Q. Amid the various changes occurring in the Company's business environment, MHI says it is maintaining its FY2016 operating income target at 380 billion yen. What factors are behind your projected 80 billion yen increase from the 300 billion yen forecast for FY2015?
A. Although the possibility exists that booking of some sales may be slightly delayed depending on when orders for major projects are received and the progress situation of projects booked according to percentage completed, we are not very worried about the feasibility of achieving our targeted net sales increases in FY2016 or FY2017. If we assume, based on earlier results, an operating income margin of 6%, then if net sales grow by 500 billion yen, operating income can be expected to increase by 30 billion yen. The near 20 billion yen in expenses booked this year to repair steam turbine glitches is only a temporary income erosion factor. If we can squeeze the remaining 30 billion yen through efficiency enhancement measures, we will be able to achieve the 80 billion yen increase. To do so it will be necessary for us to make solid progress in advancing post-merger integration.

Q. We are concerned about impact from global deflation. What is your view toward the changes that have been taking place in the external environment especially since the establishment of Mitsubishi Hitachi Power Systems (MHPS)? Do you envision any impairment risk, etc.?
A. We believe synergy from MHPS is emerging, and we don’t think that under the current environment there will be any major impact on our Business Plan. As for risk of impairment and the like, of course this is something that every business corporation must bear. But as of now, we aren’t aware of any such risk in particular.

Q. When do you expect to deliver the cruise ships now under construction?
A. The first ship is presently undergoing inspection toward acquiring certification from the Italian Coast Guard. Regarding the second ship, discussions are now under way with the client concerning a detailed schedule, etc.
Q. Concerning the cruise ship business, we believe MHI has the option of choosing a fabless manufacturing arrangement, whereby the Company would specialize in engineering aspects and leave actual ship construction to another country or another shipyard. What is your perspective on how to conduct your cruise ship business going forward?

A. We believe engineering is an area where we want to maintain our competitiveness going forward, so that we can undertake a variety of businesses. But as of now we have no specific plans as to how to proceed with cruise ship construction or outfitting in the future. What we do plan, however, is to bring together people involved in the cruise ship business, in-Company experts in manufacturing, experts and people experienced in project management, and people knowledgeable in matters relating to nurturing young workers. But instead of forming these people into a backward-looking committee to examine what we did wrong in the past, we intend to launch a project under which they will consider how MHI should proceed going forward, debate the choices at hand, and reach viable solutions.