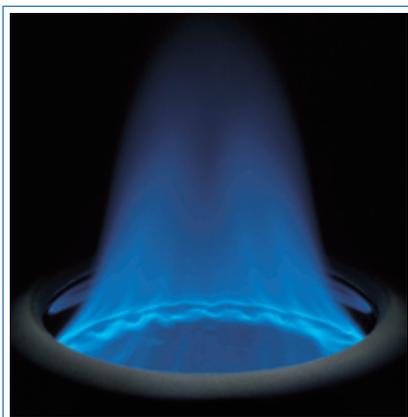


Rinnai Information for Shareholders

Vol. **17**

Interim Business Results for
the 53rd Term



Rinnai

<http://www.rinnai.co.jp/>

Tips for Better Living Volume 16: What's your key color?

In our daily lives, we are bombarded with colors, from fashion and interior design to daily merchandise. Each person has likes and dislikes with regard to color. Recently, in fact, specialist “color consultants” have led the way in color-related research. They have found that specific colors can variously affect our emotions and feelings of well-being.

For example, the color blue tends to make people relax, making it a good color for bedrooms. It is also regarded as perfect for people on diets, since it helps suppress hunger pangs. By contrast, orange and red tend to encourage food and beverage consumption. These colors help improve blood circulation and raise body temperature, so they can be beneficial during the onset of colds and other conditions. Lavenders and soft pinks have a soothing effect, while natural greens have a balancing influence on the mind and body. When your eyes are tired, you should relax before a natural green setting.



They say that your health depends on how you feel, so how about using surrounding colors to help get rid of your stress?

Product Introduction

Compact, colorful gas fan heaters

Gas has powerful heating properties. Rinnai has launched a series of cute gas fan heaters, in which the heating compartment has been redesigned, allowing the units to stand only 32cm high. They come with a host of great features, including big handles for easy carrying, user-friendly control panels based on images and large buttons, and a 24-hour timer. These and other simple and convenient functions are all contained in a compact body. The heaters come in three fun colors—milky orange, rose pink, and white—allowing you to choose the color that best suits your room.



RC-290N-OR
(milky orange)

-RP
(rose pink)

-WH
(white)

To Our Shareholders

It is a pleasure to report on the Company's performance in the six months ended September 30, 2002—the first half of our 53rd business term.

During the period, the Japanese economy benefited somewhat from solid exports, but remained generally depressed as personal consumption and corporate capital expenditures stagnated. Overseas, strong personal consumption contributed to the health of economies in the United States and Asia.

For the gas appliance industry, it was another difficult period. Domestic housing starts declined compared with the previous interim term, while many newcomers entered the market, eager to capitalize on demand for home renovation. As a result, competition remained stiff.

In response, the Rinnai Group demonstrated its role as a “comprehensive and integrated heating appliance manufacturer.” We endeavored to supply high-value-added products that address social expectations with respect to such factors as environmental protection, saving energy, health, the aging population, and convenience. To this end, we actively promoted a number of products, including built-in cookers with heat-resistant ceramic glass top-plates and inner-flame burners, as well as dual hot-water/heating systems. Thanks to these initiatives, we were able to raise net sales for the period.

Reflecting its basic profit appropriation policy, the Company carefully considered various relevant factors, notably dividend payout ratio, dividends-on-equity ratio, and financial position. Accordingly, we decided to raise the interim dividend by ¥1.00, to ¥10.00 per share.

Looking ahead, we expect domestic economic growth to be slow amid a deflationary environment caused by delayed recovery in private-sector capital spending, as well as depressed personal consumption. Moreover, housing starts, which have a major impact

on our industry, are forecast to decline. Due to these and other factors, we believe that the market environment will remain difficult for a while. Overseas, despite signs of economic recovery in Asia, concerns about the direction of the U.S. economy underscore uncertainty about the future.

Facing these challenges, Rinnai will continue reinforcing its ability to develop appealing product lines. At the same time, we will make a Groupwide effort aimed at in-going product improvements. In addition, we will further upgrade our overseas production network to create a product supply system that reflects the lifestyle requirements of various countries.

We look forward to the support and cooperation of all shareholders as we meet the challenges ahead.

December 2002

Susumu Naito
Chairman



Yoshio Yamazaki
President and
Chief Executive Officer



System-oriented product development

Rinnai is committed to developing high-value-added products that can be integrated into “total design systems” for the entire home. In this section, we provide an overview of the Company’s product development initiatives, exemplified by our new benchtop gas cooker, which was launched in September 2002.

Hot water supply and reverse-cycle air-conditioning from a single heat source

Rinnai’s gas dual hot-water/heating system is a multifaceted, centrally controlled system. It handles everything from hot water supply to room heating using warm water from baths or floor heating systems. Now, gas appliances fulfill an important role, fostering comfortable living environments all year round.



Hot -Water Units

Bath tubs; water boiling units; hot water room heaters, etc.



Heat-source appliance

Bath

Automatic bathtub filling, heating, and topping up

Hot water supply

Kitchen; washroom, Western-style showers

Air-conditioner/heaters, dryers

Floor heating
Fan convectors, panel heaters
Hot water-based room air-conditioners
Bathroom heater/dehumidifiers
Hot water-based clothes dryers (with heater function)



Air-Conditioning and Heating Units

Fan heaters; infrared cookers; FF hot-air heaters, air-conditioning units, etc.

Benchtop gas cooker with glass top-plate launched



Featuring strong internal-flame burner

- Shorter cooking time, allowing savings in gas charges of around ¥12,500 over three years, compared with our conventional external-flame burners
- Internal ignition prevents accidents, such as clothes catching fire
- Internal-flame burner can be positioned on the right or left, at the discretion of the customer

The Hao N500VGT is a revolutionary product embodying all the functions of a “system kitchen” into a compact unit. It is the first benchtop model on the market to incorporate a glass top plate (made of heat-resistant ceramic glass called CERAMGLASS, a product of Schott Company). In addition to an attractive appearance, it is highly durable and easy to clean. That’s not all. As well as its internal-flame burner, which boasts strong heating power and energy savings thanks to small flame apertures, the Hao N500VGT has a host of other features. They include a “high-touch” ignition button and flame confirmation lamp for improved versatility, as well as microcomputer-controlled temperature adjustment for added cooking convenience. Another feature is the waterless, two-sided,

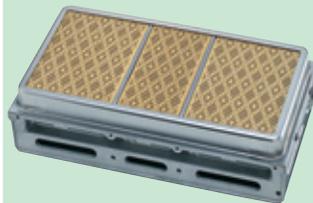
Products that meet the needs of housing-related markets

Commercial-Use Equipment

Industrial rice cookers; grillers, etc.

Others

Clothes dryers; infrared burners, etc.



Kitchen Appliances

Table-top cookers; built-in cookers; built-in ranges, dishwasher/dryers, rice cookers, etc.

Rinnai’s product development activities are based on the concept of creating “integrated design systems” conducive to comfortable living spaces, rather than standalone products. In developing kitchen appliances, for example, our quest is to create the most user-friendly kitchen spaces possible. To this end, we maintain a number of extremely important alliances, including joint development projects and business tie-ups with builders of housing and system kitchens. Responding proactively to new trends, we incorporate the wishes of customers in our campaign to supply large volumes of products to our alliance counterparts.

World hot water system market

Rinnai endeavors to maintain close ties with various regions when pursuing its overseas operations. In other words, we work to develop and supply products that reflect differences in climate, customers, culture, and lifestyles of countries around the world.

Rinnai Korea occupies an important position in our overseas network. The housing market in South Korea has strengthened as that nation recovers from the financial crisis that evolved in the wake of the collapse of its “bubble” economy. Rinnai Korea has also completed disposal of bad debts incurred during that difficult time, and expects to make a contribution to Group earnings from the current fiscal year.

The Chinese market is also very important, with major future growth potential. In addition to its sheer size, the market is unique in that different regions within the nation have major differences in commercial customs. For this reason, Rinnai has divided its Chinese operations into three parts along geographical lines: North (centering on Beijing), Central (Shanghai), and South (Guangzhou). China is implementing large-scale urban development projects in the lead-up to the Beijing Olympics in 2008 and the

Shanghai Exposition in 2010. The housing market is also growing rapidly, and Rinnai intends to formulate and pursue business strategies that capitalize on these various trends.

In this section, we introduce hot water systems used around the world and highlight some of Rinnai’s endeavors in this field.



Rinnai in South Korea: Top seller of gas boilers for eighth straight year

In South Korea, 100% of households have ondol-style floor-heating systems. Demand for gas boilers, used as the heat source for such systems, has expanded dramatically in recent years in line with the shift to using gas as fuel. Using state-of-the-art technologies from Japan, Rinnai Korea has developed products tailored to the South Korean market. Such efforts have won that company widespread acclaim, including various industry awards and the No. 1 rank in the market for gas boilers for eight consecutive years.





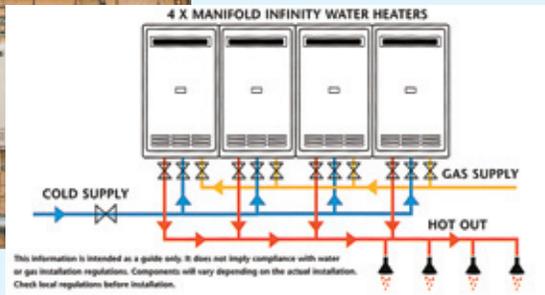
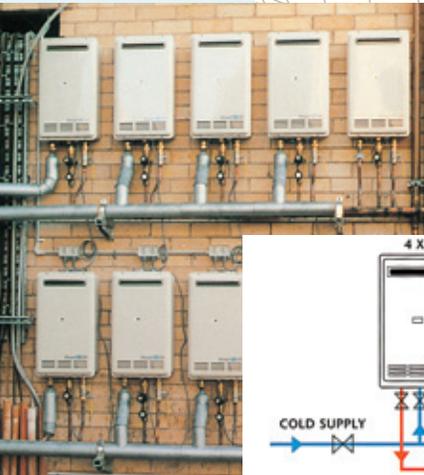
High-combustion-load hot water systems popular in China

In China, the market is dominated by hot water boiling units, practically all of which are produced domestically. In recent years, high-combustion-load systems have become popular, especially in the Shanghai region.



Americas and Oceania: Storage-type hot water systems most popular

Even in North and South America and Oceania, where most homes use storage-type hot water systems, demand for Japanese-style “instant-hot-water” systems is growing. Particularly popular are multiplex systems, in which multiple gas hot water heaters are connected directly to a main tank, thus ensuring a constant volume of available hot water.



Consolidated Performance Overview

Consolidated Financial Statements (Millions of yen)

Sept. 30, 2002: From April 1, 2002, to September 30, 2002
 Sept. 30, 2001: From April 1, 2001, to September 30, 2001

Consolidated Statements of Income	Sept. 30, 2002(A)	Sept. 30, 2001(B)	March 31, 2002	Percentage Change (A/B)
Net sales	83,742	78,808	178,611	6.3
Cost of sales	60,655	58,136	129,931	4.3
Operating income	4,332	3,201	11,802	35.3
Ordinary income	4,021	3,482	12,519	15.5
Net income	1,979	1,425	5,837	38.9
Net income per share (Yen)	35.49	25.55	104.64	38.9

Consolidated Balance Sheets	Sept. 30, 2002(A)	Sept. 30, 2001(B)	March 31, 2002	Percentage Change (A/B)
Total assets	180,810	174,965	180,895	-0.0
Total liabilities	68,026	68,191	69,030	-1.5
Minority interests	3,993	3,667	4,228	-5.5
Total shareholders' equity	108,790	103,106	107,636	1.1

Consolidated Cash Flow Statement	Sept. 30, 2002(A)	Sept. 30, 2001(B)	Percentage Change (A/B)
Net cash provided by operating activities	1,155	(3,890)	—
Net cash provided by investing activities	(4,804)	(3,672)	—
Net cash provided by financing activities	2,812	4,909	-42.7
Cash and cash equivalents at end of period	33,377	24,941	33.8

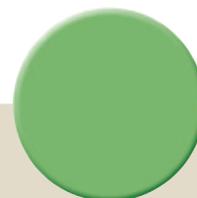
Ratio	Sept. 30, 2002(A)	Sept. 30, 2001(B)	Percentage Point Change (A/B)
Return on equity (ROE) (%)	1.83	1.39	0.44
Return on assets (ROA) (%)	1.09	0.82	0.27
Return on sales (%)	5.17	4.06	1.11
Equity ratio (%)	60.17	58.93	1.24

Kitchen Appliances

The Glass Top series features top plates made of heat-resistant ceramic glass. These products have earned Rinnai widespread praise for their good looks, function, durability, and excellent heat efficiency.

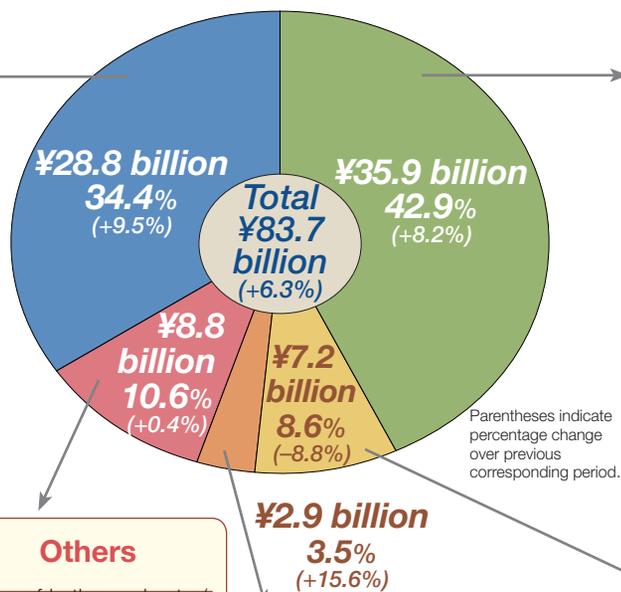


In Japan, built-in burners with ceramic glass tops remained popular among both new home buyers and renovators. Domestic sales of sliding-drawer dishwasher/dryers were also healthy, as were sales of oven ranges in South Korea. As a result, sales of



Given that many people already have fulfilling home environments, consumption levels are declining and deflation continues unabated. In response, we endeavored to secure added value in our prices. To achieve this, we developed products that reflect social issues—such as envi-

Interim sales by business segment



Hot-Water Units

Seeking to help protect the environment in the 21st century, Rinnai has taken steps to reduce emissions of nitrogen dioxide, which is harmful to the atmosphere. Specifically, we equipped our standard hot-water units with a low-nitrogen-dioxide-emitting burner system. We also added this function to our dual hot-water/heating systems, which were



In Japan, conditions for new housing starts remained severe, but our environmentally friendly dual hot-water/heating systems performed well. We also expanded sales in Oceania and other overseas markets. As a

Others

Sales of bathroom heater/dehumidifiers with clothes-drying functions were solid, but sales of standalone clothes dryers fell short of the level of the previous interim term. Sales of materials and components increased, however, pushing

Commercial-Use Equipment

Sales in this segment jumped 15.6% thanks to strong performances overseas. In Japan, however, the segment struggled amid depressed conditions in the restaurant indus-

Air-Conditioning and Heating Units

Despite increased sales overseas, conditions in Japan were very difficult due to inventories accumulated as a result of the previous warm winter. Accordingly, segment sales fell

ronmental protection, aging population, and the need to recycle—and cultivated markets accordingly.

For the interim period under review, Rinnai reported net sales of ¥83.7 billion, up 6.3% from the previous corresponding term. Domestic highlights included strong acceptance of our built-in cookers with ceramic glass tops, which attracted significant replacement demand. Our dual hot-water/heating systems also

performed well. Sales in Southeast Asia, where many householders are shifting to gas as an energy source, increased. We also generated higher revenues in Oceania and North America, where instant-hot-water units are gaining popularity.

During the term, we adopted various cost-cutting measures to reduce overall expenses amid falling sales prices. However, freight and sales promotion costs increased due to

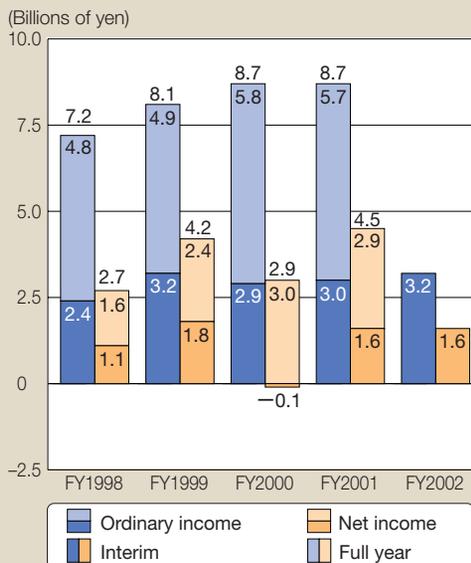
stiff competition. Nevertheless, our success in selling value-added products helped raise operating income 35.3%. Ordinary income climbed 15.5% despite higher non-operating expenses stemming from foreign exchange losses. Interim net income jumped 38.9%.

Total assets at interim term-end were 3.3% higher than a year earlier. Total shareholders' equity was up

Non-Consolidated Performance Overview

Ordinary income, net income

Non-operating income rose slightly year-on-year, but non-operating expenses also increased due to a foreign exchange loss. Nevertheless, ordinary income rose 6.1%, to ¥3.2 billion, and accounted for 5.0% of net sales. Net income edged up 0.5%, to ¥1,630 million, or 2.5% of net sales.



Non-Consolidated Statements of Income (Millions of yen)

Sept. 30, 2002: From April 1, 2002, to September 30, 2002

Sept. 30, 2001: From April 1, 2001, to September 30, 2001

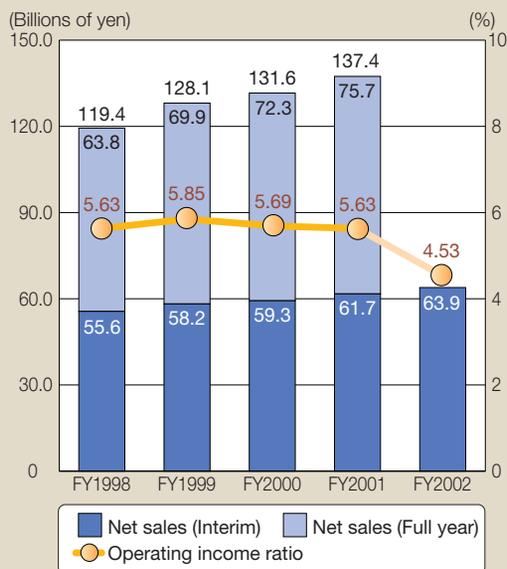
Ordinary income (loss):	Sept. 30, 2002	Sept. 30, 2001
Net sales	63,989	61,770
Cost of sales	49,494	48,276
Selling, general and administrative expenses	11,592	10,860
Operating income	2,902	2,632
Non-operating income	541	507
Non-operating expenses	243	125
Ordinary income	3,200	3,015
Extraordinary income (loss):	Sept. 30, 2002	Sept. 30, 2001
Extraordinary income	28	38
Extraordinary expenses	279	135
Income before income taxes	2,949	2,917
Corporate, inhabitants and enterprise taxes	1,967	1,414
Corporate tax adjustment	(648)	(119)
Net income	1,630	1,622

SG&A expenses

The deflationary trend continued to gather momentum as personal consumption stagnated amid declining housing starts and falling worker incomes. As a consequence, competition further intensified, and sales costs also increased. To secure profitability, Rinnai actively promoted new, high-value-added products, such as built-in cookers with glass top plates and dual hot-water/heating systems. We also worked to reduce costs and raise productivity. Accordingly, SG&A expenses moved up 0.7%.

Sales, expenses, operating income ratio

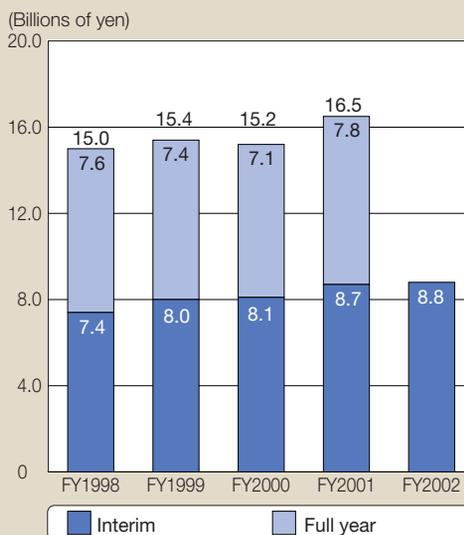
To counteract falling sales prices, Rinnai worked hard to maintain an adequate added-value component in its price structure. To this end, we actively promoted high-value-added products, such as built-in cookers with glass top plates and dual hot-water/heating systems. As a result, the cost of sales to net sales ratio edged down 0.9 point from the previous interim period. However, the ratio of selling, general, and administrative expenses to net sales rose 0.7 point, due to higher sales promotion costs amid intense competition. Operating income for the period rose 10.3%, to ¥2,902 million, or 4.5% of net sales.



Note: Operating income ratio of FY2002 indicates percentage at interim term-end.

Exports

Despite some depreciation of the yen compared with the previous interim period, exports of kitchen appliances declined 8.2%, to ¥1,224 million, due partly to ongoing localization of production in this segment. By contrast, exports of hot-water units jumped 18.2%, to ¥3,966 million, boosted by expanded sales in Oceania and North America. Exports of air-conditioning and heating units rose 3.6%, to ¥1,683 million, and exports of commercial-use equipment climbed 15.9%, to ¥166 million. Due largely to localization of component manufacturing, sales of other products fell 18.1%, to ¥1,846 million. As a result, overall exports increased 2.0%, to ¥8,886 million.



Non-Consolidated Balance Sheets (Millions of yen)

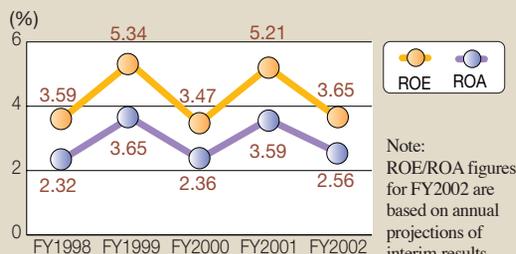
Sept. 30, 2002: As of September 30, 2002

Sept. 20, 2001: As of September 30, 2001

Assets	Sept. 30, 2002	Sept. 20, 2001	Liabilities	Sept. 30, 2002	Sept. 20, 2001
Current assets	73,277	76,548	Current liabilities	31,036	30,765
Cash and deposits	7,213	9,622	Accounts payable, trade	22,994	23,002
Notes and accounts receivable, trade	36,248	38,599	Accrued payables	3,614	3,512
Marketable securities	12,260	10,913	Accrued corporate taxes	1,649	1,567
Inventories	15,127	15,908	Accrued bonus payments	1,595	1,596
Others	2,450	1,547	Others	1,181	1,086
Allowance for doubtful accounts	(21)	(41)	Fixed liabilities	6,009	4,962
Fixed assets	53,486	45,283	Reserve for retirement benefits	4,276	3,325
Property, plant and equipment	21,143	21,133	Reserve for directors' retirement benefits	1,559	1,471
Buildings, structures	7,749	7,757	Others	173	165
Machinery, equipment	4,443	4,551	Total liabilities	37,045	35,728
Tools, furniture and fixtures	3,219	3,047			
Land	5,487	5,486	Shareholders' equity	Sept. 30, 2002	Sept. 20, 2001
Others	243	290	Common stock	6,459	6,459
Intangible fixed assets	348	245	Capital reserve	8,719	8,719
Investments and advances	31,994	23,903	Other reserve	74,280	70,790
Investments in securities	11,771	7,723	Other differences in valuation of marketable securities	275	134
Shares of subsidiaries	5,161	5,146	Treasury stock	(16)	(0)
Others	15,534	11,278	Total shareholders' equity	89,718	86,103
Less: Allowance for doubtful accounts	(471)	(243)	Liabilities, and shareholders' equity	126,764	121,831
Total assets	126,764	121,831			

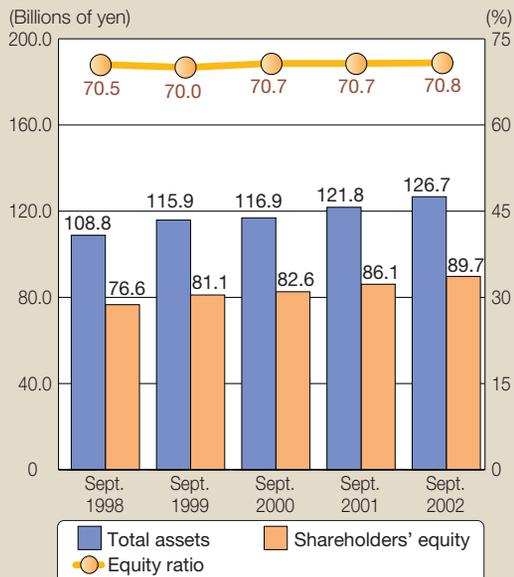
ROE, ROA

ROE and ROA are key management indices that reflect net income as a percentage of shareholders' equity and total capital (total assets), respectively. ROE represents the profitability level of a company, whereas ROA shows how effectively management resources are used to generate earnings. Both indices are important indicators of a company's financial status.



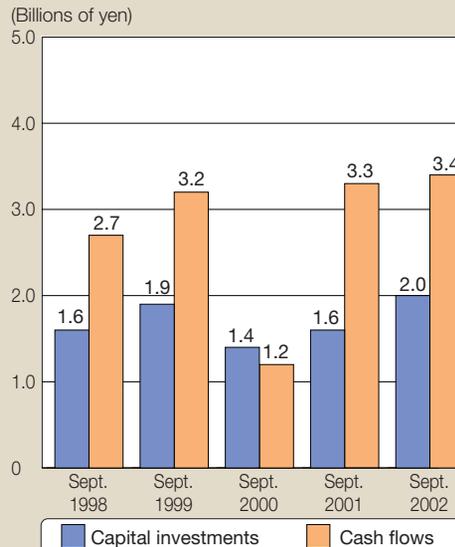
Total assets, shareholders equity, equity ratio

Total current assets at interim term-end were ¥3,270 million, or 4.3%, lower than a year earlier, due largely to the Company's active credit-protection policy. We also shifted some cash and deposits to commodities in response to the ceiling on deposits guaranteed under the revised Deposit Insurance Law. Total fixed assets, by contrast, jumped ¥8,203 million, or 18.1%. Within this change, property, plant, and equipment remained practically unchanged as Rinnai kept capital expenditures within the scope of depreciation expenses. Investments and other assets, meanwhile, rose ¥8,090 million, or 33.8%, reflecting our shift to a medium-term asset management policy. Total liabilities were up ¥1,317 million, or 3.7%, due largely to an increase in reserve for employees' retirement benefits. Total shareholders' equity increased ¥3,615 million, or 4.2%, and the equity ratio at interim term-end was 70.8%. Total assets at term end amounted to ¥126,764 million, up 4.0%.



Capital investments, cash flows

In response to a difficult demand situation, Rinnai set up research centers in Nagoya and Kansai to serve as distribution-related technology supply bases. Otherwise, we limited capital investments to spending on new-product molds and machinery renewal. Total capital investments for the period amounted to ¥2,017 million, up 19.1% from the previous interim term. Real cash flow (sum of net income and depreciation and amortization, minus outflows, such as directors' profit-sharing bonuses and dividend payments) totaled ¥3,448 million. This amount exceeded total capital investments, which were financed by internal capital.



Rinnai Group Companies

RT Engineering Co., Ltd.

Founded in 1955, RT Engineering is based in Toyoda City, Aichi Prefecture, and employs around 170 people. It manufactures and sells a number of key products. These include kitchen appliances, centering on cookers, as well as processed piping and wiring components of gas lines, which form the arteries upon which gas equipment operates. The company makes single-burner cookers, “drop-in” burners, and other gas cookers in Japan. It also makes benchtop cookers with attached rice cookers to export specifications, mainly for Asian markets. In addition, it utilizes its advanced piping and wiring processing technologies to build an integrated production system covering benchtop cookers, gas suction and connecting pipes for water boilers and other units, and metal grilling mesh for use with benchtop cookers. These products are used by other Rinnai Group companies. RT Engineering obtained ISO 9002 series certification in November 2001 and has earned strong acclaim as a quality-conscious Group member.



P.T. Rinnai Indonesia

Rinnai Indonesia was established in 1988 in Jakarta. Employing around 500 people, its main business is the manufacture and sale of gas benchtop cookers. Indonesia is a huge country of about 220 million and year-round summer-like heat. Most people there still use kerosene burners as their main cooking devices. In response, Rinnai Indonesia is working to develop and expand sales of low-priced gas models that meet market needs. Five years ago, the company began producing built-in cookers and range hoods for export to Hong Kong, China, and Southeast Asia, with favorable results. Also performing well are the company’s benchtop cookers, which are exported to the Middle East and Africa. It has improved cost-competitiveness by raising the ratio of components procured in China and Taiwan. Meanwhile, enhancement of quality control systems earned it ISO 9001 certification in 2001. Serving an important role in the Rinnai Group’s Southeast Asian production network, Rinnai Indonesia continues striving to raise market share, both locally and in export destinations.



Rinnai Vietnam Co. Ltd.

The Rinnai Group’s newest overseas production operation, Rinnai Vietnam, was established in 1999. It has around 110 employees. Vietnam has a population of about 88 million, although it is still a developing nation, with gas accounting for just over 10% of energy needs. In recent years, however, the market for gas appliances has expanded around 20% annually, and Rinnai Vietnam sells more than 300,000 gas benchtop cookers per year. Indeed, its popularity among consumers is evidenced in its position as the nation’s leading supplier of gas appliances. Anticipating further market expansion in the future, the company is building a production facility with an annual capacity of 500,000 units. In addition to utilizing Vietnam’s inexpensive labor to make its offerings more competitive, it is preparing to export its products overseas.



Corporate Data (As of September 30, 2002)

Board of Directors

Chairman	Susumu Naito	Director	Yutaka Morita	Director	Takashi Sonoda
President	Yoshio Yamazaki	Director	Takeshi Iwata	Corporate Auditor	Kiyoshi Hori
Managing Director	Tsunenori Narita	Director	Takashi Nagasaka	Corporate Auditor	Masao Ichioka
Managing Director	Kozo Masuoka	Director	Masao Kosugi	Corporate Auditor	Yasuhiro Irie
Managing Director	Tsutomu Miyata	Director	Yuzo Yoshida	Corporate Auditor	Ken Yazaki
Managing Director	Kenji Hayashi	Director	Toshinori Ozawa		
Director	Hiroyasu Naito	Director	Katsushi Minoura		

Directory

Incorporated	September 1, 1920
Established	September 2, 1950
Paid-in capital	¥6,459,746,974
Head office	2-26, Fukuzumi-cho, Nakagawa-ku, Nagoya 454-0802 TEL: +81-52-361-8211
Number of employees:	3,184

Factories

Oguchi Factory, Seto Factory, Asahi Factory, Aichi Plant, Components Center

Research centers

Technology Development Center

Branches

Higashi-nihon sales department, Tohoku, Chubu, Kansai, Kyushu

Domestic sales offices

Sapporo, Sendai, Niigata, Kita-Kanto, Higashi-Kanto, Minami-Kanto, Shizuoka, Nagoya, Osaka, Hiroshima, Takamatsu, Fukuoka

Domestic satellite offices

Kitami, Kushiro, Obihiro, Asahikawa, Hakodate, Aomori, Hachinohe, Akita, Morioka, Hirosaki, Yamagata, Sakata, Koriyama, Iwaki, Fukushima, Joetsu, Nagaoka, Mito, Tsuchiura, Chiba, Matsudo, Tama, Utsunomiya, Saitama, Tokorozawa, Koshigaya, Takasaki, Ota, Tokyo, Yokohama, Atsugi, Yokohama-kita, Yamanashi, Numazu, Hamamatsu, Nagano, Matsumoto, Ueda, Toyama, Kanazawa, Fukui, Toyohashi, Okazaki, Aichi, Takayama, Tono, Gifu, Mie, Yokkaichi, Shiga, Nara, Wakayama, Kyoto, Fukuchiyama, Kobe, Himeji, Okayama, Tottori, Yonago, Matsue, Hiroshima, Fukuyama, Yamaguchi, Shimonoseki, Takamatsu, Matsuyama, Kochi, Tokushima, Kitakyushu, Saga, Nagasaki, Sasebo, Oita, Kumamoto, Miyazaki, Kagoshima, Osumi, Okinawa

Domestic subsidiaries

Yanagisawa Manufacturing Co., Ltd.
Rinnai Technica Co., Ltd.
RB Controls Co., Ltd.
Rinnai Precision Co., Ltd.
RT Engineering Co., Ltd.
Japan Ceramics Co., Ltd.
Noto Tech Co., Ltd.
Techno Parts Co., Ltd.
Rinnai Net Co., Ltd.
RG Co., Ltd.
Rinnai Tech Sapporo Co., Ltd.

Rinnai Tech Tohoku Co., Ltd.
Rinnai Tech Tokyo Co., Ltd.
Rinnai Tech Chubu Co., Ltd.
Rinnai Tech Niigata Co., Ltd.
Rinnai Tech Hokuriku Co., Ltd.
Rinnai Tech Kinki Co., Ltd.
Rinnai Tech Hiroshima Co., Ltd.
Rinnai Tech Kyushu Co., Ltd.
Kyushu Gas Fuel Co., Ltd.
Rinnai Enterprises

Overseas subsidiaries and affiliates

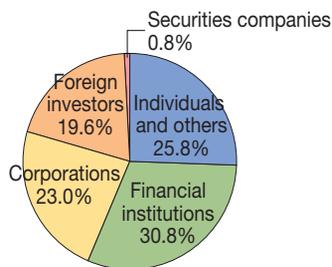
Rinnai Australia Pty., Ltd.
Rinnai New Zealand Ltd.
Rinnai America Corporation
Rinnai Taiwan Corporation
Rinnai Hong Kong Ltd.
Rinnai Holdings (Pacific) Pte. Ltd.
Rinnai Korea Corporation
Rinnai (Thailand) Co., Ltd.
Shanghai Rinnai Co., Ltd.
Equipamentos NGK-Rinnai Ltda.
Rinnai Industries (UK), Ltd.
Rinnai Malaysia Shd. Bhd.
Rinnai Singapore Pte. Ltd.
P. T. Rinnai Indonesia
RB Korea Co., Ltd.
Rinnai Vietnam Co., Ltd.
Cooker Hood Asia Pte. Ltd.
R. S. Korea Corporation
Shanghai RB Controls Co., Ltd.

Share Information

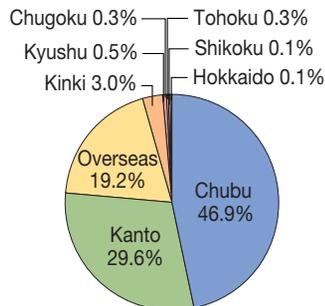
Number of shares: (As of September 30, 2002)

Authorized: 200,000,000
Outstanding: 55,787,463
Number of shareholders: 4,411

Composition of Shareholders



Shareholders by Region



Memorandum for Shareholders

Financial year-end:

March 31

Year-end dividends are paid to shareholders as of March 31; interim dividends are paid to shareholders as of September 30.

Date of record

(1) March 31
(2) Other dates if necessary, of which advance notice is given.

Minimum trading unit:

100 shares

Notices appear in:

Nihon Keizai Shimbun

Transfer agent:

The Chuo Mitsui Trust & Banking Company, Limited.
33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574

Transfer administration office:

The Chuo Mitsui Trust & Banking Company, Limited.
Nagoya Branch, Stock Transfer Agency Department
3-6, Sakae 2-chome, Naka-ku, Nagoya 460-8685
Tel: +81-52-231-1145

Transfer agency offices:

Chuo-Mitsui Trusting & Banking Co., Ltd.
Head office and branches throughout Japan
Japan Securities Agents, Ltd.
Head office, branches and regional offices

Notice:

If you are in Japan, you can request the standard forms for address changes, the purchase of shares fewer than the minimum trading unit or the designation of a bank account for the transfer of dividends around the clock at the toll-free service of the transfer agent (0120-87-2031).

Stock Listings:

Tokyo Stock Exchange, First Section
Nagoya Stock Exchange, First Section