

Non-consolidated Financial Results for the First Quarter Ended May 31, 2005

July 7, 2005

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, 2005(from March 1, 2005 to May 31, 2005)

(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, 2005	24,078 [24,055]	(1.2) [(1.1)]	769	3.8	789	6.1	480	68.5
First Quarter Ended May 31, 2004	24,372 [24,331]		740		743		284	
Fiscal Year Ended February 28, 2005	96,523 [96,360]		3,220		3,317		1,284	

	Net Income per Share	Diluted Net Income per share
First Quarter Ended May 31, 2005	14.92 (yen)	- -
First Quarter Ended May 31, 2004	8.85 (yen)	- -
Fiscal Year Ended February 28, 2005	39.08 (yen)	- -

Note : The percentages shown next to revenues from operations, net sales, operating income, ordinary income, and net income represent the rates of changes from those of the previous term.

(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, 2005	67,434	57,706	85.6	1,793.44
First Quarter Ended May 31, 2004	67,156	57,272	85.3	1,779.50
Fiscal Year Ended February 28, 2005	66,184	57,752	87.3	1,794.00

(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, 2005	1,544	97	(463)	29,041
First Quarter Ended May 31, 2004	753	(848)	(477)	27,318
Fiscal Year Ended February 28, 2005	3,488	(2,487)	(1,029)	27,862

3.Business Outlook for the Fiscal Year Ending February 28, 2006 (from March 1, 2005 to February 28, 2006)

	Revenue from Operations	Operating Income	Ordinary Income	Net Income
Semi-annual Period	52,050 (52,000) 3.7% (3.8%)	3,140 35.4%	3,120 32.7%	1,490 44.2%
Entire Year	100,500 (100,400) 4.1% (4.2%)	4,200 30.4%	4,300 29.6%	2,000 55.8%

(Reference) Expected net income per share for the year ending February 28, 2006: 62.16yen

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, 2005		Ratio to Total Assets	May 31, 2004		Ratio to Total Assets	Increase (Decrease)	February 28, 2005		Ratio to Total Assets
ASSETS										
Current assets:										
Cash and bank deposits	29,041			27,318				27,862		
Accounts receivable, trade	420			405				338		
Inventories	550			448				429		
Deposits held by financial service company	10,000			10,000				10,000		
Other	2,736			2,745				2,371		
Total current assets		42,749	63.4		40,917	60.9	1,831		41,002	62.0
Non-current assets:										
Property and equipment										
Buildings	9,018			9,487				9,197		
Restaurant facilities	1,125			1,237				1,158		
Furniture, fixture and equipment	1,409			1,615				1,394		
Land	1,708			1,864				1,864		
Other	18			29				9		
Total property and equipment		13,280	19.7		14,233	21.2	(953)		13,624	20.6
Intangible assets:	733			855				779		
Total intangible assets		733	1.1		855	1.3	(121)		779	1.1
Investments and other assets:										
Securities	417			425				415		
Long-term leasehold deposits	9,302			9,933				9,392		
Other	952			790				969		
Total investments and other assets		10,672	15.8		11,149	16.6	(477)		10,778	16.3
Total non-current assets		24,685	36.6		26,239	39.1	(1,553)		25,181	38.0
TOTAL ASSETS		67,434	100.0		67,156	100.0	278		66,184	100.0
LIABILITIES										
Current liabilities:										
Accounts payable, trade	2,680			2,691				2,171		
Accounts payable, other	893			960				756		
Income taxes payable	738			530				860		
Accrued expenses	2,749			2,827				2,447		
Accrued bonuses to employees	1,123			1,125				618		
Payable for construction and purchase of equipment	179			361				232		
Other	735			710				664		
Total current liabilities		9,100	13.5		9,206	13.7	(106)		7,750	11.7

(millions of yen)

	May 31, 2005		Ratio to Total Assets	May 31, 2004		Ratio to Total Assets	Increase (Decrease)	February 28, 2005		Ratio to Total Assets
Non-current liabilities:										
Accrued pension and severance costs	327			365				345		
Allowance for retirement benefits to directors and corporate auditors	251			261				285		
Other	49			49				49		
Total non-current liabilities		628	0.9		677	1.0	(48)		681	1.0
TOTAL LIABILITIES		9,728	14.4		9,883	14.7	(155)		8,432	12.7
SHAREHOLDERS' EQUITY										
Common stock		7,125	10.6		7,125	10.6	-		7,125	10.8
Capital Surplus:										
Additional paid-in capital	9,784			9,784				9,784		
Other	0			0				0		
Total capital surplus		9,785	14.5		9,784	14.6	0		9,785	14.8
Retained earnings:										
Legal reserve	1,383			1,383				1,383		
General reserve	36,408			36,409				36,409		
Unappropriated retained earnings for the period	3,218			2,762				3,262		
Total retained earnings		41,010	60.9		40,555	60.4	455		41,055	62.0
Net unrealized gains on available-for- sale securities		127	0.2		131	0.2	(3)		126	0.2
Treasury stock		(341)	(0.5)		(323)	(0.5)	(18)		(340)	(0.5)
TOTAL SHAREHOLDERS' EQUITY		57,706	85.6		57,272	85.3	433		57,752	87.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		67,434	100.0		67,156	100.0	278		66,184	100.0

STATEMENTS OF INCOME

(millions of yen)

	First Quarter Ended May 31, 2005		Ratio to Total Net sales	First Quarter Ended May 31, 2004		Ratio to Total Net sales	Increase (Decrease)	Fiscal Year Ended February 28, 2005		Ratio to Total Net sales
Net sales		24,055	100.0		24,331	100.0	(275)		96,360	100.0
Cost of sales		7,914	32.9		8,182	33.6	(267)		31,932	33.1
Gross profit		16,140	67.1		16,149	66.4	(8)		64,428	66.9
Revenues from other operations		22	0.1		40	0.2	(18)		162	0.1
Operating gross profit		16,163	67.2		16,190	66.5	(26)		64,590	67.0
Selling, general and administrative expenses		15,394	64.0		15,449	63.5	(55)		61,370	63.7
Operating income		769	3.2		740	3.0	28		3,220	3.3
Non-operating income		57	0.2		41	0.2	15		199	0.2
Non-operating expenses		36	0.1		38	0.2	(1)		102	0.1
Ordinary income		789	3.3		743	3.1	45		3,317	3.4
Special gains		333	1.4		-	-	333		104	0.1
Special losses		105	0.4		141	0.6	(36)		681	0.7
Income before income taxes		1,017	4.2		602	2.5	414		2,740	2.8
Income taxes- current	706			513				1,617		
Income taxes- deferred	(170)	536	2.2	(195)	317	1.3		(161)	1,456	1.5
Net income		480	2.0		284	1.2	195		1,284	1.3
Retained earnings brought forward		2,738			2,477				2,477	
Interim dividends		-			-				498	
Loss on sales of treasury stock		-			-				-	
Unappropriated retained earnings		3,218			2,762				3,262	

STATEMENTS OF CASH FLOWS

(millions of yen)

	First Quarter Ended May 31, 2005	First Quarter Ended May 31, 2004	Increase (Decrease)	Fiscal Year Ended February 28, 2005
Cash flows from operating activities:				
Income before income taxes	1,017	602	414	2,740
Depreciation and amortization	502	547	(45)	2,307
Increase (decrease) in accrued bonuses to employees	504	496	8	(10)
Provision for accrued pension and severance costs	(18)	(18)	(0)	(38)
Interest and dividend income	(9)	(8)	(0)	(37)
Gain on revaluation of investments in securities	-	-	-	(4)
Net (gain)loss on sales and disposals of property and equipment	(227)	140	(368)	298
Impairment losses	-	-	-	228
(Increase)decrease in accounts receivable	(81)	(62)	(19)	4
(Increase)decrease in inventories	(120)	5	(126)	23
Increase(decrease) in accounts payable ,trade	509	384	125	(136)
Other, net	346	(379)	726	(170)
Sub-total	2,422	1,707	714	5,204
Interest and dividends received	5	4	1	16
Income taxes refunded	(882)	(958)	75	(1,732)
Net cash provided by operating activities	1,544	753	791	3,488

(millions of yen)

	First Quarter Ended May 31, 2005	First Quarter Ended May 31, 2004	Increase (Decrease)	Fiscal Year Ended February 28, 2005
Cash flows from investing activities:				
Acquisition of property and equipment	(427)	(946)	518	(2,414)
Proceeds from sales of property and equipment	500	-	500	-
Acquisition of intangible assets	(10)	(57)	46	(177)
Proceeds from sales of investments in securities	-	-	-	6
Payment of leasehold deposits	(13)	(30)	17	(235)
Refund of leasehold deposits	49	185	(136)	332
Other, net	0	0	(0)	1
Net cash used in investing activities	97	(848)	946	(2,487)
Cash flows from financing activities:				
Cash dividends paid	(499)	(498)	(0)	(998)
Purchase of treasury stock	(1)	(17)	15	(35)
Proceeds from sales of treasury stock	-	1	(1)	3
Other, net	37	36	0	-
Net cash used in financing activities	(463)	(477)	14	(1,029)
Effect of exchange rate changes on cash and cash equivalents	-	-	-	-
Decrease in cash and cash equivalents	1,179	(572)	1,751	(28)
Cash and cash equivalents at beginning of the period (year)	27,862	27,891	(28)	27,891
Cash and cash equivalents at end of the period (year)	29,041	27,318	1,723	27,862