the Rating Monitor scheme**

**with a view to downgrading**

#### **RATIONALE:**

On October 13, Ishikawajima-Harima Heavy Industries (IHI) announced a downwards adjustment in its forecast results for the year ending March 31, 2005. Predictions for consolidated ordinary profits have been amended to 5 billion yen (down from a previous 16 billion yen projection) and consolidated net profit 3 billion yen (compared with an earlier 10 billion yen projection). Worsening profits in its shipbuilding and marine industries and in transport equipment in its logistics and engineering business has been cited as the reason. In its settlement for the March 2004 period, IHI changed its standards for provisions and posted large provisions for losses on construction orders. In line with this change, IHI has made efforts to tighten its management of construction projects. However, profits have deteriorated further and R&I must seriously view the inevitability of the enormous downward adjustment in IHI's outlook for results for the entire year. In addition to conditions in the company's projects, a factor in the adjustment this time, and IHI's measures in response to prevailing conditions, R&I will carefully assess the impact of rises in material prices, including the price of steel, will have on its medium term business profits and then announce a new rating.

#### **R&I RATINGS:**

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ISSUE: Bonds Rated	Issue Date	Redemption	Issue Amount (mn)
Unsec. Str. Bonds No. 20	Nov 19, 1998	Nov 19, 2004	Yen 20,000
Unsec. Str. Bonds No. 22	Nov 18, 1999	Nov 18, 2005	Yen 15,000
Unsec. Str. Bonds No. 23	May 25, 2000	May 25, 2005	Yen 10,000
Unsec. Str. Bonds No. 24	May 25, 2000	May 25, 2007	Yen 10,000
Unsec. Str. Bonds No. 25	May 16, 2002	May 16, 2006	Yen 20,000
Unsec. Str. Bonds No. 26	Sep 27, 2002	Sep 27, 2007	Yen 10,000
Unsec. Str. Bonds No. 27	Jun 06, 2003	Jun 06, 2008	Yen 15,000
Unsec. Str. Bonds No. 28	Oct 30, 2003	Oct 30, 2008	Yen 13,000
Unsec. Str. Bonds No. 29	Oct 30, 2003	Oct 29, 2010	Yen 5,000
Unsec. Str. Bonds No. 30	Jun 03, 2004	Jun 03, 2009	Yen 15,000

**R&I RATING: (BBB+); Placed on the Rating Monitor scheme  
with a view to downgrading**

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An R&I Senior Long-term Credit Rating is an opinion regarding an issuer's overall capacity to pay its entire financial obligations, without taking into account the degree of recovery of specific obligations.

A Senior Long-term Credit Rating will be assigned to all issuers. Ratings for individual issues may differ from the Senior Long-term Credit Rating depending on the terms and conditions of the issue.

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