

Non-consolidated Financial Results for the First Quarter Ended May 31, 2004

July 6, 2004

DENNY'S JAPAN CO., LTD (U R L <http://www.dennys.co.jp>)

-Securities Code No.8195

-The Company's shares are listed on the First Section of the Tokyo Stock Exchange.

1.Matters Concerning the Preparation of the Quarterly Financial Results

Adoption of Simplified Accounting Method :Applied
Changes in Accounting Method :None

2.Business Results for the First Quarter ended May 31, 2004(from March 1, 2004 to May 31, 2004)

(1) Results of operations

(Millions of yen, except per share amounts)

	Revenue from Operations (Net sales)	Operating Income	Ordinary Income	Net Income
First Quarter Ended May 31, 2004	24,372 (24,331)	740	743	284
Fiscal Year Ended February 29, 2004	95,676 (95,496)	2,984	3,217	1,153

	Net Income per Share	Diluted Net Income per share
First Quarter Ended May 31, 2004	8.85 (yen)	- -
Fiscal Year Ended February 29, 2004	34.92 (yen)	- -

Note : As quarterly results have not been required in prior year, comparative information such as prior year's quarterly results or percentages of increase or decrease are not presented in the table above.

(2)Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity to Total Assets	Shareholders' Equity per Share
First Quarter Ended May 31, 2004	67,156	57,272	85.3	1,779.34
Fiscal Year Ended February 29, 2004	66,813	57,476	86.0	1,785.41

Note : As quarterly results have not been required in prior year, comparative information such as prior year's quarterly results are not presented in the table above.

(3)Cash Flows

(Millions of yen, except per share amounts)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
First Quarter Ended May 31, 2004	753	848	477	27,318
Fiscal Year Ended February 29, 2004	5,584	12,812	1,035	27,891

Note : As quarterly results have not been required in prior year, comparative information such as prior year's quarterly results are not presented in the table above.

3.Business Outlook for the Fiscal Year Ending February 28, 2005 (from March 1, 2004 to February 28, 2005)

	Revenue from Operations	Operating Income	Ordinary Income	Net Income
Semi-annual Period	52,200 (52,100) 5.3% (5.3%)	2,600 23.8%	2,700 23.0%	1,200 64.1%
Entire Year	102,000 (101,800) 6.6% (6.6%)	4,000 34.0%	4,200 30.5%	1,900 64.7%

(Reference) Expected net income per share for the year ending February 28, 2005: 59.02yen

Note: Percentages above represent increase/decrease over prior fiscal year.

FORWARD-LOOKING STATEMENTS

This document contains certain statements based on Denny's Japan's current plans, estimates and strategies; all statements that are not of historical fact are forward-looking statements. These statements represent the judgments and hypotheses of the Company's management based on currently available information. It is possible that the Company's future performance will differ significantly from the contents of these forward-looking statements. Accordingly, there is no assurance that the forward-looking statements in this document will prove to be accurate.

BALANCE SHEETS

(millions of yen)

	May 31, 2004		Ratio to Total Assets	February 29, 2004		Ratio to Total Assets
ASSETS						
Current assets:						
Cash and bank deposits	27,318			27,891		
Accounts receivable, trade	405			343		
Inventories	448			453		
Deposits held by financial service company	10,000			10,000		
Other	2,745			2,152		
Total current assets		40,917	60.9		40,840	61.1
Non-current assets:						
Property and equipment						
Buildings	9,487			8,971		
Restaurant facilities	1,237			1,261		
Furniture, fixture and equipment	1,615			1,693		
Land	1,864			1,864		
Other	29			43		
Total property and equipment		14,233	21.2		13,834	20.7
Intangible assets:	855			873		
Total intangible assets		855	1.3		873	1.3
Investments and other assets:						
Securities	425			333		
Long-term leasehold deposits	9,933			10,111		
Other	790			820		
Total investments and other assets		11,149	16.6		11,265	16.9
Total non-current assets		26,239	39.1		25,973	38.9
TOTAL ASSETS		67,156	100.0		66,813	100.0
LIABILITIES						
Current liabilities:						
Accounts payable, trade	2,691			2,307		
Accounts payable, other	960			935		
Income taxes payable	530			975		
Accrued expenses	2,827			2,649		
Accrued bonuses to employees	1,125			629		
Payable for construction and purchase of equipment	361			289		
Other	710			854		
Total current liabilities		9,206	13.7		8,641	12.9

(millions of yen)

	May 31, 2004		Ratio to Total Assets	February 29, 2004		Ratio to Total Assets
Non-current liabilities:						
Accrued pension and severance costs	365			384		
Allowance for retirement benefits to directors and corporate auditors	261			252		
Other	49			59		
Total non-current liabilities		677	1.0		695	1.0
TOTAL LIABILITIES		9,883	14.7		9,337	14.0
SHAREHOLDERS' EQUITY						
Common stock		7,125	10.6		7,125	10.7
Capital Surplus:						
Additional paid-in capital	9,784			9,784		
Other	0			-		
Total capital surplus		9,784	14.6		9,784	14.6
Retained earnings:						
Legal reserve	1,383			1,383		
General reserve	36,409			36,411		
Unappropriated retained earnings for the period	2,762			3,002		
Total retained earnings		40,555	60.4		40,798	61.1
Net unrealized gains on available-for-sale securities		131	0.2		76	0.1
Treasury stock		323	0.5		307	0.5
TOTAL SHAREHOLDERS' EQUITY		57,272	85.3		57,476	86.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		67,156	100.0		66,813	100.0

STATEMENTS OF INCOME

(millions of yen)

	First Quarter Ended May 31, 2004		Ratio to Total Net sales	Fiscal Year Ended February 29, 2004		Ratio to Total Net sales
Net sales		24,331	100.0		95,496	100.0
Cost of sales		8,182	33.6		31,417	32.9
Gross profit		16,149	66.4		64,078	67.1
Revenues from other operations		40	0.2		180	0.2
Operating gross profit		16,190	66.5		64,258	67.3
Selling, general and administrative expenses		15,449	63.5		61,274	64.2
Operating income		740	3.0		2,984	3.1
Non-operating income		41	0.2		366	0.4
Non-operating expenses		38	0.2		133	0.1
Ordinary income		743	3.1		3,217	3.4
Special gains		-	-		55	0.1
Special losses		141	0.6		688	0.7
Income before income taxes		602	2.5		2,585	2.7
Income taxes- current	513			1,550		
Income taxes- deferred	195	317	1.3	118	1,431	1.5
Net income		284	1.2		1,153	1.2
Retained earnings brought forward		2,477			2,348	
Interim dividends		-			499	
Loss on sales of treasury stock		-			349	
Unappropriated retained earnings		2,762			3,002	

STATEMENTS OF CASH FLOWS

(millions of yen)

	First Quarter Ended May 31, 2004	Fiscal Year Ended February 29, 2004
Cash flows from operating activities:		
Income before income taxes	602	2,585
Depreciation and amortization	547	2,424
Increase (decrease) in accrued bonuses to employees	496	5
Provision for accrued pension and severance costs	18	17
Interest and dividend income	8	27
Loss on revaluation of investments in securities	-	40
Net loss on sales and disposals of property and equipment	140	124
Business reengineering cost	-	240
Increase in accounts receivable	62	19
Decrease in inventories	5	140
Increase in accounts payable ,trade	384	33
Other, net	379	433
Sub-total	1,707	5,871
Interest and dividends received	4	8
Income taxes refunded	958	295
Net cash provided by operating activities	753	5,584

(millions of yen)

	First Quarter Ended May 31 2004	Fiscal Year Ended February 29, 2004
Cash flows from investing activities:		
Acquisition of property and equipment	946	3,000
Acquisition of intangible assets	57	98
Proceeds from sales of investments in securities	-	115
Increase in deposits held by financial service company	-	10,000
Payment of leasehold deposits	30	566
Refund of leasehold deposits	185	737
Other, net	0	1
Net cash used in investing activities	848	12,812
Cash flows from financing activities:		
Cash dividends paid	498	998
Purchase of treasury stock	17	42
Proceeds from sales of treasury stock	1	5
Other, net	36	-
Net cash used in financing activities	477	1,035
Effect of exchange rate changes on cash and cash equivalents	-	-
Decrease in cash and cash equivalents	572	8,263
Cash and cash equivalents at beginning of the period (year)	27,891	36,154
Cash and cash equivalents at end of the period (year)	27,318	27,891