

Rinnai

Shareholders' Report

Vol. 42

65th Fiscal Year

(April 1, 2014 to March 31, 2015)



TSE code 5947

<http://www.rinnai.com/>



Susumu Naito
Chairman



Hiroyasu Naito
President

In the fiscal year ended March 31, 2015, the world economy showed an improvement trend, backed by steady economic recovery in the United States and a moderate turnaround in Europe. However, there were signs of a slowdown in economic growth in China and various other Asian nations.

The Japanese economy was weak in first half of the year due to a recoil in demand following a rush ahead of the consumption tax hike. In the second half, however, the economy showed moderate recovery owing to various government stimulus measures and improving corporate earnings. In the domestic housing appliance industry, conditions remained challenging due to the prolonged trend of new housing starts falling below previous-year levels. This was despite firming demand for home renovation and housing appliances.

The period under review was the final year of the Rinnai Group's medium-term business plan, entitled Jump Up 2014. Under the plan, we upgraded our product lineup and advanced global business initiatives as a comprehensive manufacturer of heating appliances that contributes to people's lives and the global environment.

With respect to revenue, sales in Japan declined year on year as the recoil in demand following the consumption tax hike caused the housing appliance industry to remain depressed. Overseas, however, we posted an overall increase in sales, owing mainly to healthy sales of water heaters in China and South Korea, as well as the inclusion of P.T. Rinnai Indonesia in the scope of consolidation. However, lower demand in Japan led to a decline in earnings. This was despite favorable foreign exchange factors and the effects of higher sales overseas. More details of our financial performance are given later in this report. The Company declared year-end cash dividend of ¥38.00 per share, up ¥2.00 year on year. This brought total annual dividends to ¥76.00 per share, up ¥8.00 from the previous year.

The Rinnai Group has formulated a new medium-term business plan, entitled Evolution and Succession 2017, which began in April 2015. Under the plan, we will ensure the "succession" of the "Rinnai Spirit," attained through our history, to continue stable business operations, while emphasizing "evolution" so we can respond to changes anticipated in the new era. By innovating our business model while preempting various changes in the business environment, we aim to create new products and services and thus firmly establish Rinnai as a comprehensive manufacturer of heat and energy appliances.

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

June 2015

Susumu Naito
Chairman

Hiroyasu Naito
President

Providing the world with “heat and lifestyles” that are safe, reliable, comfortable, and environmentally friendly. This is the Rinnai mission.



Hiroyasu Naito, President

Performance Overview

Q Please describe business conditions and results in the year ended March 2015.

During the year, we included Indonesia in the scope of consolidation, and our main overseas consolidated subsidiaries performed steadily. We did particularly well in China, where demand is growing for highly functional water heaters, and sales of Rinnai products are increasing as a result. In Japan, however, both revenue and earnings declined year on year, due to a recoil in demand following the consumption tax hike. Accordingly, consolidated net sales increased 2.8% year on year, to ¥295.0 billion, and operating income declined 9.5%, to ¥30.7 billion.

Q What are the outcomes of Jump Up 2014, the medium-term business plan that just ended?

Under Jump Up 2014, which covered the three-year period from April 2012 to March 2015, we focused on three core priorities. The first was to **raise product quality**. In Japan, for instance, we continued efforts to share meticulous details of customer feedback, including complaints, across all departments, while maintaining our fundamental principles of rigorous production management and in-house manufacturing of key components.

The second priority was to **raise versatility**. To cite a specific example, we established a framework in which the manufacturing and production departments participate in all stages, from product planning onwards. By linking the product development, production, and sales processes right from the start, we have successfully created optimal automated production lines, enabling us to deliver high-quality products while controlling costs.

**Towards 2020 (Rinnai's 100th anniversary):
Dramatic progress as a comprehensive manufacturer of
heat and energy appliances**

Aspirations

Product vision

Comprehensive heating appliance manufacturer that delivers environmentally responsible products

Regional vision

Global company that improves the lifestyles of people all over the world

Business vision

Company with a unique business model that attracts people and business partners

Rinnai's Business Strategies

The third priority was to **raise organizational strength** with an emphasis on globalization. Here, we are making steady progress. Our fundamental management policy is to maintain close ties with the nations and regions in which we operate. For example, the Rinnai Group currently has subsidiaries in 16 overseas countries (including nine with manufacturing bases), many of which make and sell our products locally and employ local people in managerial positions.

Due to domestic business conditions, we unfortunately did not achieve our targets for the year ended March 2015, the final year of Jump Up 2014. However, we significantly exceeded the initial three-year targets set out under the business plan, and we are proud to have steadily reinforced our business foundation, as described earlier.

New Medium-Term Business Plan: Evolution and Succession 2017

Q Please tell us about Rinnai's new three-year plan, which started in April 2015.

Rinnai's mission is to "use heat to provide people with comfortable lifestyles" on the world stage. At the same time, we seek to continue benefiting society while addressing dramatically changing business conditions. To achieve this, we must continue innovating our business model so that it meets the needs of various regions, in order to overcome the constant and major changes ahead. Simultaneously, each Group company must adhere to Rinnai's basic philosophy, "Quality is our destiny," which has embodied the Rinnai spirit since its foundation. And the Group must stand united in its ongoing commitment to product quality and manufacturing, including corporate culture.

In addition to supplying existing products and services in a timely manner, we must create new products and services

that contribute to society. At the same time, we must address changing business conditions ahead, including deregulation of the domestic energy sector and a declining workforce. This will require increased sales of system-based products and overseas sales, and we will respond by working to improve the power of our company and its people, including by rejuvenating our organization, fostering human resources, and enhancing business efficiency.

Over the three-year period of our **new medium-term business plan**, we will renew our focus on core domestic and overseas priorities in order to establish our reputation as a comprehensive heat and energy appliance manufacturer.

Q What are the main themes for Rinnai's domestic business?

The first theme is increased product sophistication. In Japan, our highly functional products have gradually achieved widespread popularity, as demand has shifted from tabletop cookers to system-based cookers, as well as from standalone water heaters to bath-filling water heaters and then water heaters with heating systems. In addition to offering safety, reliability, and comfort, today's heating appliances must be highly friendly to the environment. This is because hot water supply and room heating account for more than 50% of total energy consumed by Japanese households. In this context, Rinnai plans to strategically increase the share of sales occupied by system-based products, notably *ECO ONE*, its hybrid water heater with heating system that combines a high-efficiency *Eco Jozu* water heater with an electric heat pump.

Moreover, heating appliances are integral to people's lives, and making appliances more sophisticated helps resolve social challenges. For example, mandating the attachment of temperature sensors on stoves will help reduce the

Previous Medium-Term Business Plan "Jump UP 2014"

(From April 2012 to March 2015)

"Three Jump Up" Priorities

1. **Raise product quality** in pursuit of zero defects
2. **Raise versatility** through reforms of development, production, and sales processes
3. **Raise organizational strength** through human resource development and Groupwide interaction

	March 2015 (actual)
Net Sales	¥295.0 billion
Operating income	¥30.7 billion
Operating income ratio	10.4%

New Medium-Term Business Plan "Evolution and Succession 2017"

(From April 2015 to March 2018)

Challenges for evolution

1. **Respond to changing environment**
2. **Pursue core priorities aimed at evolution**
3. **Reform business model**

Succession of Rinnai Spirit

"Quality is our destiny"
"Rinnai utilizes heating to provide society with a comfortable way of life."

	March 2016	March 2017	March 2018
Net Sales	¥318.0 billion	¥337.0 billion	¥350.0 billion
Operating income	¥34.0 billion	¥37.0 billion	¥39.0 billion
Operating income ratio	10.7%	11.0%	11.1%

occurrence of fires. In recent years, meanwhile, our bathroom heater/dryers have performed well as products that meet people's needs. Specifically, they address the heat shock* phenomenon that affects the aging society, and also enable people to avoid hanging washing outside in seasons when the air is thick with pollen. Rinnai's system-based products are proving popular because they are environmentally friendly and operated efficiently to provide safety, and comfort to the entire household.

* **Heat shock:** The impact of sudden temperature changes on the body. Particularly in winter, the change in temperature from entering a hot bath causes blood pressure to rise and fall dramatically, placing a major strain on the heart. Elderly people and those with high blood pressure should be particularly cautious.

Q What are the key points of your global business strategy?

Over the next three years, we will step up interactions between Rinnai Group companies to develop a global technological network. The Group's strength lies in its ability to develop highly distinctive products matched to the needs of each country and region. Going forward, Group companies will collaborate by leveraging basic Rinnai technologies from Japan to promote products developed for specific regions—such as global water heaters in China, high-efficiency boilers in South Korea, built-in hobs (stovetops) in Southeast Asia, and commercial continuous-flow water heaters in Australia—across broader geographical areas.

Q What are Rinnai's strengths in the rapidly growing Chinese market?

In urban areas of China, there is a growing shift in demand from mass-market items to highly functional products, even

among Rinnai's offerings. We experienced a similar shift in Japan, where our quality control know-how, amassed through many years of dealings with customers, has cemented Rinnai's reputation as a reliable brand.

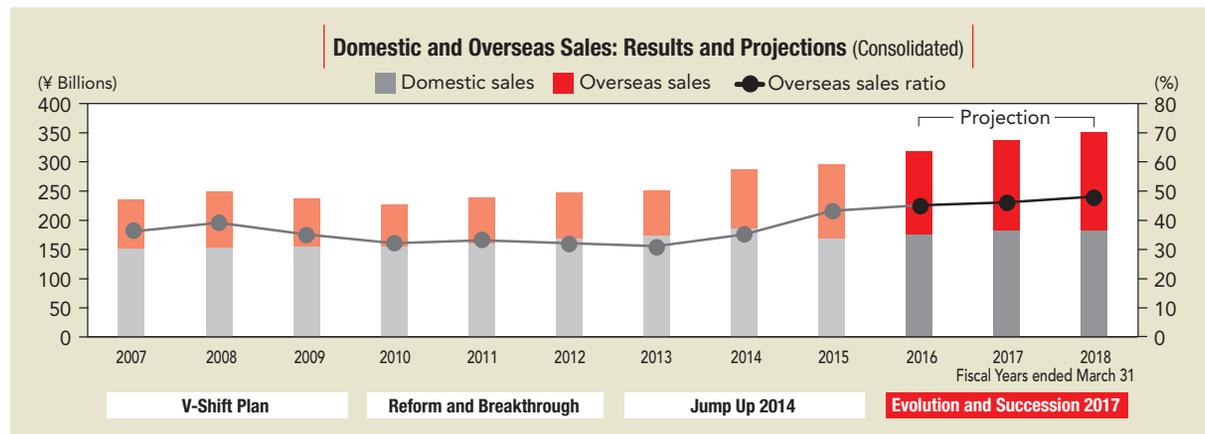
At present, we are expanding our sales channels across China in alliances with major Chinese gas companies. From September 2015, we will incrementally commission a new factory in Shanghai's Fengxian District, in a plan to double our current production capacity, to 1 million water heaters and 500,000 stoves annually.

Q What is your M&A strategy for other regions? And how do you envisage the overseas sales ratio evolving over the medium term?

In February 2015, we acquired Australian company Brivis Climate Systems as part of our plan to promote system-based products in that market. Going forward, we will hone our strategic responses in nations and regions where we have a presence while advancing new businesses in other nations and regions. To this end, we will expand and upgrade our operational network, including through M&As. Over the past ten years, our overseas sales have doubled to the ¥100 billion range, and we hope to reach around ¥200 billion over the medium term.

Q Do you have a concluding message for shareholders?

In the year under review, we increased cash dividends for the 13th consecutive period. Though ongoing business expansion with medium- and long-term perspectives, we will deliver shareholder returns in a stable manner. We look forward to the continued understanding and support of all stakeholders.



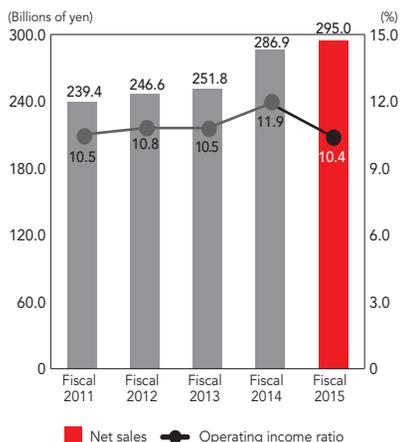
Consolidated Business Results for Fiscal 2015

(Year ended March 31, 2015)

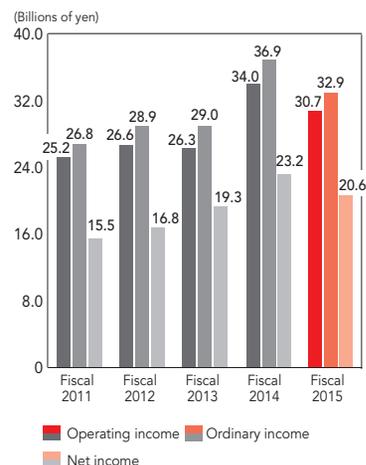
Performance Highlights

- Consolidated net sales **increased for the fifth consecutive year** as steady overseas sales and the consolidation of our Indonesian subsidiary compensated for a decline in domestic demand due to the consumption tax hike.
- Lower earnings in Japan, which has a high income contribution level, and also in Australia, led to a **decline in operating income**.
- The decline in operating income led to **decreases in both ordinary income and net income**, but ordinary income ratio remained high, at 11.2%.

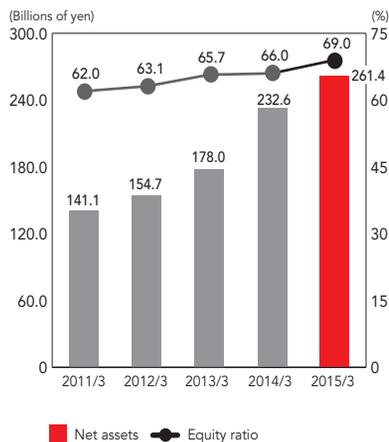
Net sales, operating income ratio



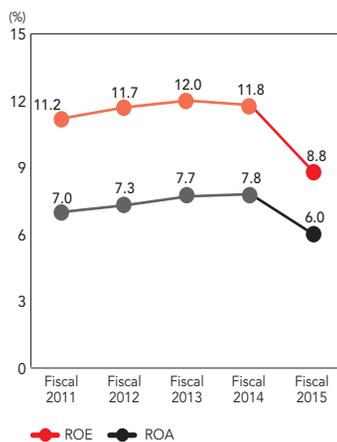
Operating income, ordinary income, net income



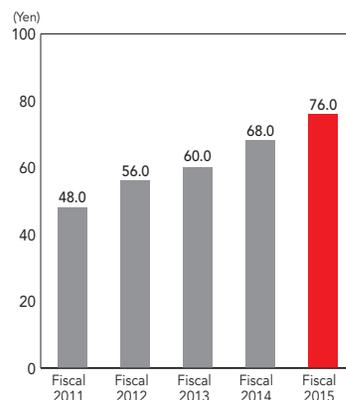
Net assets, equity ratio



ROE, ROA



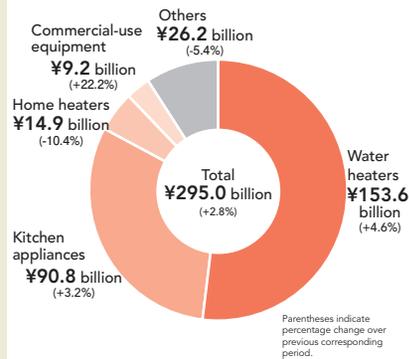
Dividends per share (annual)



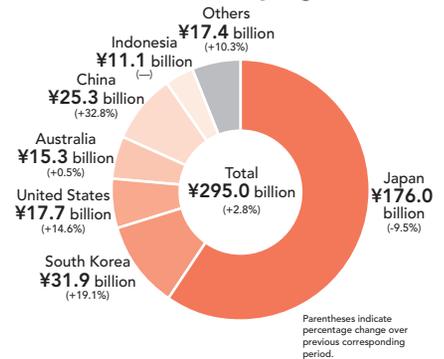
Highlights by Product Segment

- Water heaters: Despite a sales decline in the domestic market, healthy sales in the United States and China, as well as growth in sales of high-efficiency boilers in South Korea, led to an **increase in segment sales**.
- Kitchen appliances: We posted **sales growth in this segment** thanks to increased unit prices stemming from requirement to attach sensors to stoves in South Korea, as well as consolidation of Indonesian operations. This was despite lower domestic sales, especially of tabletop cookers.
- Home heaters: Despite, higher unit sales of fan-forced heaters in the United States, lower demand in other regions and a warm winter led to a **decline in segment sales**.

Net sales by product

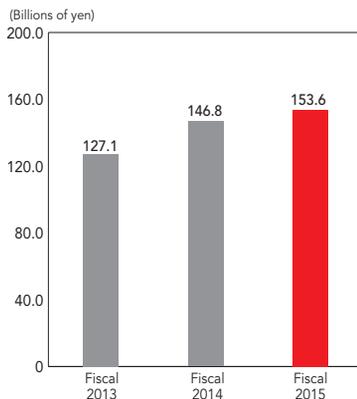


Net sales by region

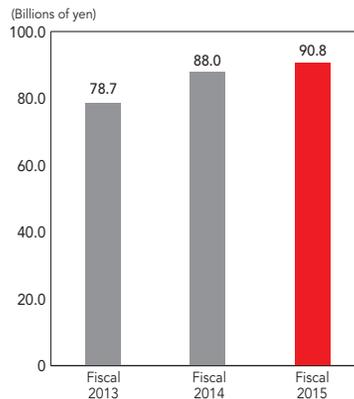


Principal products	Principal Products
Water heaters	Tankless water heater with basic functions, bath-filling systems, heating systems, and hybrid water heater with heating systems
Kitchen appliances	Tabletop cookers, built-in hobs (stovetops), built-in ranges, dishwashers, ovens, and rice cookers
Home heaters	Fan heaters, fanned flue heaters and infrared heaters
Commercial-use equipment	Commercial-use ceramics grillers, ranges and rice cookers
Others	Clothes dryers, infrared burners and components

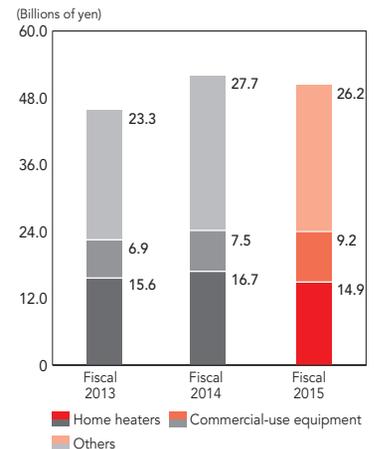
Sales of water heaters



Sales of kitchen appliances



Sales of heaters, commercial-use equipment, and others



Highlights by Regional Segment

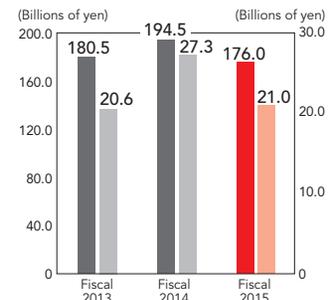
Japan



Eco Jazu
highly efficient
water heater

Range hood
Built-in hobs
(stovetops)

Gas fan
heater



Prolonged decline in housing market demand stemming from consumption tax hike resulted in **decreased revenue and earnings.**

■ Net sales ■ Operating income

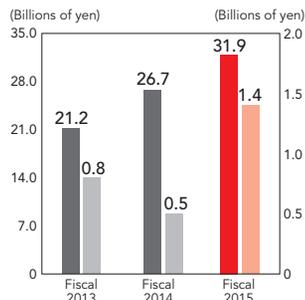
South Korea



Tabletop cookers

Gas boiler

Commercial-use
steam oven



Continued rises in unit prices of cookers and growth in sales of boilers led to **increases in both revenue and earnings.**

■ Net sales ■ Operating income

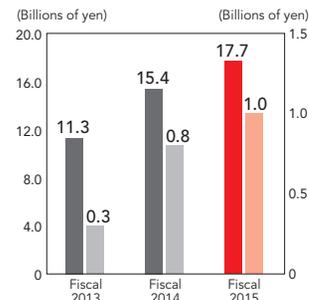
United States



Tankless
water heater

Gas boiler

Gas fan-
forced heater



Higher revenue and earnings thanks to increased sales of water heaters and home heaters backed by healthy housing market.

■ Net sales ■ Operating income

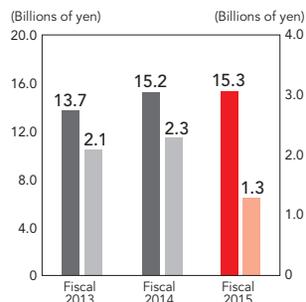
Australia



Tankless
water heater

Gas fan-
forced heater

Solar water heater
with gas tankless
backup



Increased revenue but lower earnings as declining sales of home heaters and rising costs outweighed a recovery in sales of water heaters.

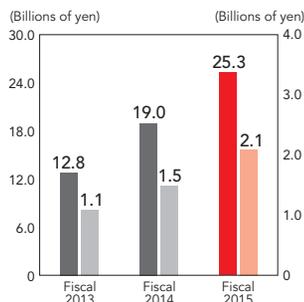
China



Tankless
water heater

Built-in hobs
(stovetops)

Range hood



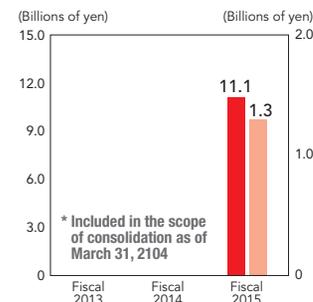
Healthy demand for gas appliances and expanded geographical sales coverage led to **increases in both revenue and earnings.**

Indonesia



Tabletop cooker

Built-in hobs
(stovetops)

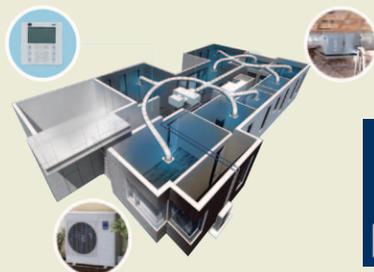


Inclusion in consolidation at previous year-end and increased market share for tabletop cookers resulted in **regional sales of ¥11.1 billion.**

Acquisition of Bravis Climate Systems Pty Ltd Australian manufacturer of commercial heating/cooling systems

On February 2, 2015, consolidated subsidiary Rinnai Australia acquired Bravis Climate Systems Pty Ltd, manufacturer of commercial heating/cooling systems under the umbrella of GWA Group Limited (listed on the Australian Securities Exchange), which owns numerous housing appliance brands in Australia.

Rinnai is one of the top gas appliance brands in Australia, where it has been selling home heaters since the 1970s and tankless water heaters since the 1990s. By bringing Bravis Climate Systems, which is strong in heating/cooling systems, into the Rinnai Group, we will further strengthen our business in Australia as part of our overseas strategy.



Overview of Bravis Climate Systems

Bravis Climate Systems makes ducted heating/cooling systems, a mainstream part of the Australian air-conditioning market, and has strong sales links with building subcontractors.

Net sales:	AUD62,455,000
Net assets:	AUD49,227,000
Acquisition price:	AUD49,352,000
Established:	1950

* Because Rinnai Australia has a December 31 fiscal year-end, Bravis Climate Systems will be included in consolidation from the year ending March 2016.

Construction of new factory and public welfare wing Rinnai Technica Co., Ltd.

Based in Kakegawa City, Shizuoka Prefecture, Rinnai Technica Co., Ltd. is a consolidated subsidiary that makes gas water heaters and heat exchangers for gas water heaters. In March 2015, it completed construction of a new factory and public welfare wing in its plant complex. The aim of expanding factory space is to strengthen our production system and upgrade component processing in order to increase in-house manufacturing levels. By expanding and upgrading production of *Eco Jozu* high-efficiency gas water heaters, we hope to enhance our environmental responsiveness and increase production of offerings for overseas markets earmarked for future growth, especially the United States.

HOWARO tabletop cookers undergo model change

Born with the “real intention” of consumers in mind

In April 2015, Rinnai unveiled the third generation of its *HOWARO* range of white tabletop cookers, sold only via the Internet. Based on a survey of more than 1,200 people who purchased *HOWARO* cookers through our sales website, we improved the range in terms of design appeal, cooking performance, and ease of cleaning. We also adopted a sleeker design with higher emphasis on white coloring. In addition to design, we improved the cooking performance when using the grill, and also made the cookers easier to clean. In summary, we undertook a model change that brings consumers’ “real intentions” to life.



HOWARO ホワロ

Features of HOWARO

- Increased emphasis on white design! Choice of 7 colors for ignition knobs.
- Sleeker design
- Simple cleaning as grime easy to remove



New factory (left); public welfare wing (right)

Special Feature

ECO ONE Hybrid Water Heater with Heating System: Third-Generation Model Launched!

ECO ONE

First unveiled in 2010, Rinnai's *ECO ONE* is a hybrid water heater with heating system that combines an electric heat pump with a high-efficiency *Eco Jozu* gas water heater. The third-generation model, released in April 2015, features improved energy efficiency to top world-class levels.

Floor heating
in family areas
(such as living
room)

Hot-water-
based heaters
in children's
rooms

Panel heaters
in toilet and
changing room

Bathroom
heater/dryer
in bathroom



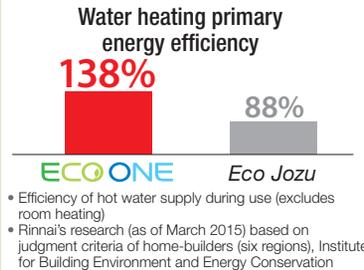
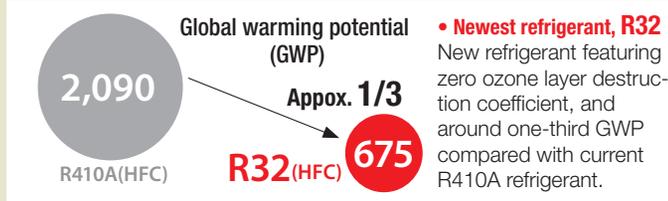
Electricity × **Gas**

ECO ONE switches between using an electric heat pump and gas *Eco Jozu* in accordance with time zone and usage purpose.

Feature 1 Improved energy efficiency and reduced environmental impact

The new model features a hot water supply primary efficiency of 138%*, higher than 129% achieved by the second-generation model. It uses R32, which is attracting attention as a next-generation refrigerant, thus helping prevent global warming and greatly contributing to energy savings.

* Primary energy efficiency: The amount of primary energy input translated as a percentage of energy used to cover final energy consumption.

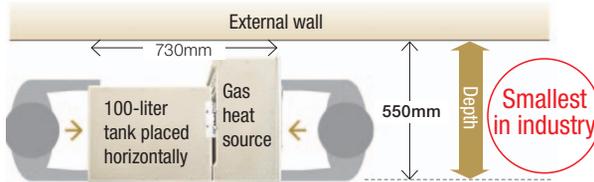


Feature 2 Improved design and easier to install

Features a champagne metallic finish to reflect current housing trends, and is much easier to install, on construction site. The system also has a flexible layout and can be installed as a single unit even in cramped spaces.



Installation in cramped spaces



- **Smallest in industry***

Can now be installed in narrow spaces only 550mm deep, where single-unit installation was previously impossible.

* Based on Rinnai research (as of March 2015)

Feature 3 New control modes

The innovative remote control unit incorporates new control modes that help save energy and reduce costs in the home.

- **Solar power generation mode**

Has three modes to control boiling by the heat pump during time zones when the sun generates electricity. Operational mode can also be selected according to the changing purchase price of solar power.

- **Time zone rate mode**

Compatible with time zone electricity rate arrangements matched to lifestyles (such as double-income households where people are not at home during the day). Users can choose the most beneficial mode for their water heating.



Financial Data

Consolidated Balance Sheets (Millions of yen)

Current Term (As of Marh 31, 2015)

Previous Term (As of Marh 31, 2014)

	Current Term	Previous Term		Current Term	Previous Term
Assets			Liabilities		
Current assets	206,111	213,520	Current liabilities	79,805	88,495
Cash and deposits	60,730	57,540	Notes and accounts payable	47,870	52,142
Notes and accounts receivable	63,889	68,102	Short-term debt	1,976	5,950
Marketable securities	41,112	53,491	Other payables	11,031	11,591
Products	21,670	17,397	Accrued consumption taxes	1,671	1,330
Raw materials and stores	12,812	11,696	Accrued income taxes	4,719	7,701
Deferred taxes assets	4,022	3,875	Accrued employees' bonuses	3,377	3,127
Other	2,518	2,140	Allowance for product guarantee	2,608	2,387
Less allowance for doubtful accounts	(644)	(725)	Other	6,550	4,265
Fixed assets	151,395	120,861	Long-term liabilities	16,286	13,251
Property, plant and equipment	56,841	51,186	Deferred tax liabilities	8,007	5,474
Buildings and structures	18,880	16,278	Accrued employees' retirement benefits	5,291	5,067
Machinery and vehicles	13,205	11,857	Other	2,986	2,709
Tools and fixtures	5,200	3,981	Total liabilities	96,091	101,747
Land	16,481	15,140	Net Assets:		
Leased assets	204	208	Shareholders' equity:	223,065	208,249
Construction in progress	2,869	3,720	Common stock	6,459	6,459
Intangible fixed assets	4,365	4,312	Capital surplus	8,719	8,719
Investments and advances	90,187	65,362	Earned surplus	208,866	194,036
Investments in securities	64,163	44,554	Treasury stock	(979)	(965)
Net defined benefit assets	20,068	14,804	Other comprehensive income:	23,559	12,538
Deferred income taxes	819	1,140	Unrealized gain on marketable securities	5,921	3,048
Other	6,058	5,479	Foreign exchange translation adjustment	10,046	5,561
Less allowance for doubtful accounts	(922)	(616)	Remeasurements of defined benefit plans	7,591	3,929
Total assets	357,506	334,382	Minority interests	14,789	11,846
			Total net assets	261,414	232,635
			Total liabilities and net assets	357,506	334,382

Consolidated Statements of Income (Millions of yen)

Current Term (From April 1, 2014, to March 31, 2015)
Previous Term (From April 1, 2013, to March 31, 2014)

	Current Term	Previous Term
Net sales	295,022	286,981
Cost of sales	203,836	196,858
Gross profit	91,186	90,123
Selling, general and administrative expenses	60,399	56,104
Operating income	30,787	34,018
Other income	2,912	3,413
Other expenses	762	521
Ordinary income	32,938	36,910
Extraordinary income	—	124
Income before income taxes	32,938	37,034
Income taxes	10,207	12,709
Income before minority interests	22,730	24,325
Minority interests	2,083	1,070
Net income	20,647	23,254

Consolidated Statements of Cash Flows (Millions of yen)

Current Term (From April 1, 2014, to March 31, 2015)
Previous Term (From April 1, 2013, to March 31, 2014)

	Current Term	Previous Term
Cash flows provided by operating activities	25,671	36,453
Cash flows used in investing activities	(23,649)	(32,908)
Cash flows used in financing activities	(8,659)	13,183
Cash and cash equivalents at end of year	69,340	74,279

Directory (As of March 31, 2015)

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	9,682 (Consolidated) 3,630 (Nonconsolidated)

Domestic Network (As of March 31, 2015)

Factories and related centers Technology Development Center, Production Technology Center, Integrated Logistics Center, Parts Center, Oguchi Factory, Seto Factory, Asahi Factory, Akatsuki 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, Keji, Hyogo, Chugoku, Shikoku, Fukuoka

Domestic satellite offices (76 offices)

Other domestic offices 10 Training Centers, 2 Customer Centers

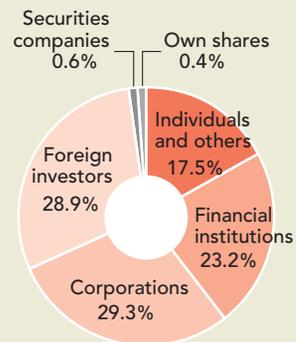
Board of Directors (As of June 26, 2015)

Chairman	Susumu Naito	Managing Executive Officers	Takashi Nagasaka	Corporate Auditors	Yasuhiko Goto
Vice Chairman	Kenji Hayashi		Yuzo Yoshida	(Standing Auditors)	Toshinori Tsutsumi
President and Executive Officer	Hiroyasu Naito	Executive Officers	Terumasa Kaneko	Corporate Auditors	Kiyookira Fukui
Director and Executive Vice President	Tsunenori Narita		Kinji Mori		Kinya Nankan
Director and Managing Executive Officers	Masao Kosugi		Yasuo Koketsu	Notes: 1. Nobuyuki Matsui (Director) serves as an outside director. 2. Kiyookira Fukui and Kinya Nankan (Corporate Auditors) serve as an outside auditor.	
	Yuji Kondo		Kazuhiko Yamada		
Director	Nobuyuki Matsui		Haruhiko Ishikawa		
			Fuminobu Ishikawa		
			Chuji Nakashima		
			Shinji Tanaka		
			Kazuhiko Matsumoto		
			Kenji Endo		
			Katsuhiko Shinji		

Share Composition (As of March 31, 2015)

Number of shares	
Authorized:	200,000,000
Outstanding:	52,216,463 (Including treasury stock)
Number of shareholders:	4,542

Composition of shareholders



Rinnai Group (As of March 31, 2015)

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.

27 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.
- Shanghai Rinnai Thermo Energy Engineering Co., Ltd.

- 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

Manufacture and Sale of Components

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

Other Business

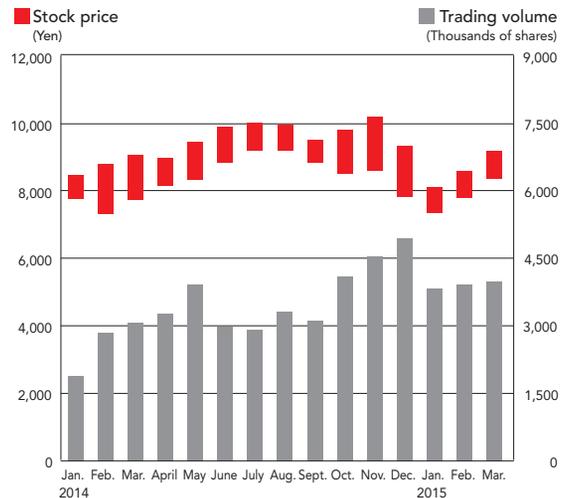
- Jordans NSW Corporation
- Gas Appliance Services Corporation
- Rinnai Services (MS) Corporation

● Consolidated subsidiary ■ Nonconsolidated subsidiary ■ Affiliated company (equity method not applied)

Major Shareholders (As of March 31, 2015)

Name	Shares held (Thousands)
Naito Co., Ltd.	6,215
Yoshikane Shoji Co., Ltd.	4,002
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,081
Kenji Hayashi	2,502
Japan Trustee Services Bank, Ltd. (Trust Account)	1,563
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,374
Susumu Naito	1,250
Tokyo Gas Company, Limited	784
BNP PARIBAS SEC SERVICES LUXEMBOURG/ JASDEC/ ABERDEEN GLOBAL CLIENT ASSETS	744
Nippon Life Insurance Company	720

Stock Price Range



Financial year

From April 1 to March 31

Annual meeting of shareholders

Every June

Dates of record

Annual meeting of shareholders,

year-end dividend: March 31

Interim dividend: 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).