

Rinnai

Securities code 5947

Rinnai Information
for Shareholders

Vol. 36

Business Results for
the 62nd Term
(April 1, 2011 to March 31, 2012)

ECO ONE

Improved hybrid model
Arrival of new
ECO ONE!



To Our Shareholders



Susumu Naito
Chairman

In the fiscal year ended March 31, 2012, overseas economies remained in a state of uncertainty, impacted by various causes for concern, such as credit problems in Europe and a slowdown in economic growth in China. Meanwhile, the Japanese economy took a path of moderate recovery in the second half of the year. This was despite temporary turmoil in the distribution system in the wake of the Great East Japan Earthquake, caused by disruption of the supply chain and stagnation of production activities. However, conditions remained difficult as the yen's ongoing appreciation had a greater impact on the economy than expected, evidenced by deterioration in earnings of export-oriented companies and other factors.

The domestic housing appliance industry benefited from healthy sales of condominiums thanks to a rush in demand for residential "eco-points," as well as an upturn in replacement demand for appliances installed in residences built in the mid-1990s, when new housing starts in Japan peaked. Accordingly, overall sales of housing appliances were firm.

Under these conditions, the Rinnai Group entered the final year of its medium-term business plan, entitled "Reform and Breakthrough." During the period under review, we targeted major global advances as a comprehensive manufacturer of heating appliances by pursuing Groupwide reforms and reinforcing our corporate foundation. At the same time, we enhanced our product lineup—with a focus on the environment and saving energy, as well as safety and peace of mind. We also delivered a broad range of heating products optimized to suit living environments in various world nations.

With respect to revenue, in overseas markets our performance was impacted due to the delayed recovery in the U.S. economy, as well as foreign exchange factors stemming from the yen's appreciation. In Japan, by contrast, we enjoyed healthy sales, underpinned by solid replacement demand and a gradual shift toward gas appliances in the wake of electricity shortages. On the income side, we enjoyed increased earnings owing to healthy demand for high-value-added products with superior environmental and energy-saving benefits. This was despite downward pressure on subsidiaries' earnings in nations with production bases due to soaring prices of raw materials. More details of the Group's financial performance are given later in this report.

Based on comprehensive consideration of various factors, such as consolidated performance and dividend payout ratio, the Company declared a year-end cash dividend of ¥28.00 per share, up ¥4.00 year-on-year. This brought annual cash dividends to ¥56.00 per share, up ¥8.00 from the previous year.

The year ending March 31, 2013 is the first year of Rinnai's new medium-term business plan, entitled "Jump Up 2014." Under the plan, we will reinforce our corporate foundation and build a long-term growth trajectory by focusing on three key management priorities. In the process, we will target dramatic progress as a comprehensive heat and energy appliance manufacturer that contributes to society through environmental and energy-saving initiatives.

We look forward to the renewed support and cooperation of all shareholders.

June 2012

Susumu Naito
Chairman

Hiroyasu Naito
President

President Naito talks about Rinnai's business strategies

Supporting people's lifestyles and the environment all over the world as a comprehensive manufacturer of heat and energy appliances



The Results of "Reform and Breakthrough"

The Rinnai Group has been working steadily on its three-year medium-term business plan, entitled "Reform and Breakthrough," which began in April 2009. Under this medium-term business plan, we drew on the innovative technologies amassed by the parent company to steadily extend the promotion of high-value-added operations and cost reductions to Group companies in Japan and overseas. Thanks to the success of the plan's key strategies—relentless promotion of waste-elimination activities and the reinforcement of Group operations—we solidified our position as a comprehensive manufacturer of heat and energy appliances. In terms of numerical targets, under previous business plan entitled "V-Shift", we achieved operating income of ¥15.0 billion and an operating income ratio of 6.4%. By March 31, 2011, the end of "Reform and Breakthrough," operating income had risen to ¥26.6 billion and the operating income ratio to 10.8%.

New Medium-Term Business Plan, "Jump Up 2014" Dramatic progress as a global brand

In April 2012, we introduced Rinnai's new medium-term business plan called "Jump Up 2014." Rinnai's global strategies call for delivering products that meet the environmental policies and economic growth stage of each country while addressing the common global need for "safety and peace of mind," "comfort," and "environmental friendliness." In recent

Core policies	Previous Medium-Term Business Plan "Reform and Breakthrough" (From April 1, 2009 to March 31, 2012)	
	1 Relentlessly promote waste-elimination activities	
	2 Reinforce Group operations	
	3 Solidify our position as a comprehensive heating appliance manufacturer	
Net sales Operating income Operating margin	Fiscal 2012 (actual) ¥246.6 billion ¥26.6 billion 10.8%	Fiscal 2013 (Plan) ¥257.0 billion ¥28.0 billion 10.9% Fiscal 2014 (Plan) ¥268.0 billion ¥30.0 billion 11.2% Fiscal 2015 (Plan) ¥280.0 billion ¥33.0 billion 11.8%

Inheriting the "Rinnai Spirit" "Heat and life", "Quality is our destiny", "Contributing to local communities"

President Naito talks about Rinnai's business strategies

years, Rinnai has utilized its cutting-edge technologies to develop products that provide solutions for the pressing need to protect the environment and save energy.

In Japan, since the Great East Japan Earthquake there has been a surge in demand for saving energy and protecting the environment in the wake of electricity shortages. This has heightened concerns about the practicality of going all-electric, and increased interest in finding diverse energy resources. For some time now, the gas appliance industry in Japan has supported an initiative to adopt the series of high-efficiency *Eco-Jozu* hot-water/heating systems as the industry standard by 2013. In 2010, Rinnai released the *ECO ONE* hybrid hot-water/heating system that uses an optimal mix of gas and electricity. This innovative product meets society's need for a combination of energy sources and boasts world-leading energy efficiency, environmental friendliness, economy, and comfort.

Overseas, where demand for heating appliances differs between advanced and developing countries, Rinnai delivers environmentally friendly products optimized to suit living cultures, climate, and energy conditions.

In these ways, the Rinnai Group has steadily reinforced its presence in global markets. Under the new medium-term business plan, we will adopt an "aggressive approach" while maintaining efforts to fortify the Group's strengths. We will continue supporting society drawing on the progress we have made as a comprehensive manufacturer of heat and energy appliances

1st Key Priority: Improve quality by pursuing zero defects

In Japan, Rinnai's products have earned a high reputation for their quality. Recently, Rinnai has increased sales in the medium-term strategic markets of the United States and China, as well as in Italy, Brazil, and Indonesia. One characteristic shared by each of these markets is the high regard customers have for the quality of Rinnai products. We recognize the best weapon in our armory for increasing the number of Rinnai users is being able to offer safe appliances with advanced functions that don't break down. During the period of the new medium-term business plan, we intend to establish the superior reliability of the Rinnai brand. We will do this by improving the level of quality through a Zero Defect campaign implemented rigorously across the entire Group in Japan and overseas.

2nd Key Priority: Boost momentum through innovation in development, production, and sales processes

Thanks to an expanded lineup of *ECO ONE* gas and electric hybrid hot water/heating systems, we have received an increase in inquiries in Japan. They have come not only from clients that previously used propane gas, but also from building contractors handling many all-electric appliances, house manufacturers, and those in the construction materials sector. As mentioned above, our basic policy overseas is to provide products optimized to suit the needs of various world nations. Against this backdrop,

Global Strategy Reinforcement

Inheriting the "Rinnai commitments"

Contribute to local societies = local production for local consumption

Market to tap

Europe

Middle East & Africa

Three profit centers

Asia (outside Japan)

Japan

Oceania

Heat appliance growth markets

North America

South America

Rinnai will establish a framework that responds to diverse market needs swiftly and efficiently. To this end, we will upgrade development, production, and sales processes independently, and then link them with one another.

3rd Key Priority: Increase organizational strengths through human resource development and Group alliances

The strategic development of human resources in response to globalization and technological advances is essential if the Rinnai Group is to support people's lifestyles around the world. Therefore, we will increase training programs and overseas postings, and reinforce the training of specialists in each department and employees able to work outside Japan. Moreover, both domestic and overseas Group companies are independently forming links with one another. Going forward, to optimize development, production, and sales in each market, we will reinforce linkages within the Group, including those with Rinnai, the parent company.

Contributing to Society through Heat and Energy Appliances

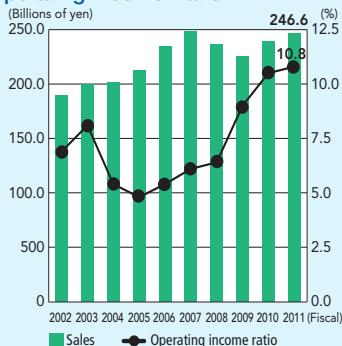
At the time of the Great East Japan Earthquake, Rinnai donated gas stoves, rice cookers, and heaters. We assisted relief efforts by repairing hot-water heaters. We also prioritized the manufacture and delivery of products for use in temporary housing. The disaster reaffirmed Rinnai's role as a manufac-

turer that supports the essentials of daily life. It also validated Rinnai's corporate mission, which is to contribute to society through its business activities centered on the keywords "heat" and "lifestyle." The proliferation of high-efficiency hot-water units is linked to reduced CO₂ emissions and energy conservation, while heaters and air conditioners with advanced functions are linked directly to convenient and comfortable lifestyles. To cite an example from overseas, in 2011 Rinnai sold 5.25 million tabletop stoves in Indonesia. Owing to the Indonesian government's policy of promoting the use of LPG, the amount of firewood used in homes has decreased, which has led to a reduction in the felling of forests. Meanwhile, we are conscious that extreme care is needed to handle heat and energy appliances safely and with peace of mind. It is precisely for this reason that we continue to voluntarily produce advertisements warning users that they must use a fan when operating a compact water heater.

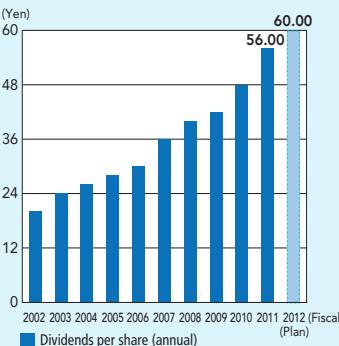
The Rinnai Group's business activities center on heat and energy appliances that are indispensable in the daily lives of people, and also make a direct contribution to environmental issues. By providing highly efficient products with advanced functions, Rinnai's presence in the global market is gradually increasing, as are opportunities for further business. We will continue supporting people's lifestyles and responding to diverse needs around the world while targeting improved corporate value in the long term and benefits to stakeholders.

Targeting Improved Corporate Value and Shareholder Return through Long-Term Growth

Consolidated Net Sales and Operating Income Ratio



Dividends per share



Rinnai believes that maintaining stable returns to shareholders is an important management priority. Rinnai's dividends have increased over ten consecutive terms through the year under review. In the year ending March 2013, we plan to pay annual dividends of ¥60.00 per share.

Further Advances Lead to New Hybrid ECO ONE

In 2012, Rinnai released a new model *ECO ONE* that is more advanced than its predecessor. The electric heat pump that uses heat from the air and the highly efficient gas hot-water heater *Eco Jozu* produces an even greater synergistic effect in the new model. By providing constant backup, the instantaneous *Eco Jozu* maximizes the potential of the heat pump. The result is a high level of energy saving. As the world's first* hybrid hot-water/heating system that combines electricity and gas, *ECO ONE* delivers hot water and heating throughout the home with superior efficiency.

* Applies to hot-water/heating system that combines the high-efficiency water heater and heat pump released on April 23, 2012.

Electricity × Gas

The electric heat pump uses a minimal amount of electricity to heat water efficiently. The *Eco Jozu* gas unit delivers plenty of hot water whenever you want. The new model *ECO ONE* allows optimal use of these two functions to suit the time of day or intended use.



Energy revolution



Hybrid Hot-Water/Heating System ECO ONE Lineup Expands

Double Hybrid Hot-Water/ Heating System

With hybrid operation of the floor heating system as well, the system's running costs are considerably lower



For New Apartment Buildings



Sketch showing installation



The PS can be positioned in corridors of new apartment buildings.

Improved Energy Savings

Leader in hot water energy efficiency Primary energy efficiency of 125%^{*2}

In terms of primary energy efficiency, which rates the amount of energy saved, the *ECO ONE* surpasses the *ECO CUTE* (APF3.2) system with a rating of 107%.

^{*2} Rinnai survey, current as of March 2012

Efficiency when using hot water (excludes room heating use)

According to assessment criteria (IV/b regions) for residential construction companies published by the Institute for Building Environment and Energy Conservation

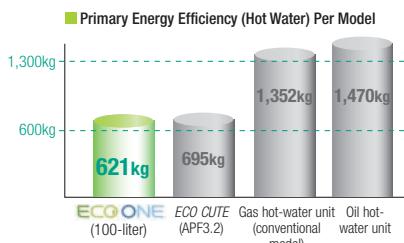
Improved Environmental Friendliness

50% reduction in hot water-related CO₂ emissions

Produces about 50% fewer CO₂ emissions compared with conventional gas hot-water units

Annual hot water load of 4.03Gcal

CO₂ emission coefficient from assessment criteria residential construction companies published by the Institute for Building Environment and Energy Conservation



Improved Economy

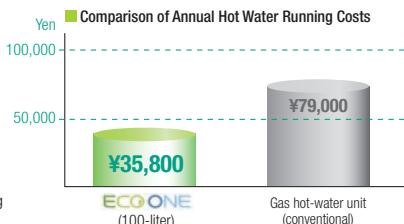
55% reduction in hot water, lighting, and heating costs

Hot water, lighting, and heating costs are around ¥40,000 less compared with conventional gas hot-water units. Annual savings of around ¥20,000 can be made compared with oil or electric hot-water units.

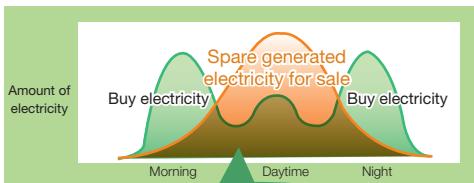
Annual hot water load of 4.03Gcal

City gas charges: ¥155/m³ throughout the year for both conventional gas bath hot-water heaters and the *ECO ONE* hybrid hot-water heating system

Electricity charges: ¥22/kWh



Rinnai's Hybrid System is By Far the Best Value Solar Power Generation System



If the system is all-electric, you use the electricity generated by the solar system, which reduces the amount you can sell.

One huge advantage of a solar power system is that you can sell spare electricity to an electric company.

When the solar power system is on, the heat pump that is part of the *ECO ONE* hybrid hot-water heating system runs on minimal power, and the resulting reduction in power consumption allows you to sell power.

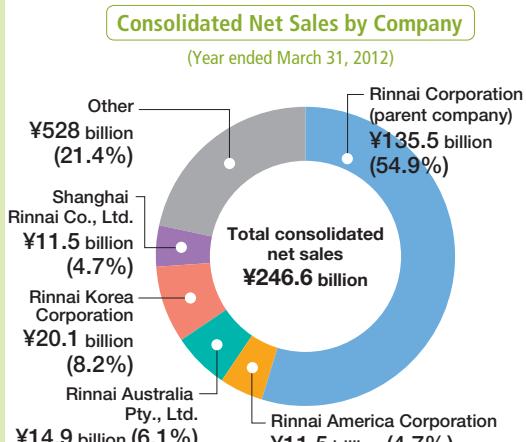
The remote control for the new model hybrid system has a hybrid monitoring function that shows the ratio of gas and electricity in use. It also has a solar power system mode that stops the heat pump at a set time.



- Hybrid gauge Shows the gas-electricity ratio
- Light goes off when the tank has boiled

Global Rinnai Group

As of March 31, 2012, the Global Rinnai Group expand its network in 16 countries outside Japan (manufacturing/sales companies in nine countries and sales companies in eight countries). In these countries, we develop and supply high quality heating appliances optimized for the lifestyles, climates, and energy resources of each country.



Note: The above amounts exclude inter-regional transactions

Rinnai Corporation

Mainstay products



Eco Jozu highly
efficient hot-water unit



Built-in stoves

Rinnai America Corporation

Mainstay products



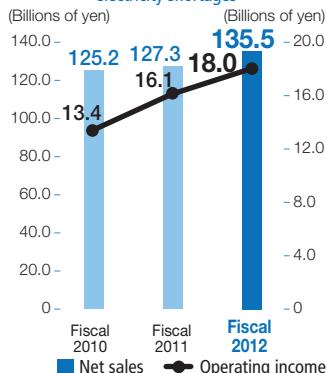
Hot-water unit



Fan-forced heater

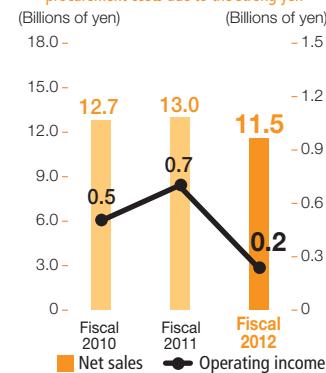
Consolidated net sales and operating income

Higher revenue and earnings owing to replacement demand, as well as a shift to gas appliances due to concerns about electricity shortages



Consolidated net sales and operating income

Both sales and operating income were down due to sluggish sales of hot-water units stemming from a delayed economic recovery and higher procurement costs due to the strong yen



New P. T. Rinnai Indonesia Plant Swings into Operation

In May 2012, Rinnai Indonesia's new Balaraja Plant swung into operation. The Indonesian government's project to promote LPG use has contributed to vigorous growth of the gas tabletop stove market. The rapid increase in future replacement demand is expected to see the market grow from around 8.7 million units in 2011 to around 14.5 million by 2015. The completion of Rinnai Indonesia's new plant will gradually increase the annual production capacity for tabletop stoves from the current level of around 5.5 million units to 10.0 million units by 2014. By meeting expanding demand, this higher production capacity will contribute to increased sales.



The first tabletop stove produced at the Balaraja Plant



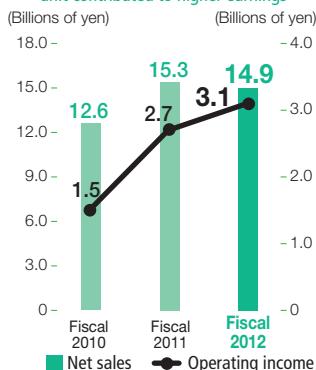
Rinnai Australia Pty., Ltd.

Mainstay products



Consolidated net sales and operating income

Despite healthy sales, revenue decreased due to a change in accounting standards; Strong sales of top-selling gas hot-water unit contributed to higher earnings



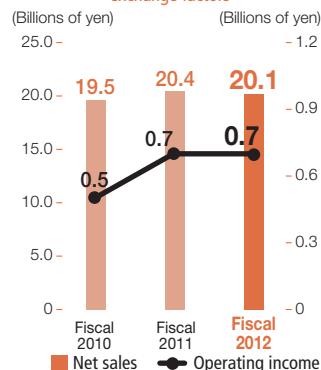
Rinnai Korea Corporation

Mainstay products



Consolidated net sales and operating income

Firm demand for boilers owing to a cold snap and higher replacement demand; Revenue down due to foreign exchange factors



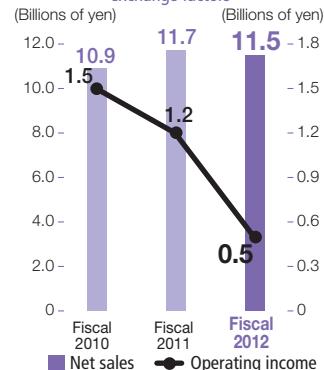
Shanghai Rinnai Co., Ltd.

Mainstay products



Consolidated net sales and operating income

Higher sales owing to firm demand for mainstay tabletop stoves and hot-units, but revenue down due to foreign exchange factors



Rinnai America Launches New Condensing Hot-Water Unit

In February 2012, Rinnai America Corporation launched a new condensing hot-water unit with high combustion efficiency. The model complies with Californian regulations introduced in 2012 requiring ultralow NOx emissions. Until recently, large tanks filled with water and then heated have been the mainstream in the United States. However, the poor efficiency of this storage-type system has contributed to the growing popularity of Japanese-style tankless systems. As a leader in innovative technologies for tankless systems, Rinnai America is at the forefront of the U.S. market for hot-water units that deliver superior convenience and efficiency.



Consolidated Business Results (Fiscal 2012)

Performance

In the fiscal year ended March 31, 2012, consolidated net sales amounted to ¥246,636 million, up 3.0% from the previous year. Operating income increased 5.5%, to ¥26,634 million, and ordinary income rose 7.8%, to ¥28,907 million. Net income climbed 8.4%, to ¥16,807 million.

Results by Geographical Segment

Japan

In Japan, our performance was boosted by an increase in replacement demand for housing appliances—a trend that began prior to the Great East Japan Earthquake—as well as a shift towards gas appliances in the wake of electricity shortages. In kitchen appliances, we reported growth in sales of the *Verie* series of medium-priced built-in stoves, featuring enhanced appeal through the incorporation of functions available in high-priced models. We also posted higher sales of hot-water units, greatly bolstered by our *Eco Jozu* series of high-efficiency hot-water units with superior environmental performance. In air-conditioning and heating units, there was an increase in demand for gas stoves and fan heaters, which benefited from a mood of consumer restraint with respect to saving energy. As a result, sales in Japan totaled ¥175,107 million, up 5.5% from the previous year. Operating income in Japan rose 11.7%, to ¥20,318 million.

South Korea

The Rinnai Group enjoys a large share of the boiler market in South Korea. The year under review saw expansion in market scope owing to firm replacement demand and a cold snap at the beginning of the year. Against this backdrop, we reported increased sales of boilers, thanks largely to the introduction of new

products. However, due to foreign exchange factors, sales in South Korea declined 1.6%, to ¥21,729 million, despite increasing on a local currency basis. Meanwhile, operating income rose 14.2%, to ¥814 million, reflecting solid progress in enhancing profitability.

United States

Amid delayed economic recovery in North America, consumers continued to emphasize low-priced products. This caused the shift from storage-type to tankless hot-water systems to slow down, and led to weak sales of our hot-water units compared with the previous fiscal year. As a result, sales in North America declined 10.9%, to ¥11,584 million, and operating income fell 69.6%, to ¥242 million.

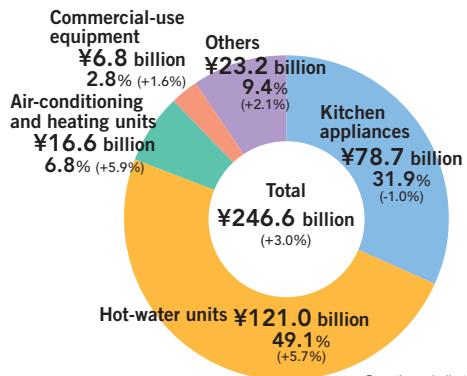
Australia

Australia is a progressive nation in environmental terms. Under aggressive environmental protection measures by the national government, sales of electric storage-type units are gradually being phased out, propelling a shift toward tankless hot-water units. In the year under review, however, the government stopped subsidizing the purchase of fan-forced heaters for schools, which had bolstered our performance in the past. Consequently, sales in Australia declined 2.4%, to ¥14,993 million. Thanks to favorable sales of high-value-added tankless units, however, operating income rose 15.4%, to ¥3,139 million.

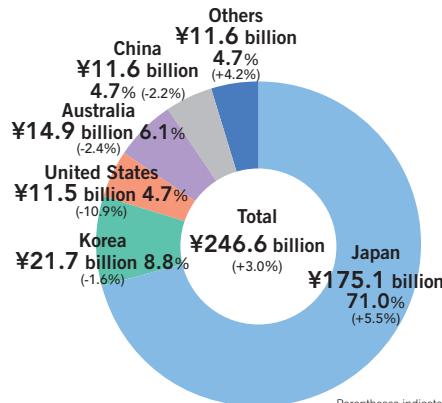
China

Buoyed by expansion of gas infrastructure accompanying growth of regional cities, sales of our mainstay gas hot-water units increased. Due to foreign exchange factors, however, sales in China were down 2.2%, to ¥11,606 million. Operating income fell 56.4%, to ¥523 million, as soaring prices of raw materials pushed down earnings.

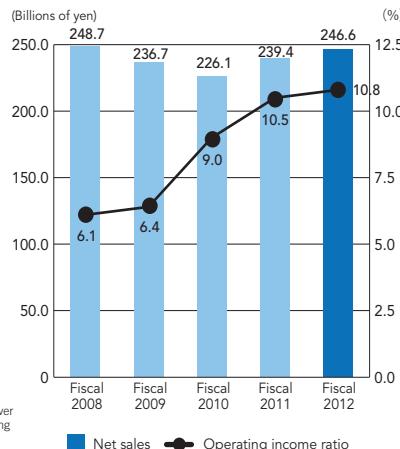
Net sales by business segment



Net sales by region

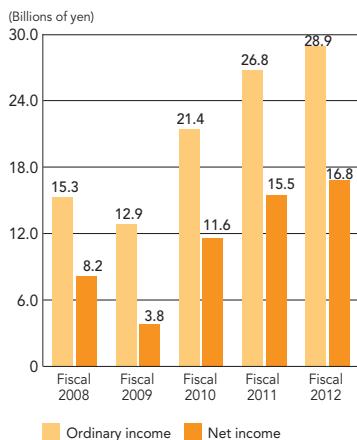


Sales, operating income ratio

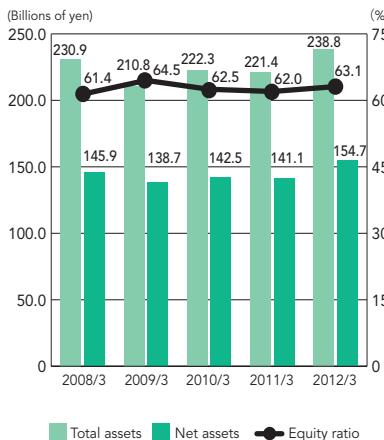


Note: The above amounts exclude inter-regional transactions.

Ordinary income, net income



Total assets, net assets, equity ratio



ROE, ROA

	ROE	ROA
	Full year	Full year
Fiscal 2008	6.0	3.6
Fiscal 2009	2.8	1.7
Fiscal 2010	8.5	5.4
Fiscal 2011	11.2	7.0
Fiscal 2012	11.7	7.3

Consolidated Balance Sheets (Millions of yen)		Current Term (As of March 31, 2012)		Previous Term (As of March 31, 2011)	
		Current Term	Previous Term		
Assets				Liabilities	
Current assets	156,300	136,145		Current liabilities	72,757
Cash and deposits	34,596	28,338		Notes and accounts payable	43,895
Notes and accounts receivable	56,776	53,155		Short-term debt	4,254
Marketable securities	35,651	28,663		Other payables	9,478
Products	14,530	11,545		Accrued consumption taxes	776
Raw materials and stores	9,402	9,478		Accrued income taxes	6,064
Deferred taxes assets	3,364	3,566		Accrued employees' bonuses	3,131
Other	2,439	1,847		Allowance for product guarantee	1,857
Less allowance for doubtful accounts	(461)	(449)		Allowance for inspection cost	—
				Other	3,299
Fixed assets	82,553	85,350		Long-term liabilities	11,358
Property, plant and equipment	43,040	41,997		Long-term debt	3,325
Buildings and structures	14,988	15,558		Accrued employees' retirement benefits	4,554
Machinery and vehicles	8,398	8,728		Other	3,479
Tools and fixtures	3,724	3,330		Total liabilities	84,116
Land	13,620	13,300			80,384
Leased assets	245	203		Net Assets:	
Construction in progress	2,064	875		Shareholders' equity:	153,722
Intangible fixed assets	1,489	1,581		Common stock	6,459
Investments and advances	38,023	41,771		Capital surplus	8,720
Investments in securities	26,966	29,604		Earned surplus	162,014
Deferred income taxes	806	1,173		Treasury stock	(23,471)
Other	10,670	11,430		Other comprehensive income:	(3,103)
Less allowance for doubtful accounts	(419)	(437)		Unrealized gain on marketable securities	518
Total assets	238,853	221,495		Foreign exchange translation adjustment	(394)
				Minority interests	4,119
				Total net assets	154,737
				Total liabilities and net assets	238,853
					221,495

**Consolidated Statements of Income** (Millions of yen)

Current Term (From April 1, 2011, to March 31, 2012)
Previous Term (From April 1, 2010, to March 31, 2011)

	Current Term	Previous Term
Net sales	246,636	239,436
Cost of sales	171,475	165,867
Gross profit	75,161	73,569
Selling, general and administrative expenses	48,527	48,330
Operating income	26,634	25,238
Other income	2,827	2,477
Other expenses	554	892
Ordinary income	28,907	26,824
Extraordinary income	—	209
Extraordinary loss	1,356	2,728
Income before income taxes	27,550	24,306
Income taxes	10,220	8,012
Income before minority interests	17,330	16,293
Minority interests	522	783
Net income	16,807	15,510

Consolidated Statements of Cash Flows (Millions of yen)

Current Term (From April 1, 2011, to March 31, 2012)
Previous Term (From April 1, 2010, to March 31, 2011)

	Current Term	Previous Term
Cash flows provided by operating activities	23,074	27,536
Cash flows used in investing activities	(16,222)	(10,634)
Cash flows used in financing activities	(3,937)	(16,958)
Cash and cash equivalents at end of year	48,618	46,145

Corporate Data

Directory (As of March 31, 2012)

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	8,678 (Consolidated) 3,585 (Nonconsolidated)

Domestic Network (As of March 31, 2012)

Factories and related centers	Technology Development Center, Production Technology Center, Integrated Logistics Center, Parts Center, Oguchi Factory, Seto Factory, Asahi Factory, Aichi Factory
Branches	Tohoku, Kanto, Chubu, Kansai, Kyushu
Domestic sales offices	Hokkaido, Sendai, Niigata, Tokyo, Kita-Kanto, Higashi-Kanto, Minami-Kanto, Nagoya, Shizuoka, Hokuriku, Nagano, Osaka, Keiji, Hyogo, Chugoku, Shikoku, Fukuoka
Domestic satellite offices	(77 offices)
Other domestic offices	10 Training Centers, 3 Customer Centers

Board of Directors (As of June 28, 2012)

Chairman	Susumu Naito	Managing Executive Officers	Takashi Nagasaka Yuzo Yoshida Sadao Yoshimura	Corporate Auditors (Standing Auditors)
Vice Chairman	Kenji Hayashi		Tadanobu Netsu Terumasa Kaneko Kinji Mori	Yasuhiro Goto Toshinori Tsutsumi
President*	Hiroyasu Naito	Executive Officers	Yasuo Koketsu Izuka Suzuki Takashi Sonoda Katsuhiko Shinji	Kyoakira Fukui Kinya Nankan
Director and Executive Vice President	Tsunenori Narita			
Director and Managing Executive Officers	Masao Kosugi Yuji Kondo			Notes: 1. President (*) doubles as Executive Officer. 2. Kyoakira Fukui and Kinya Nankan (Corporate Auditors) serve as an outside auditor.

Share Composition (As of March 31, 2012)

Number of shares

Authorized:

200,000,000

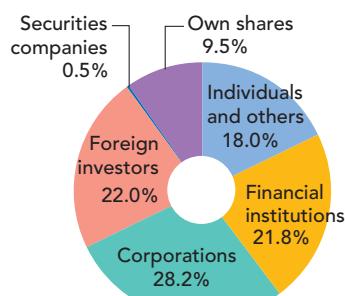
Outstanding:

54,216,463 (Including treasury stock)

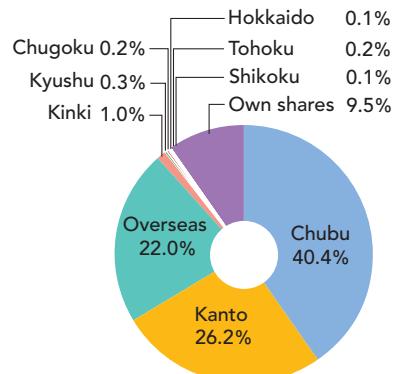
Number of shareholders:

4,137

Composition of shareholders



Shareholders by region



Rinnai Group (As of March 31, 2012)

14 Domestic Subsidiaries

Manufacture of Products

- Yanagisawa Manufacturing Co., Ltd.
- Rinnai Technica Co., Ltd.
- Glanstrahl Co., Ltd.

Manufacture of Components

- RB Controls Co., Ltd.
- Rinnai Precision Co., Ltd.
- RT Engineering Co., Ltd.
- Japan Ceramics Co., Ltd.
- Noto Tech Co., Ltd.
- Techno Parts Co., Ltd.

Sale of Products

- Rinnai Net Co., Ltd.
- RG Co., Ltd.

Other Business

- Rinnai Enterprises
- Rinnai Tech Hokuriku Co., Ltd.
- Rinnai Kogyo Co., Ltd.

● Consolidated subsidiary

● Nonconsolidated subsidiary

■ Affiliated company (equity method applied)

■ Affiliated company (equity method not applied)

29 Overseas Subsidiaries and Affiliates

Holding Company/Sale of Products

- Rinnai Holdings (Pacific) Pte Ltd.

Sale of Products

- Rinnai America Corporation
- Rinnai Hong Kong Ltd.
- Rinnai Canada Holdings Ltd.
- Rinnai SE Corporation
- Rinnai Plus Corp.
- Guangzhou Rinnai Gas and Electric Appliance Co., Ltd.
- Rinnai (Malaysia) Sdn. Bhd.
- Rinnai UK Ltd.
- Rinnai Italia S.r.l.
- Hainan Rinnai Minsheng Kitchen Appliances Sales Co., Ltd.

Manufacture and Sale of Products

- Rinnai Australia Pty., Ltd.
- Rinnai New Zealand Ltd.

● Rinnai Taiwan Corporation

● Rinnai Korea Corporation

● Shanghai Rinnai Co., Ltd.

● Rinnai (Thailand) Co., Ltd.

● Rinnai Viet Nam Co., Ltd.

● Rinnai Brasil Heating Technology Ltd.

■ P.T. Rinnai Indonesia

● Guangzhou Ming Hai Gas & Electrical Appliance Co., Ltd.

Manufacture and Sale of Components

- RB Korea Ltd.
- RK Precision Co., Ltd.
- RS Korea Ltd.
- Shanghai RB Controls Co., Ltd.
- Mikuni RK Corporation

Other Business

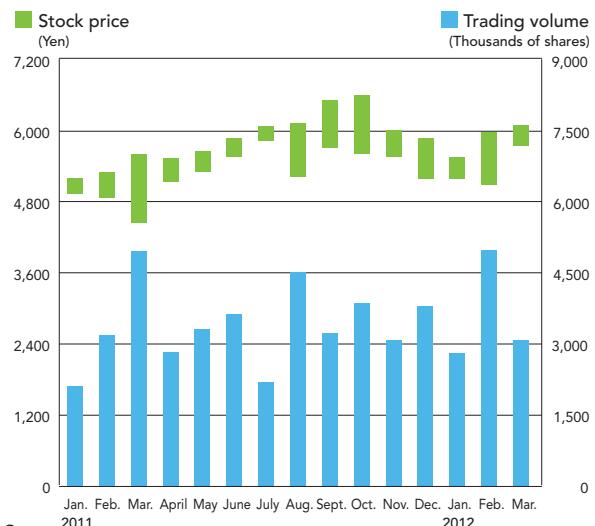
- Rinnai Services (MS) Corporation
- Rinnai CS Corporation
- Shanghai Rinnai Thermo Energy Engineering Co., Ltd.

Major Shareholders

Name	Shares held (Thousands)
Naito Co., Ltd.	6,215
Yoshikane Shoji Co., Ltd.	4,002
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,730
Kenji Hayashi	2,652
Japan Trustee Services Bank, Ltd. (Trust Account)	2,479
Susumu Naito	1,400
Nippon Life Insurance Company	900
Tokyo Gas Company, Limited	784
The Chase Manhattan Bank N.A. London	
Secs Lending Omnibus Account	696
The Nomura Trust and Banking Co., Ltd.	642

* The above list does not include the treasury stock held by the Corporation, which amounts to 5,157 thousand shares.

Stock Price Range



Memorandum for Shareholders

Financial year

From April 1 to March 31

Annual meeting of shareholders

Every June

Dates of record

Annual meeting of shareholders,

year-end dividend:

Interim dividend:

March 31

September 30

Minimum trading unit

100 shares

Public notice

Public notices by the Company will be announced online.

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

However, if due to accident or some other unavoidable reason that prevents the Company from completing an online announcement should arise, a public notice will be made by posting in the *Nihon Keizai Shimbun*.

Transfer agent

Sumitomo Mitsui Trust Bank, Limited

4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005

Special account administrator

Sumitomo Mitsui Trust Bank, Limited

4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005

Mailing and contact

Sumitomo Mitsui Trust Bank, Limited

Stock Transfer Agency Department

8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063

(Telephone)

Freedial 0120-782-031(9:00 am~17:00 pm on weekdays)

Transfer administration offices:

Sumitomo Mitsui Trust Bank, Limited

Head office, and branches throughout Japan

Stock Listings:

Tokyo Stock Exchange, First Section

Nagoya Stock Exchange, First Section

Inquiries Pertaining to Share-Related Procedures

1. Non-Payment of Dividends

Please contact the transfer agent (Sumitomo Mitsui Trust Bank, Limited; contact details above).

2. Change of address, purchases (or increases in purchases) of fractional shares, designation of dividend payment method, etc.

(1) Shareholders with account at a securities company

Please contact the securities company handling your account.

(2) Shareholders with a special account opened due to absence of account at a securities company

Please contact Sumitomo Mitsui Trust Bank, Limited

Dividend Calculation Notice

The Dividend Calculation Notice, sent to shareholders at the time of dividend payment, also functions as the Payment Notice according to regulations under the Act on Special Measures Concerning Taxation. This document can be used as a reference attachment when preparing final tax returns. The

Company will issue a Dividend Calculation Notice to shareholders who receive dividends by presenting the Year-End Dividend Receipt.

* Shareholders who prepare their own final tax returns are asked to keep the Dividend Calculation Notice in a safe place.

Notice regarding text to be used for shareholders' names and addresses

With the conversion to electronic stock certificates, shareholder names and addresses that include *kanji* characters not contained in JASDEC's giro system are converted, in whole or in part, to *kanji* characters recognized by JASDEC or to *katakana* text for inclusion in the Shareholder Register. Shareholders are asked to understand that notification documents sent to them may include characters in the name and/or address that have been converted to JASDEC-recognized text.

For inquiries about characters used in registration of shareholder names and addresses, please contact your securities company (or the transfer agent, in the case of shareholders with special accounts).