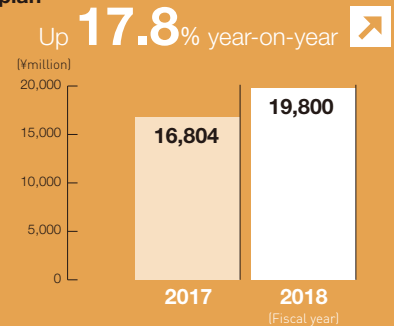


Initiatives for Priority Areas

Public and commercial buildings

We offer a wide range of products from flooring, wall materials, ceiling materials, doors, and tatami mats, which are intended for office buildings, public and commercial facilities, educational facilities, and lodging facilities.

Sales plan



Strengthening wall material businesses

We propose wall materials using Dai-Lite, our unique non-combustible base material, to be applied to spaces in various public and commercial facilities such as lodging facilities, offices, stores, kindergartens, and nursing schools. We also develop and propose products intended for public facilities that make effective use of domestically or regionally produced woods as surface material, as well as office products for improving the sound environment in conference rooms.



Non-combustible wall material Gravio

Increasing the choice of doors for use in various facilities

We are expanding the Daiken Omoiyari (or Caring) series, a series of door products implementing universal design, such as barrier-free and antivirus features. The Omoiyari kids' door is intended for kindergartens and nursing schools where safety is a consideration by incorporating a mechanism for preventing fingers from being caught and where corners are rounded by machining. We offer a wide variety of products intended not only for above facilities but also for welfare facilities for the elderly and commercial facilities.



Omoiyari kids' door

Expanding flooring with superior durability

Using our unique WPC technology that injects a plastic into the cavities of wood material for hardening, we developed flooring that can be used with shoes on and are equipped with resistance to damage and water while maintaining the beauty and texture of natural woods. We have received many inquiries for general-use type "Communication Tough" and sound-proof type "Communication Tough Soundproof" from lodging facilities, stores, kindergartens, as well as public facilities.



"Communication Tough"

Proposing spaces that utilize domestically or regionally produced woods

From February 2017, we are selling the "Wood cube", a wooden space that can be installed without the need for complicated work for fixation to secure the construction body and that makes effective use of domestically or regionally produced woods in limited large urban areas. We are actively proposing this product as a method of using domestically or regionally produced woods, whose promotion of use is required.



"Wood cube"

Expanding sales of tatami facing that is resistant to damage and dirt

Our uniquely developed "Sukoyaka omote", which uses machine-manufactured Japanese paper (washi) as raw material, is resistant to water and the generation of mites and mold. The tatami facing has also high scratch resistance. It has earned a high reputation from hotels and Japanese inns for its easiness of creating a relaxing Japanese-style environment suited for inbound. We also offer a model with fireproof feature and a model that can be easily placed in a part of wood flooring.



"Kokochiwaza" Placement-type Seiryu (fireproof)

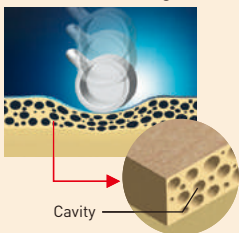
Topics Supporting the use of domestically produced woods using technologies

■ Increasing the durability of domestically produced woods with unique wood-processing technology

By increasing the hardness of soft domestically produced woods with Daiken's unique WPC processing technology that enable to use them as flooring even in facilities where shoes are put on without worrying about damages and dirt.

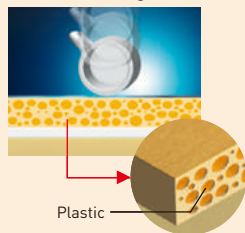
<Comparison of a flooring made by WPC and general flooring>

General flooring



The surface is easily damaged.

WPC flooring



The surface is hard and resistant to damages.

■ "Dai-Lite", non-combustible base material made from Shirasu

"Dai-Lite" which is light in weight and has superior fire resistance and workability is used in a wide range of facilities as a non-combustible wall material with domestically produced woods for its surface material.

<Characteristics of Dai-Lite>

Non-combustibility

The non-combustibility that has certified by the Minister of Land, Infrastructure, Transport and Tourism can be safely used in wood environments where there are limitations for interior design.

Lightweight

The weight of Dai-Lite is two-thirds of general melamine board. It contributes to reducing the burden on workers installing the product even in work at height.

Workability

The lightweight and flexible base material can be easily cut by a handsaw or cutter knife, thereby realizing labor-saving installation.

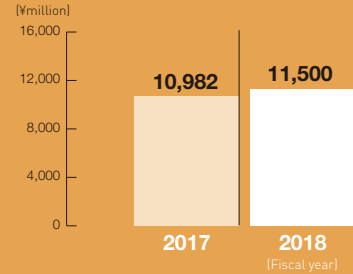
Initiatives for Priority Areas

Global markets

We will continue to develop industrial materials and building materials that match local needs in Asia while building systems for on-site production, sales, and installation.

Sales plan

Up **4.7%** year-on-year 



Expanding door business with a new factory in Indonesia

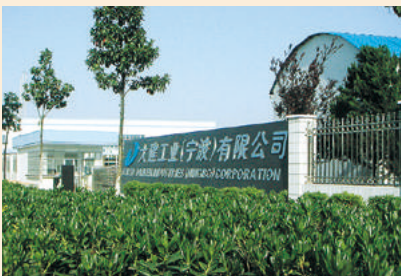
In August 2016, the newly established production base for interior doors in Indonesia started operation. In Indonesia, where we put particular emphasis in ASEAN region, we built a base in Jakarta in 2012 and started marketing activities. In January 2014, we established a joint venture specialized in installation and sales of interior building materials. From then on, we formed a sales base while making efforts to be differentiated from competitors through high-quality installation control.

With the launch of new factory, we will actively make proposals not only to Japanese developers and house makers expanding businesses in the Indonesian markets but also local developers, aiming to expand operations in the area by providing a total business from product supply through installation.

Topics Global network of the Daiken Group

Our global production factories are located in China, Malaysia, Indonesia, and New Zealand. Our sales operations sites are mainly located in Asia (China, Singapore, Malaysia, and Indonesia) where economic growth has been remarkable.

Under thorough quality control systems, each site realizes a stable supply of wood products to overseas destinations including China, Southeast Asia, Europe, and the United States, in addition to Japan.



Daiken Industries (Ningbo) Corporation (China)



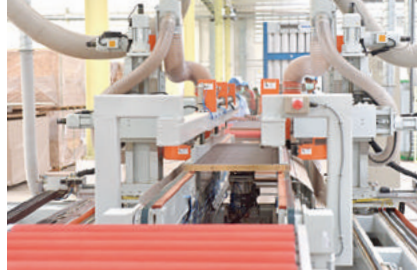
DAIKEN MIRI SDN. BHD



DAIKEN SARAWAK SDN. BHD



Appearance of the factory of PT. Daiken Dharma Indonesia



Production line in PT. Daiken Dharma Indonesia



MDF

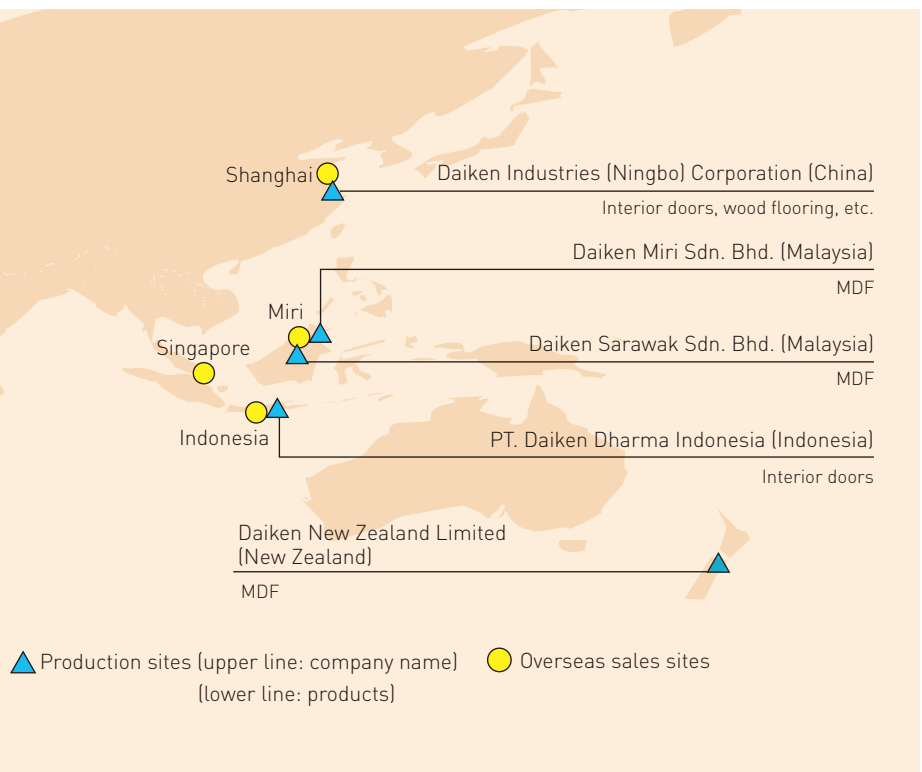
Expanding sales of MDF

The MDF wood fiberboard is manufactured by processing wood chips into fibers, adding adhesive, and then processing it into board-shaped products. Tropical broadleaf trees and the needleleaf *Pinus radiata* are used for raw materials. We produce MDF with various characteristics by using different trees and adhesives.

Our lightweight MDF is superior in quality stability and water resistance compared with other wooden base boards manufactured overseas (plywood, particleboard, and OSB). By taking advantage of these features, we continue to promote the product and expand sales not only in Southeast Asia but also in North America and other regions.



DAIKEN NEW ZEALAND LIMITED



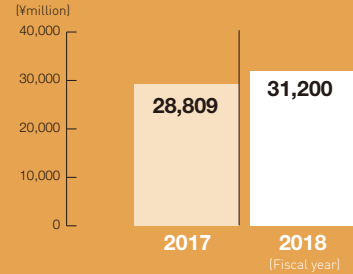
Initiatives for Priority Areas

Home renovation market

We will continue to propose new living styles for the future through cooperation among TDY, while developing products dedicated for apartment renovation for the expanding home renovation market.

Sales plan

Up **8.3%** year-on-year 



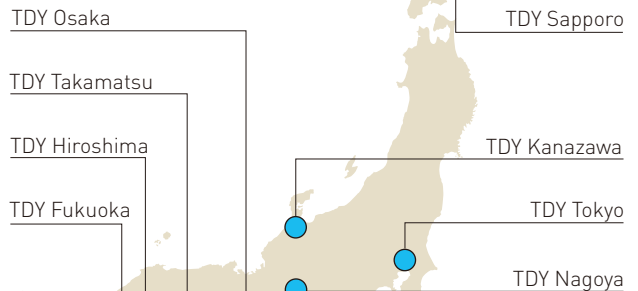
Strengthening connections with customers through expansion of TDY collaboration showrooms

On July 3, 2017, we will open the TDY Sapporo Collaboration Showroom in cooperation with TOTO Ltd. and YKK AP Inc. in the area adjacent to Sapporo Factory, a large commercial facility located in Sapporo. This is the eighth showroom jointly operated by the three companies (TDY) in Japan and the first in Hokkaido.

Although we have jointly operated showrooms with TOTO Ltd. in the Sapporo district since August 2009, with YKK AP Inc. newly participating the project, the showroom jointly operated by three companies will have a larger scale.

From now on, we will continue to strengthen the showroom's capabilities of exhibiting of spaces and consultation, and propose more comfortable and enjoyable lifestyles to our customers.

TDY Collaboration Showroom



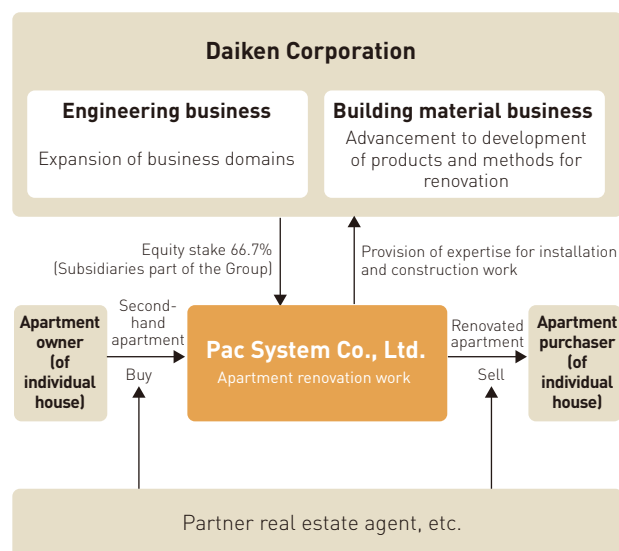
Appearance of TDY Sapporo collaboration showroom (image)

Full-scale development of apartment renovation business

In October 2016, through the acquisition of Pac System Co., Ltd., which operates the apartment renovation business in the Kanto region, we entered the apartment renovation business. While Daiken Home & Service Corporation, our affiliated company, had conventionally undertaken relatively small-scale renovation work for detached houses and apartments, with the participation of Pac System, which specializes in relatively large-scale repair projects, and members of the group, we will endeavor to expand our engineering business in the home renovation market, while developing products and methods used for renovation in building materials business.



Web site of Pac System Co., Ltd.

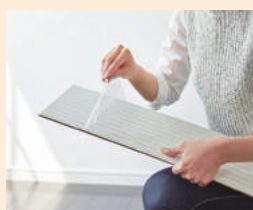


Topics Developing industry's first flooring that can be installed by sticking on the floor

Daiken Corporation developed self-adhering flooring, the industry's first flooring for the renovation of houses that can be stuck on the floor. The product has been available on the market since June 2016. Unlike conventional flooring, you can easily install it by placing and sticking onto the floor without using nails or adhesives. It enables to reduce the construction period and the total costs but

also allow users to perform installation by themselves.

Moreover, as it is stuck onto the existing wood flooring or cushion floor, restoration of the original state is also easy. Another key feature is that it can be employed in the renovation regardless of leasehold properties, owned houses or housing complexes, which makes the product suited for various renovation needs.



You can easily fix the self-adsorption surface onto the base material by peeling the clear film from the back and pressing down onto the surface.

The product is compact with dimensions 150 mm x 900 mm and can be installed even in a single sheet.

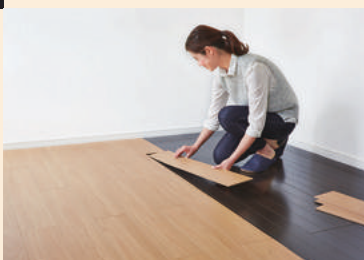


Image of installing adsorption flooring