

Semiannual Non-consolidated Financial Results
for the Six-month Period Ended August 31, 2004

October 7, 2004

Denny's Japan Co., Ltd.

- Securities Code No. 8195
- URL <http://www.dennys.co.jp>
- Address: 8-8, Nibancho, Chiyoda-ku, Tokyo 102-8415, Japan
- Date of the Meeting of the Board of Directors to settle accounts: October 7, 2004
- Starting date of payment of interim cash dividends: November 15, 2004
- The Company has a policy of paying interim dividends.
- The Company's shares are listed on the First Section of the Tokyo Stock Exchange.
- The Company applies a unit-share system. (1unit: 100 shares)
- Parent company : Ito-Yokado Co., Ltd. (Code No.8264)
- Percentage of shares parent company is holding: 51.6%

1. Business Results for the Current Interim Period (from March 1, 2004 to August 31, 2004)

(1)Results of Operations (Millions of yen, except per-share amounts)

	Revenue from Operations [Net Sales]		Operating Income		Ordinary Income	
	%		%		%	
Current Interim Period	50,181 [50,096]	1.3 [(1.3)]	2,319	10.4	2,351	7.1
Prior Year's Interim Period	49,558 [49,457]	(2.0) [(2.0)]	2,100	(37.7)	2,195	(37.0)
Prior Fiscal Year	95,676 [95,496]	(0.7) [(0.6)]	2,984	(14.9)	3,217	(13.7)

	Net Income		Net Income Per Share	Diluted Net Income Per Share
	%		yen	yen
Current Interim Period	1,033	41.4	32.12	-
Prior Year's Interim Period	731	(59.8)	22.70	-
Prior Fiscal Year	1,153	(59.4)	34.92	-

Notes: 1. All amounts less than one million yen have been disregarded.

2. Equity in earnings of affiliates:

- Current interim period: -million yen
- Prior year's interim period: -million yen
- Prior fiscal year: -million yen

3. Average number of shares outstanding:

- Current interim period: 32,184,560 shares
- Prior year's interim period: 32,207,830 shares
- Prior fiscal year: 32,202,786 shares

4. There is no change in accounting policies.

5. Percentages above represent increase/decrease over prior year's interim period/fiscal year, unless otherwise stated.

(2)Dividends (yen)

	Interim Dividends Per Share	Year-End Dividends per Share
Current Interim Period	15.50	-
Prior Interim Period	15.50	-
Prior Fiscal Year	-	31.00

(3)Financial Position

(Millions of yen, except per-share amounts)

	Total Assets	Shareholders' Equity	Ratio of shareholders' Equity to Total Assets	Shareholders' Equity per Share
			%	yen
Current Interim Period	68,571	57,985	84.6	1,801.98
Prior Year's Interim Period	67,707	57,529	85.0	1,786.47
Prior Fiscal Year	66,813	57,476	86.0	1,785.41

Notes: 1 Number of outstanding shares at end of period:

Current interim period: 32,178,670 shares

Prior year's interim period: 32,202,795 shares

Prior fiscal year: 32,192,329 shares

2 Number of treasury stock shares at the end of period:

Current interim period: 177,940 shares

Prior year's interim period: 153,815 shares

Prior fiscal year: 164,281 shares

(4)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
Current Interim Period	3,380	(1,796)	(527)	28,947
Prior Year's Interim Period	4,638	(2,247)	(517)	38,028
Prior Fiscal Year	5,584	(12,812)	(1,035)	27,891

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

(Millions of yen, except per-share amounts)

Revenue from Operations [Net Sales]	Operating Income	Ordinary Income	Net Income	Annual Cash Dividends per Share (Cash Dividends at year end)
100,000 [99,830] 4.5% [4.5%]	3,800 27.3%	4,000 24.3%	1,800 56.1%	31.00(yen) (15.50yen)

(Reference) Expected net income per share for the year ending February 28, 2005: 55.94 yen

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 based on 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)

	August 31, 2004		August 31, 2003		February 29, 2004	
	Amount	%	Amount	%	Amount	%
ASSETS						
Current assets	42,366	61.8	41,348	61.1	40,840	61.1
Cash and bank deposits	28,947		38,028		27,891	
Accounts receivable	434		418		343	
Inventories	484		441		453	
Deposits held by financial service company	10,000		-		10,000	
Other	2,499		2,459		2,152	
Non-current assets	26,211	38.2	26,359	38.9	25,973	38.9
Property and equipment	14,391	21.0	14,071	20.8	13,834	20.7
Buildings	9,727		8,969		8,971	
Restaurant facilities	1,226		1,315		1,261	
Furniture, fixtures and equipment	1,565		1,901		1,693	
Land	1,864		1,864		1,864	
Other	8		20		43	
Intangible assets	898	1.3	997	1.5	873	1.3
Investments and other assets	10,914	15.9	11,290	16.7	11,265	16.9
Securities	387		260		333	
Long-term leasehold deposits	9,705		10,152		10,111	
Other	822		876		820	
TOTAL ASSETS	68,571	100.0	67,707	100.0	66,813	100.0

(Millions of yen)

	August 31, 2004		August 31, 2003		February 29, 2004	
	Amount	%	Amount	%	Amount	%
LIABILITIES						
Current liabilities	9,913	14.4	9,495	14.0	8,641	12.9
Accounts payable, trade	2,809		2,930		2,307	
Accounts payable, other	893		840		935	
Accrued expenses	3,151		3,216		2,649	
Income taxes payable	1,142		780		975	
Accrued bonuses to employees	793		693		629	
Account payable, construction	348		112		289	
Other	773		921		854	
Non-current liabilities	672	1.0	682	1.0	695	1.0
Accrued pension and severance costs	353		386		384	
Allowance for retirement benefits to directors and corporate auditors	270		236		252	
Other	49		59		59	
TOTAL LIABILITIES	10,586	15.4	10,178	15.0	9,337	14.0
SHAREHOLDERS' EQUITY						
Common stock	7,125	10.4	7,125	10.5	7,125	10.7
Capital surplus	9,784	14.3	9,784	14.5	9,784	14.6
Additional paid-in capital	9,784		9,784		9,784	
Other	0		-		-	
Retained earnings	41,303	60.2	40,874	60.4	40,798	61.1
Legal reserve	1,383		1,383		1,383	
General reserve	36,409		36,411		36,411	
Unappropriated retained earnings	3,510		3,079		3,002	
Net unrealized gains on available-for-sale securities	108	0.2	33	0.0	76	0.1
Treasury stock	(337)	(0.5)	(289)	(0.4)	(307)	(0.5)
TOTAL SHAREHOLDERS' EQUITY	57,985	84.6	57,529	85.0	57,476	86.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	68,571	100.0	67,707	100.0	66,813	100.0

STATEMENTS OF INCOME

(Millions of yen)

	Current Interim Period		Prior Year's Interim Period		Prior Fiscal Year	
	Amount	%	Amount	%	Amount	%
Net sales	50,096	100.0	49,457	100.0	95,496	100.0
Cost of sales	16,459	32.9	16,047	32.4	31,417	32.9
Gross profit	33,636	67.1	33,410	67.6	64,078	67.1
Revenues from other operations	85	0.2	100	0.2	180	0.2
Operating gross profit	33,721	67.3	33,510	67.8	64,258	67.3
Selling, general and administrative expenses	31,402	62.7	31,410	63.5	61,274	64.2
Operating income	2,319	4.6	2,100	4.2	2,984	3.1
Non-operating income	104	0.2	134	0.3	366	0.4
Non-operating expenses	72	0.1	39	0.1	133	0.1
Ordinary income	2,351	4.7	2,195	4.4	3,217	3.4
Special gains	-	-	55	0.1	55	0.1
Special losses	318	0.6	604	1.2	688	0.7
Income before income taxes	2,033	4.1	1,646	3.3	2,585	2.7
Income taxes- current	1,119	2.2	789	1.6	1,550	1.6
Income taxes- deferred	(120)	(0.2)	125	0.3	(118)	(0.1)
Net income	1,033	2.1	731	1.5	1,153	1.2
Retained earnings brought forward	2,477		2,348		2,348	
Interim dividends	-		-		499	
Loss on sales of treasury stock	-		0		0	
Unappropriated retained earnings	3,510		3,079		3,002	

STATEMENTS OF CASH FLOWS

(Millions of yen)

	Current Interim Period	Prior Interim Period	Prior Fiscal Year
Cash flows from operating activities			
Income before income taxes	2,033	1,646	2,585
Depreciation and amortization	1,123	1,198	2,424
Increase (decrease) in accrued bonuses to employees	164	59	(5)
Reversal of accrued pension and severance costs	(31)	(14)	(17)
Interest and dividend income	(19)	(12)	(27)
Loss on revaluation of investments in securities	-	(40)	(40)
Net loss on sales and disposals of property and equipment	210	31	124
Business reengineering cost	-	237	240
(Increase) in accounts receivable	(91)	(94)	(19)
(Increase) decrease in inventories	(30)	151	140
Increase in notes and accounts payable	501	656	33
Other, net	462	544	433
Sub-total	4,323	4,365	5,871
Interest and dividends received	8	3	8
Income taxes (paid) refunded	(951)	270	(295)
Net cash provided by operating activities	3,380	4,638	5,584
Cash flows from investing activities			
Acquisition of property and equipment	(1,840)	(2,240)	(3,000)
Acquisition of intangible assets	(22)	(75)	(98)
Proceeds from sales of investments in securities			115
Increase in deposits held by financial service company			(10,000)
Payment of leasehold deposits	(104)	(213)	(566)
Refund of leasehold deposits	170	290	737
Other, net	0	(7)	1
Net cash used in investing activities	(1,796)	(2,247)	(12,812)
Cash flows from financing activities			
Cash dividends paid	(498)	(499)	(998)
Purchase of treasury stock	(31)	(22)	(42)
Proceeds from sales of treasury stock	2	4	5
Net cash used in financing activities	(527)	(517)	(1,035)
Effect of exchange rate changes on cash and cash equivalents	-	-	-
Increase (decrease) in cash and cash equivalents	1,056	1,873	(8,263)
Cash and cash equivalents at beginning of the period (year)	27,891	36,154	36,154
Cash and cash equivalents at end of the period (year)	28,947	38,028	27,891

Significant Accounting Policies for the Preparation of Semiannual Financial Statements

1. Valuation method of major assets

(1) Valuation method of securities

Available-for-sale securities are classified into two categories, where:

Fair value is available :	Securities are valued at the quoted market price prevailing at the end of the interim period. Net unrealized gains or losses on these securities are reported as a separate component in the shareholder's equity at a net-of-tax amount. Cost of sales is determined by the moving average method.
Fair value is not available:	Securities are valued at cost, determined by the moving average method.

(2) Valuation method of inventories

Merchandise inventories are valued at cost, determined by the last purchase price method.

2. Depreciation and amortization

Property and equipment:	Declining-balance method
Intangible assets:	Straight-line method
	Software for internal use is amortized by the straight-line method over its estimated useful life (5 years).

3. Allowances

(1) Accrued bonuses to employees

Accrued bonuses to employees is provided at the amount expected to be paid in respect of the calculation period ended on the balance sheet date.

(2) Allowance for accrued pension and severance costs

An allowance for accrued pension and severance costs is provided at the amount incurred during the interim period, which is based on the estimated present value of the projected benefit obligation less the estimated fair value of plan assets at the end of the interim period. Unrecognized actuarial differences are amortized on a straight-line basis over a period of 10 years from the next year in which they arise.

(3) Allowance for retirement benefits to directors and corporate auditors

An allowance for retirement benefits to directors and corporate auditors is provided in accordance with the Company's internal policy.

4. Leases

All finance lease contracts, other than those for which the ownership of the leased assets is to be transferred to lessees, are accounted for as operating leases.

5. Cash and cash equivalents

Cash and cash equivalents in the accompanying statements of cash flows are composed of cash on hand, bank deposits which are able to be withdrawn at any time, and short-term investments which are considered to represent a low risk of market price fluctuation.

6. Accounting for consumption taxes

Consumption taxes are separately accounted for, and are excluded from the amounts of the underlying income and expense transactions.

Notes to non-consolidated Financial Statements

<Balance Sheets>

	(Millions of yen)		
	As of August 31, 2004	As of August 31, 2003	As of February 29, 2004
1. Accumulated depreciation of property and equipment	25,867	25,294	25,865
2. Contingent liabilities	7	9	8

<Statements of Income>

	(Millions of yen)		
	For the six- month period ended August 31, 2004	For the six- month period ended August 31, 2003	For the year ended February 29, 2004
1. Interest income included in non-operating income	17	10	25
2. Interest expense included in non-operating expenses	-	0	1
3. Special losses			
-Loss on disposals of property and equipment	210	237	124
-Repair cost for property and equipment	-	308	-
-Business reengineering cost	-	-	531
-Head office relocation expenses	89	-	-
	300	546	655
4. Depreciation and amortization expense			
-Property and equipment	985	1,014	2,093
-Intangible assets	138	184	331
	1,123	1,198	2,424

<Statements of Cash flows>

Reconciliation of cash and cash equivalents for the statements of cash flows to account balances for the balance sheets

	(Millions of yen)		
	As of August 31, 2004	As of August 31, 2003	As of February 29, 2004
Cash and bank deposits	28,947	38,028	27,891

<Leases>

1. Financial lease contracts other than those for which the ownership of the leased assets is to be transferred to lessee

Acquisition cost, accumulated depreciation and net book value are summarized as follows:

Facilities and equipment:

	(Millions of yen)		
	<u>As of August 31, 2004</u>	<u>As of August 31, 2003</u>	<u>As of February 29, 2004</u>
Acquisition cost	5,835	4,614	4,646
Accumulated depreciation	<u>2,563</u>	<u>1,980</u>	<u>2,085</u>
Net book value	3,272	2,633	2,560

The amount of outstanding future lease payments are summarized as follows:

	(Millions of yen)		
	<u>As of August 31, 2004</u>	<u>As of August 31, 2003</u>	<u>As of February 29, 2004</u>
Within one year	960	889	932
Over one year	<u>2,349</u>	<u>1,780</u>	<u>1,614</u>
Total	3,310	2,669	2,546

Lease payments, depreciation expense and interest expense are as follows:

	(Millions of yen)		
	<u>For the six-month</u> <u>period ended August</u> <u>31, 2004</u>	<u>For the six-month</u> <u>period ended August</u> <u>31, 2003</u>	<u>For the year ended</u> <u>February 29, 2004</u>
Lease payments	555	465	962
Depreciation expense	<u>526</u>	<u>442</u>	<u>915</u>
Interest expense	31	25	51

Depreciation method and calculation method of interest portion

· Depreciation expense is computed using the straight-line method over the lease term with no residual value.

· Interest expense is calculated as the total lease payments less the original acquisition cost of leased equipment.

Allocation of interest expense to each period is calculated using the interest method.

2. Operating leases

The amounts of outstanding future lease payments are summarized as follows:

	(Millions of yen)		
	<u>As of August 31, 2004</u>	<u>As of August 31, 2003</u>	<u>As of February 29, 2004</u>
Within one year	287	476	293
Over one year	<u>1,136</u>	<u>1,699</u>	<u>956</u>
Total	1,423	2,176	1,250

<Securities Information>

For the six-month period ended August 31, 2004

1. Available-for-sale securities (fair value is available)

(Millions of yen)

Description	As of August 31, 2004			As of August 31, 2003			As of February 29, 2004		
	Acquisition cost	Book value	Net unrealized gains/(losses)	Acquisition cost	Book value	Net unrealized gains/(losses)	Acquisition cost	Book value	Net unrealized gains/(losses)
Equity	164	347	183	164	220	56	164	293	129
Total	164	347	183	164	220	56	164	293	129

2. Major securities whose fair value is not available

(Millions of yen)

Description	As of August 31, 2004	As of August 31, 2003	As of February 29, 2004
	Book value	Book value	Book value
Unlisted securities (excluding the OTC securities)	40	40	40
Total	40	40	40

<Derivative Transactions>

There were no derivative transactions for the six-month periods ended August 31, 2004, 2003, and for the fiscal year ended February 29, 2004.

<Equity in earnings of affiliate>

There were no affiliates that should be consolidated for the six-month period ended August 31, 2004, 2003, and for the fiscal year ended February 29, 2004.

(1) Capacity

	August 31, 2004		August 31, 2003		February 29, 2004	
	Number of Customer Seats	Increase over prior period	Number of Customer Seats	Increase over prior period	Number of Customer Seats	Increase over prior period
	(thousands)	(%)	(thousands)	(%)	(thousands)	(%)
Tokyo	3,149	104.2	3,022	107.7	6,073	106.4
Kanagawa	2,109	98.9	2,131	99.7	4,221	99.9
Saitama	1,085	102.1	1,063	99.4	2,133	99.6
Chiba	1,382	100.2	1,380	102.3	2,723	100.6
Metropolitan Tokyo	7,725	101.7	7,596	103.2	15,150	102.5
Fukushima	412	100.0	412	99.9	819	99.0
Tohoku	412	100.0	412	99.9	819	99.0
Tochigi	205	93.4	219	105.0	423	100.9
Gunma	294	100.0	294	109.1	585	107.3
Ibaraki	391	95.4	410	95.2	815	95.7
Northern kanto	890	96.4	923	101.6	1,823	100.4
Yamanashi	197	100.0	197	100.0	391	100.2
Nagano	304	100.0	304	106.4	605	105.6
Koshin'etsu	501	100.0	501	103.8	996	103.5
Shizuoka	378	100.0	378	100.0	752	100.3
Aichi	1,066	102.6	1,039	111.3	2,055	106.7
Gifu	191	104.9	182	125.3	339	120.3
Mie	157	110.5	142	100.0	278	98.7
Chukyo,Tokai	1,792	102.9	1,741	108.9	3,424	105.8
Osaka	287	100.0	287	100.0	570	100.2
Hyogo	128	85.9	149	100.0	281	95.2
Kinki	415	95.2	436	100.0	851	98.5
Total	11,735	101.1	11,609	103.7	23,063	102.6

(2)Actual result

	August 31, 2004		August 31, 2003		February 29, 2004	
	Number of Customer Seats	Increase over prior period	Number of Customer Seats	Increase over prior period	Number of Customer Seats	Increase over prior period
	(thousands)	(%)	(thousands)	(%)	(thousands)	(%)
Tokyo	15,251	102.9	14,821	102.6	28,724	103.7
Kanagawa	9,263	96.8	9,574	96.9	18,131	97.8
Saitama	4,166	100.6	4,143	96.1	7,836	97.1
Chiba	5,490	99.7	5,509	96.8	10,472	97.7
Metropolitan Tokyo	34,170	100.4	34,047	99.2	65,163	100.2
Fukushima	1,622	97.4	1,665	92.9	3,134	93.5
Tohoku	1,622	97.4	1,665	92.9	3,134	93.5
Tochigi	826	92.8	891	94.9	1,657	93.1
Gunma	1,101	97.2	1,133	102.0	2,149	101.4
Ibaraki	1,316	93.1	1,413	91.0	2,678	93.3
Northern kanto	3,243	94.4	3,437	95.4	6,484	95.8
Yamanashi	706	96.2	734	95.1	1,379	97.4
Nagano	1,243	97.4	1,276	100.1	2,397	98.8
Koshin'etsu	1,949	96.9	2,010	98.2	3,776	98.3
Shizuoka	1,671	100.1	1,670	95.9	3,181	97.9
Aichi	4,871	99.5	4,896	101.9	9,294	100.5
Gifu	802	100.8	796	115.5	1,440	109.6
Mie	722	110.4	654	96.3	1,279	99.9
Chukyo,Tokai	8,066	100.6	8,016	101.3	15,194	100.7
Osaka	1,357	97.9	1,386	94.8	2,651	96.4
Hyogo	611	87.5	698	91.8	1,286	90.5
Kinki	1,968	94.5	2,084	93.7	3,937	94.4
Total	51,018	99.5	51,259	98.8	97,688	99.4

(3)Sales situation

(Millions of yen)

		August 31, 2004		August 31, 2003		February 29, 2004	
		Amount	Increase over prior period	Amount	Increase over prior period	Amount	Increase over prior period
			(%)		(%)		(%)
	Tokyo	15,297	104.9	14,589	101.8	28,575	103.5
	Kanagawa	9,264	98.5	9,406	96.5	18,016	97.9
	Saitama	4,132	102.0	4,051	95.5	7,761	97.0
	Chiba	5,549	101.6	5,463	96.0	10,538	97.8
	Metropolitan Tokyo	34,242	102.2	33,509	98.5	64,890	100.2
	Fukushima	1,499	98.2	1,526	91.5	2,908	92.6
	Tohoku	1,499	98.2	1,526	91.5	2,908	92.6
	Tochigi	812	94.0	863	93.8	1,629	92.7
	Gunma	1,077	98.7	1,091	101.1	2,104	101.2
	Ibaraki	1,353	94.8	1,427	89.6	2,743	92.5
	Northern kanto	3,242	95.9	3,381	94.2	6,476	95.2
	Yamanashi	723	97.3	744	94.5	1,423	97.3
	Nagano	1,205	98.4	1,223	98.6	2,332	98.1
	Koshin'etsu	1,928	98.0	1,967	97.0	3,755	97.8
	Shizuoka	1,618	101.5	1,595	94.9	3,086	97.7
	Aichi	4,407	101.6	4,339	102.1	8,377	101.5
	Gifu	698	102.0	684	115.4	1,255	109.9
	Mie	662	113.2	584	95.6	1,162	100.1
	Chukyo,Tokai	7,385	102.5	7,202	101.0	13,880	101.2
	Osaka	1,243	99.3	1,251	94.2	2,427	96.4
	Hyogo	557	89.7	621	90.8	1,160	90.4
	Kinki	1,800	96.2	1,872	93.0	3,587	94.4
	Total	50,096	101.3	49,457	98.0	95,496	99.4

(4)Purchase situation

(Millions of yen)

		August 31, 2004		August 31, 2003		February 29, 2004	
		Amount	Increase over prior period	Amount	Increase over prior period	Amount	Increase over prior period
			(%)		(%)		(%)
Materials	Grains	2,324	97.8	2,376	95.9	4,549	94.4
	Sea foods	1,126	102.3	1,101	126.1	2,391	121.7
	Meats	2,753	107.5	2,562	88.4	4,895	89.9
	Fruits, Vegetables	2,764	108.2	2,554	98.6	4,907	102.5
	Processed Foods	2,988	103.4	2,890	98.8	5,739	99.6
	Other	3,329	102.5	3,247	100.2	6,272	103.2
	Sub-total	15,284	103.8	14,730	98.2	28,753	99.6
Goods	Store Front Goods	1,207	101.0	1,195	96.7	2,551	98.1
	Total	16,491	103.6	15,925	98.1	31,304	99.5