SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 30, 2003.

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____________ TO _______________.

COMMISSION FILE NUMBER 0-12919

PIZZA INN, INC.
(EXACT NAME OF REGISTRANT IN ITS CHARTER)

MISSOURI	47-0654575
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

3551 PLANO PARKWAY
THE COLONY, TEXAS 75056
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE)

(469) 384-5000
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES [X] NO

INDICATE BY CHECK MARK WHETHER THE REGISTRANT HAS FILED ALL DOCUMENTS AND REPORTS REQUIRED TO BE FILED BY SECTIONS 12, 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 SUBSEQUENT TO THE DISTRIBUTION OF SECURITIES UNDER A PLAN CONFIRMED BY A COURT. YES [X] NO

AT MAY 8, 2003, AN AGGREGATE OF 10,058,674 SHARES OF THE REGISTRANT'S COMMON STOCK, PAR VALUE OF $.01 EACH (BEING THE REGISTRANT'S ONLY CLASS OF COMMON STOCK), WERE OUTSTANDING.

PIZZA INN, INC.

Index

<TABLE>
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PIZZA INN, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	THREE MONTHS ENDED MARCH 30, 2003	THREE MONTHS ENDED MARCH 24, 2002	NINE MONTHS ENDED MARCH 30, 2003	NINE MONTHS ENDED MARCH 24, 2002
REVENUES:				
<S>	<C>	<C>	<C>	<C>
Food and supply sales.	$ 12,311	$ 13,292	$ 39,114	$ 42,475
Franchise revenue.	1,347	1,361	3,957	4,057
Restaurant sales	446	507	1,366	1,598
Other income	94	126	286	450
	14,198	15,286	44,723	48,580
COSTS AND EXPENSES:				
Cost of sales.	11,562	12,626	36,134	40,396
Franchise expenses	972	660	2,515	2,008
General and administrative expenses.	907	994	1,556	3,142
Interest expense	188	282	622	557
	13,629	14,562	40,827	46,103
INCOME BEFORE INCOME TAXES	569	724	3,896	2,477
Provision for income taxes	193	246	1,325	842
NET INCOME	$ 376	$ 478	$ 2,571	$ 1,635
BASIC EARNINGS PER COMMON SHARE.	$ 0.04	$ 0.05	$ 0.26	$ 0.16
DILUTED EARNINGS PER COMMON SHARE.	$ 0.04	$ 0.05	$ 0.26	$ 0.16
WEIGHTED AVERAGE COMMON SHARES	10,059	10,058	10,058	10,104
WEIGHTED AVERAGE COMMON AND POTENTIAL DILUTIVE COMMON SHARES	10,064	10,058	10,061	10,108

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(IN THOUSANDS)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	MARCH 30, 2003	MARCH 24, 2002	MARCH 30, 2003	MARCH 24, 2002
Net Income	$ 376	$ 478	$ 2,571	$ 1,635
Interest rate swap gain (loss) - (net of tax (expense) benefit of ($15) and ($25) and $130 and $32, respectively)	29	49	(252)	(61)
Comprehensive Income	$ 405	$ 527	$ 2,319	$ 1,574

<FN>

See accompanying Notes to Consolidated Financial Statements.

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PIZZA INN, INC.
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

ASSETS	MARCH 30, 2003	JUNE 30, 2002
<S>	<C>	<C>
	(UNAUDITED)	
CURRENT ASSETS		
Cash and cash equivalents	$ 184	$ 770
Accounts receivable, less allowance for doubtful accounts of $791 and $829, respectively	4,028	3,867
Notes receivable, current portion, less allowance for doubtful accounts of $154 and $354, respectively	292	332
Inventories	1,708	1,526
Deferred taxes, net	609	1,297
Property held for sale	-	170
Prepaid expenses and other	545	735
Total current assets	7,366	8,697
Property, plant and equipment, net	13,175	13,567
Property under capital leases, net	157	337
Deferred taxes, net	840	1,347
Long-term notes receivable, less allowance for doubtful accounts of $20 and $20, respectively	65	191
Deposits and other	133	475
	$ 21,736	$ 24,614
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable - trade	$ 1,700	$ 1,527
Accrued expenses	2,004	2,529
Current portion of long-term debt	1,656	1,656
Current portion of capital lease obligations	162	229
Total current liabilities	5,522	5,941
LONG-TERM LIABILITIES		
Long-term debt	10,049	15,091
Long-term capital lease obligations	35	136
Other long-term liabilities	880	517
	16,486	21,685
SHAREHOLDERS' EQUITY		
Common Stock, $.01 par value; authorized 26,000,000 shares; issued 14,956,269 and 14,955,819 shares, respectively; outstanding 10,058,624 and 10,058,174 shares, respectively	150	150
Additional paid-in capital	7,825	7,824
Loans to officers (less allowance of $0 and $1,750, respectively)	(574)	(575)
Retained earnings	17,909	15,338
Accumulated other comprehensive loss	(576)	(324)
Treasury stock at cost Shares in treasury: 4,897,645 and 4,897,645 respectively	(19,484)	(19,484)
Total shareholders' equity	5,250	2,929

	$ 21,736	$ 24,614

<FN>

See accompanying Notes to Consolidated Financial Statements.
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PIZZA INN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	NINE MONTHS ENDED	
	MARCH 30, 2003	MARCH 24, 2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 2,571	$ 1,635
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	1,103	1,064
Provision for (recovery of) bad debt, net	(1,830)	135
Utilization of deferred taxes	445	-
Utilization of pre-reorganization net operating loss carryforwards	1,131	892
Changes in assets and liabilities:		
Notes and accounts receivable	(115)	40
Inventories	(182)	193
Accounts payable - trade	173	(855)
Accrued expenses	(525)	(45)
Prepaid expenses and other	163	(70)
CASH PROVIDED BY OPERATING ACTIVITIES	2,934	2,989
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(261)	(8,711)
Proceeds from sale of assets	-	24
CASH USED FOR INVESTING ACTIVITIES	(261)	(8,687)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term bank debt	500	7,909
Repayments of long-term bank debt and capital lease obligations	(5,710)	(1,932)
Officer loan payment	1,951	-
Purchases of treasury stock	-	(573)
CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES	(3,259)	5,404
Net decrease in cash and cash equivalents	(586)	(294)
Cash and cash equivalents, beginning of period	770	540
Cash and cash equivalents, end of period	$ 184	$ 246

<FN>

See accompanying Notes to Consolidated Financial Statements.
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SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION
(IN THOUSANDS)
(UNAUDITED)

NINE MONTHS ENDED

	MARCH 30, 2003	MARCH 24, 2002
CASH PAYMENTS FOR:		
<S>	<C>	<C>
Interest	$ 627	$ 723
Income taxes	-	53
NONCASH FINANCING AND INVESTING ACTIVITIES:		
Capital lease obligations incurred	$ -	$ 156

<FN>

See accompanying Notes to Consolidated Financial Statements.
</TABLE>

PIZZA INN, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) The accompanying consolidated financial statements of Pizza Inn, Inc. (the "Company") have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the financial statements have been omitted pursuant to such rules and regulations. The consolidated financial statements should be read in conjunction with the notes to the Company's audited consolidated financial statements in its Form 10-K for the fiscal year ended June 30, 2002. Certain prior year amounts have been reclassified to conform with current year presentation.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to fairly present the Company's financial position and results of operations for the interim periods. All adjustments contained herein are of a normal recurring nature.

In December of 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation" to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation and amends the disclosure requirements of Statement 123 to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. SFAS No. 148 also amends APB Opinion No. 28 "Interim Financial Report", to require disclosure about those effects in interim financial information. SFAS No. 148 is effective for the Company's interim periods after December 29,2002.

SFAS No. 123 encourages but does not require a fair value based method of accounting for employee stock options or similar equity instruments. SFAS No. 123 allows an entity to elect to continue to measure compensation costs under APB No. 25, "Accounting for Stock Issued to Employees," but requires pro forma disclosure of net earnings as if the fair value based method of accounting had been applied.

The Company elected to follow APB No. 25, and related Interpretations in accounting for employee stock options because the alternative fair value accounting provided for under SFAS No. 123, "Accounting for Stock Based Compensation," requires use of option valuation models that were not developed for use in valuing employee stock options. Under APB No. 25, because the exercise price of our employee stock options equals or exceeds the fair value of the underlying stock on the date of grant, no compensation expense is recognized.

Pro forma information regarding net income and earnings per share is required to be determined as if the Company had accounted for its stock options granted subsequent to June 25, 1995 under the fair value method of SFAS No. 123. For purposes of pro forma disclosures, the estimated fair value of the stock options is amortized over the option vesting periods. The Company's pro forma information follows (in thousands, except for earnings per share information):

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	NINE MONTHS ENDED	
	MARCH 30, 2003	MARCH 24, 2002
<S>	<C>	<C>
Net income, as reported.	$ 2,571	$ 1,635
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects.	(15)	(49)
Pro forma net income	$ 2,556	$ 1,586
Earnings per share		
Basic-as reported.	$ 0.26	$ 0.16
Basic-pro forma.	$ 0.25	$ 0.16
Diluted-as reported.	$ 0.26	$ 0.16
Diluted-pro forma.	$ 0.25	$ 0.16

</TABLE>

The effects of applying SFAS No. 123 in this pro forma disclosure are not indicative of future amounts as the pro forma amounts above do not include the impact of additional awards anticipated in future years.

(2) The Company entered into an agreement effective December 29, 2002 with its current lender to provide a $7.0 million revolving credit line that will expire December 31, 2004, replacing a $9.5 million line that was due to expire December 31, 2003. The $7.0 million revolving credit line will reduce quarterly by $500,000 beginning March 31, 2003 through December 31, 2004. Interest on the revolving credit line is payable monthly. Interest is provided for at a rate equal to prime less an interest rate margin from 1.0% to 0.5% or, at the Company's option, at the LIBOR rate plus 1.25% to 1.75%. The interest rate margin is based on the Company's performance under certain financial ratio tests. A 0.375% to 0.5% annual commitment fee is payable on any unused portion of the revolving credit line. As of March 30, 2003 and March 24, 2002, the variable interest rates were 3.06% and 3.65%, respectively, using a LIBOR rate basis. Amounts outstanding under the revolving credit line as of March 30, 2003 and March 24, 2002 were $2.7 million and $7.8 million, respectively.

The Company entered into a term note effective March 31, 2000 with its current lender. The $5,000,000 term note had outstanding balances of $1.4 million and $2.6 million at March 30, 2003 and March 24, 2002, respectively. The term note requires monthly principal payments of $104,000 with the balance maturing on March 31, 2004. Interest on the term loan is also payable monthly. Interest is provided for at a rate equal to prime less an interest rate margin of 0.75% or, at the Company's option, at the LIBOR rate plus 1.5%. As of March 30, 2003 and March 24, 2002, the variable interest rates were 2.81% and 3.44%, respectively.

The Company entered into an agreement effective December 28, 2000, as amended, with its current lender to provide up to $8.125 million of financing for the construction of the Company's new headquarters, training center and distribution facility. The construction loan converted to a term loan effective January 31, 2002 with the unpaid principal balance to mature on December 28, 2007. This term loan will amortize over a term of twenty years, with principal payments of $34,000 due monthly. Interest on this term loan is also payable monthly. Interest is provided for at a rate equal to prime less an interest rate margin of 0.75% or, at the Company's option, to the LIBOR rate plus 1.5%. As of March 30, 2003 and March 24, 2002, the variable interest rates were 2.78% and 3.40%, respectively. The Company, to fulfill bank requirements, has caused the outstanding principal amount to be subject to a fixed interest rate by utilizing an interest rate swap agreement as discussed below. The $8.125 million term loan had an outstanding balance of $7.6 million at March 30, 2003 and $8.1 million at March 24, 2002.

(3) The Company entered into an interest rate swap effective February 27, 2001, as amended, designated as a cash flow hedge, to manage interest rate risk relating to the financing of the construction of the Company's new headquarters and to fulfill bank requirements. The swap agreement has a notional principal amount of $8.125 million with a fixed pay rate of 5.84% which began November 1, 2001 and will end November 19, 2007. The swap's notional amount amortizes over a term of twenty years to parallel the terms of the term loan. SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" requires that for cash flow hedges, which hedge the exposure to variable cash flow of a forecasted transaction, the effective portion of the derivative's gain or loss be initially reported as a component of other comprehensive income in the equity section of the balance sheet and subsequently reclassified into earnings when the forecasted transaction affects earnings. Any ineffective portion of the derivative's gain or loss is reported in earnings immediately. At March 30, 2003 there was no hedge ineffectiveness. The Company's expectation is that the hedging relationship will continue to be highly effective at achieving offsetting changes in cash flows.

(4) On April 30, 1998, Mid-South Pizza Development, Inc., an area developer of the Company ("Mid-South") entered into a promissory note whereby, among other things, Mid-South borrowed $1,330,000 from a third party lender (the "Loan"). The proceeds of the Loan, less transaction costs, were used by Mid-South to purchase area developer rights from the Company for certain counties in Kentucky and Tennessee. As of March 30, 2003 the outstanding principal balance of this loan was approximately $720,000 and matures on May 17, 2006. As part of the terms and conditions of the Loan, the Company was required to guarantee the obligations of Mid-South under the Loan. In the event such guarantee ever required payment, the Company has personal guarantees from certain Mid-South principals and a security interest in certain personal property. In the event the personal guarantees and security interest pledged do not sufficiently fulfill the obligation, the Company would assume the obligation. As of this date, the obligation could be fully offset by the assumption of the area development rights which are currently pledged to Mid-South's third party lender.

(5) On January 18, 2002 the Company was served with a lawsuit filed by Blakely-Witt & Associates, Inc. alleging Pizza Inn sent or caused to be sent unsolicited facsimile advertisements. The plaintiff has requested this matter be certified as a class action. We plan to vigorously defend our position in this litigation. We cannot assure you that we will prevail in this lawsuit and our defense could be costly and consume the time of our management. We are unable to predict the outcome of this case. However, an adverse resolution of this matter could materially affect our financial position and results of operations.

(6) In April 2003, the FASB issued Statement No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" (FAS 149), which amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities". FAS 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The Company does not anticipate a material impact to the financial statements upon adoption of FAS 149.

Emerging Issues Task Force issued EITF 02-16, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor", which provides guidance on how a reseller of vendor's products should account for cash consideration received from a vendor. As required by the EITF, the Company will apply the provisions to new arrangements, including modifications of existing arrangements, and does not anticipate a material impact to the financial statements as a result of adopting this EITF.

In November 2002, the Financial Accounting Standards Board (FASB) issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirement for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (FIN 45). FIN 45 requires that a liability for the fair value of an obligation for guarantees issued or modified after December 31, 2002 be recorded in the financial statements of the guarantor. Guarantees pre-existing before the implementation of FIN 45 are required to be disclosed in financial statements issued after December 15, 2002. As of March 30, 2003, the Company has disclosed in these notes separately the guarantee of Mid-South Pizza Development, Inc. (Mid-South) an area developer of the Company. As of this date, any obligation from the guarantor could be fully offset by the assumption of the area developer rights which are currently pledged to Mid-South's third party lender. The Company has no other guarantee relationship.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46) which requires the consolidation of variable interest entities, as defined. FIN 46 is applicable to variable interest entities created after January 31, 2003. Variable interest entities created prior to February 1, 2003, must be consolidated effective July 1, 2003. Disclosures are required currently if the Company expects to consolidate any variable interest entities. The Company does not currently believe that any entities will be consolidated with the Company as a result of FIN 46.

(7) The following table shows the reconciliation of the numerator and denominator of the basic EPS calculation to the numerator and denominator of the diluted EPS calculation (in thousands, except per share amounts).

<TABLE>
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	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
<S>	<C>	<C>	<C>
THREE MONTHS ENDED MARCH 30, 2003			
BASIC EPS			
Income Available to Common Shareholders . . .	$ 376	10,059	$ 0.04
Effect of Dilutive Securities - Stock Options		5	

DILUTED EPS Income Available to Common Shareholders & Assumed Conversions	$ 376	10,064	$ 0.04
THREE MONTHS ENDED MARCH 24, 2002			
BASIC EPS Income Available to Common Shareholders . . .	$ 478	10,058	$ 0.05
Effect of Dilutive Securities - Stock Options		-	
DILUTED EPS Income Available to Common Shareholders & Assumed Conversions	$ 478	10,058	$ 0.05
NINE MONTHS ENDED MARCH 30, 2003			
BASIC EPS Income Available to Common Shareholders	$ 2,571	10,059	$ 0.26
Effect of Dilutive Securities - Stock Options		2	
DILUTED EPS Income Available to Common Shareholders & Assumed Conversions	$ 2,571	10,061	$ 0.26
NINE MONTHS ENDED MARCH 24, 2002			
BASIC EPS Income Available to Common Shareholders	$ 1,635	10,104	$ 0.16
Effect of Dilutive Securities - Stock Options		4	
DILUTED EPS Income Available to Common Shareholders & Assumed Conversions	$ 1,635	10,108	$ 0.16

</TABLE>

(8) Summarized in the following tables are net sales and operating revenues, operating profit, and geographic information (revenues) for the Company's reportable segments for the three month and nine month periods ended March 30, 2003 and March 24, 2002.

<TABLE>
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	THREE MONTHS ENDED		NINE MONTHS ENDED	
	MARCH 30, 2003	MARCH 24, 2002	MARCH 30, 2003	MARCH 24, 2002
<S>	<C>	<C>	<C>	<C>
	(In thousands)..		(In thousands)	
NET SALES AND OPERATING REVENUES:				
Food and Equipment Distribution . .	$ 12,311	$ 13,292	$ 39,114	$ 42,475
Franchise and Other	1,793	1,868	5,323	5,655
Intersegment revenues	164	181	515	589
Combined.	14,268	15,341	44,952	48,719
Other revenues.	94	126	286	450
Less intersegment revenues.	(164)	(181)	(515)	(589)
Consolidated revenues	$ 14,198	$ 15,286	$ 44,723	$ 48,580
OPERATING PROFIT:				
Food and Equipment Distribution (1)	$ 513	$ 648	$ 1,909	$ 2,053
Franchise and Other (1)	528	757	1,928	2,117
Intersegment profit	47	56	143	167
Combined.	1,088	1,461	3,980	4,337
Other profit or loss.	94	126	286	450
Less intersegment profit.	(47)	(56)	(143)	(167)
Corporate administration and other.	(566)	(807)	(227)	(2,143)

Income before taxes	$ 569	$ 724	$ 3,896	$ 2,477
GEOGRAPHIC INFORMATION (REVENUES):				
United States	$ 14,037	$ 15,129	$ 44,255	$ 48,201
Foreign countries	161	157	468	379
Consolidated total	$ 14,198	$ 15,286	$ 44,723	$ 48,580

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(1) Does not include full allocation of corporate administration.
</TABLE>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Quarter and nine months ended March 30, 2003 compared to the quarter and nine months ended March 24, 2002.

Earnings per share for the quarter ended March 30, 2003 was $.04 versus $.05 for the same quarter last year. Net income was $376,000 versus $478,000, on revenues of $14.2 million versus $15.3 million in the previous year. For the nine month period, earnings per share were $.26 versus $.16 last year. Net income was $2,571,000 compared to $1,635,000 on revenues of $44.7 million versus $48.6 million last year. The nine month period in fiscal 2003 includes the reversal of a previously recorded pre-tax charge of approximately $1.9 million. The charge was previously recorded in the fourth quarter of fiscal 2002 to fully reserve for the possible nonpayment for a note receivable owed to the Company from the Company's former chief executive officer. The Company received payment in full for the note receivable in December 2002.

Food and supply sales by the Company's Norco division include food and paper products, equipment, marketing material, and other distribution revenues. Food and supply sales for the quarter decreased 7% to $12,311,000 from $13,292,000 compared to the same period last year. For the nine month period, food and supply sales decreased 8% to $39,114,000 from $42,475,000. Lower retail sales combined with a decrease in the sales price of cheese contributed to the decrease in food and supply sales.

Franchise revenue, which includes income from royalties, license fees and area development and foreign master license (collectively, "Territory") sales, decreased 1% or $14,000 for the quarter compared to the same period last year and 2% or $100,000 for the nine month period. Lower royalties, resulting from lower retail sales, were partially offset by higher foreign master license fees.

Restaurant sales, which consist of revenue generated by Company-owned training stores decreased 12% or $61,000 for the quarter, compared to the same period of the prior year. For the nine month period, restaurant sales decreased 15% or $232,000. These decreases are a result of the closing of the Delco unit during September of the prior year combined with lower comparable sales at the two remaining stores.

Other income consists primarily of interest income and non-recurring revenue items. Other income decreased 25% or $32,000 for the quarter, compared to the same period of the prior year. For the nine month period, other income decreased 36% or $164,000. These decreases are primarily due to lower vendor incentives and lower interest income.

Cost of sales decreased 8% or $1,064,000 for the quarter and decreased 11% or $4,262,000 for the nine month period. As a percentage of sales for the quarter, cost of sales remained the same as the prior year at 91%. For the nine month period, cost of sales, as a percentage of sales, decreased to 89% from 92% compared to the same period of the prior year due primarily to lower cheese prices as compared to the same period last year.

Franchise expenses include selling, general and administrative expenses directly related to the sale and continuing service of franchises and Territories. These costs increased 47% or $312,000 for the quarter and 25% or $507,000 for the nine month period compared to the same periods last year. These increases are primarily due to increased franchise service staffing levels, foreign master license taxes, and increased advertising expenses.

General and administrative expenses decreased 9% or $87,000 for the quarter and 50% or $1,586,000 for the nine months, compared to the same periods last year. The nine month period decrease is primarily the result of the reversal in December 2002 of a previously recorded pre-tax charge of approximately $1.9 million. The charge was previously recorded in the fourth quarter of fiscal 2002 to fully reserve for the possible nonpayment for a note receivable owed to the Company from the Company's former chief executive officer. The Company received payment in full for the note receivable in December 2002.

Interest expense decreased 33% or $94,000 for the quarter and increased 12% or $65,000 for the nine months, compared to the same periods of the prior year. Lower interest rates and lower debt balances in the current year were offset by capitalized interest of approximately $179,000 used in construction of the new corporate headquarters in the prior year.

Provision for income taxes decreased 22% or $53,000 for the quarter, and increased 57% or $483,000 for the nine months compared to the same periods in the prior year. The effective tax rate was 34% for both the current and prior quarters and nine months.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operations totaled $2,934,000 during the first nine months of fiscal 2003 and was utilized, in conjunction with a portion of its cash balance, primarily to pay down debt. Management believes that current cash and cash equivalents, projected cash flows from operations, and its existing debt capacity should be sufficient during fiscal 2003 and for the foreseeable future to fund planned capital expenditures, working capital needs, and other cash requirements.

Capital expenditures of $261,000 during the first nine months consist primarily of the Company's implementation of a bar code system for its warehouse operations, computer system upgrades, and office equipment.

Management believes that future operations will generate sufficient taxable income, along with the reversal of temporary differences, to fully realize the deferred tax asset, net of a valuation allowance of $225,000 primarily related to the potential expiration of certain foreign tax credit carryforwards. Additionally, management believes that taxable income based on the Company's existing franchise base should be more than sufficient to enable the Company to realize its net deferred tax asset without reliance on material, non-routine income.

The Company entered into an agreement effective December 29, 2002 with its current lender to provide a $7.0 million revolving credit line that will expire December 31, 2004, replacing a $9.5 million line that was due to expire December 31, 2003. The $7.0 million revolving credit line will reduce quarterly by $500,000 beginning March 31, 2003 through December 31, 2004. Interest on the revolving credit line is payable monthly. Interest is provided for at a rate equal to prime less an interest rate margin from 1.0% to 0.5% or, at the Company's option, at the LIBOR rate plus 1.25% to 1.75%. The interest rate margin is based on the Company's performance under certain financial ratio tests. A 0.375% to 0.5% annual commitment fee is payable on any unused portion of the revolving credit line. As of March 30, 2003 and March 24, 2002, the variable interest rates were 3.06% and 3.65%, respectively, using a LIBOR rate basis. Amounts outstanding under the revolving credit line as of March 30, 2003 and March 24, 2002 were $2.7 million and $7.8 million, respectively.

The Company entered into a term note effective March 31, 2000 with its current lender. The $5,000,000 term note had outstanding balances of $1.4 million and $2.6 million at March 30, 2003 and March 24, 2002, respectively. The term note requires monthly principal payments of $104,000 with the balance maturing on March 31, 2004. Interest on the term loan is also payable monthly. Interest is provided for at a rate equal to prime less an interest rate margin of 0.75% or, at the Company's option, at the LIBOR rate plus 1.5%. As of March 30, 2003 and March 24, 2002, the variable interest rates were 2.81% and 3.44%, respectively.

The Company entered into an agreement effective December 28, 2000, as amended, with its current lender to provide up to $8.125 million of financing for the construction of the Company's new headquarters, training center and distribution facility. The construction loan converted to a term loan effective January 31, 2002 with the unpaid principal balance to mature on December 28, 2007. This term loan will amortize over a term of twenty years, with principal payments of $34,000 due monthly. Interest on this term loan is also payable monthly. Interest is provided for at a rate equal to prime less an interest rate margin of 0.75% or, at the Company's option, to the LIBOR rate plus 1.5%. As of March 30, 2003 and March 24, 2002, the variable interest rates were 2.78% and 3.40%, respectively. The Company, to fulfill bank requirements, has caused the outstanding principal amount to be subject to a fixed interest rate by utilizing an interest rate swap agreement as discussed below. The $8.125 million term loan had an outstanding balance of $7.6 million at March 30, 2003 and $8.1 million at March 24, 2002.

The Company entered into an interest rate swap effective February 27, 2001, as amended, designated as a cash flow hedge, to manage interest rate risk relating to the financing of the construction of the Company's new headquarters and to fulfill bank requirements. The swap agreement has a notional principal amount of $8.125 million with a fixed pay rate of 5.84% which began November 1, 2001 and will end November 19, 2007. The swap's notional amount amortizes over a term of twenty years to parallel the terms of the term loan. SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" requires that for cash flow hedges, which hedge the exposure to variable cash flow of a forecasted transaction, the effective portion of the derivative's gain or loss be initially reported as a component of other comprehensive income in the equity section of the balance sheet and subsequently reclassified into earnings when the forecasted transaction affects earnings. Any ineffective portion of the derivative's gain or loss is reported in earnings immediately. At March 30, 2003 there was no hedge ineffectiveness. The Company's expectation is that the hedging relationship will continue to be highly effective at achieving offsetting changes in cash flows.

On April 30, 1998, Mid-South Pizza Development, Inc., an area developer of the Company ("Mid-South") entered into a promissory note whereby, among other things, Mid-South borrowed $1,330,000 from a third party lender (the "Loan"). The proceeds of the Loan, less transaction costs, were used by Mid-South to purchase area developer rights from the Company for certain counties in Kentucky and Tennessee. As of March 30, 2003 the outstanding principal balance of this loan was approximately $720,000 and matures on May 17, 2006. As part of the terms and conditions of the Loan, the Company was required to guarantee the obligations of Mid-South under the Loan. In the event such guarantee ever required payment, the Company has personal guarantees from certain Mid-South principals and a security interest in certain personal property. In the event the personal guarantees and security interest pledged do not sufficiently fulfill the obligation, the Company would assume the obligation. As of this date, the obligation could be fully offset by the assumption of the area development rights which are currently pledged to Mid-South's third party lender.

On January 18, 2002, the Company was served with a lawsuit filed by Blakely-Witt & Associates, Inc. alleging Pizza Inn sent or caused to be sent unsolicited facsimile advertisements. The plaintiff has requested this matter be certified as a class action. We plan to vigorously defend our position in this litigation. We cannot assure you that we will prevail in this lawsuit and our defense could be costly and consume the time of our management. We are unable to predict the outcome of this case. However, an adverse resolution of this matter could materially affect our financial position and results of operations.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following chart summarizes all of the Company's material obligations and commitments to make future payments under contracts such as debt and lease agreements as of March 30, 2003 (in thousands):

<TABLE>
<CAPTION>

<S>	<C> Total	<C> Less Than 1 Year	<C> 1-3 Years	<C> 4-5 Years	<C> After 5 Years
Bank debt	$11,705	$1,656	$ 3,620	$ 816	$5,613
Operating lease obligations	3,663	1,150	1,783	719	11
Capital lease obligations (1) . . .	197	162	20	15	-
Total contractual cash obligations.	$15,565	$2,968	$ 5,423	$1,550	$5,624

</TABLE>
(1) Does not include amount representing interest.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's discussion and analysis is based on the Company's consolidated financial statements and related footnotes contained within this report. The Company's more critical accounting policies used in the preparation of those consolidated financial statements are discussed below.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates made by management include the allowance for doubtful accounts, inventory valuation, deferred tax asset valuation allowances, and legal accruals. Actual results could differ from those estimates.

The Company's Norco division sells food, supplies and equipment to franchisees on trade accounts under terms common in the industry. Revenue from such sales is recognized upon shipment. Norco sales are reflected under the caption "food and supply sales." Shipping and handling costs billed to customers are recognized as revenue.

Franchise revenue consists of income from license fees, royalties, and Territory sales. License fees are recognized as income when there has been substantial performance of the agreement by both the franchisee and the Company, generally at the time the unit is opened. Royalties are recognized as income when earned.

Territory sales are the fees paid by selected experienced restaurant operators to the Company for the right to develop Pizza Inn restaurants in specific geographical territories. When the Company has no continuing substantive obligations of performance to the area developer or master licensee regarding the fee, the Company recognizes the fee to the extent of cash received. If continuing obligations exist, fees are recognized ratably during the performance of those obligations.

Inventories, which consist primarily of food, paper products, supplies and equipment located at the Company's distribution center, are stated at the lower of FIFO (first-in, first-out) cost or market. Provision is made for obsolete inventories and is based upon management's assessment of the market conditions for its products.

Accounts receivable consist primarily of receivables from food and supply sales and franchise royalties. The Company records a provision for doubtful receivables to allow for any amounts which may be unrecoverable and is based upon an analysis of the Company's prior collection experience, customer creditworthiness, and current economic trends.

Notes receivable primarily consist of notes from franchisees for the purchase of area development and master license territories and trade receivables. These notes generally have terms ranging from one to five years and interest rates of 8% to 12%. The Company records a provision for doubtful receivables to allow for any amounts which may be unrecoverable and is based upon an analysis of the Company's prior collection experience, customer creditworthiness, and current economic trends.

The Company has recorded a valuation allowance to reflect the estimated amount of deferred tax assets that may not be realized based upon the Company's analysis of existing tax credits by jurisdiction and expectations of the Company's ability to utilize these tax attributes through a review of estimated future taxable income and establishment of tax strategies. These estimates could be impacted by changes in future taxable income and the results of tax strategies.

FORWARD-LOOKING STATEMENT

This report contains certain forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) relating to the Company that are based on the beliefs of the management of the Company, as well as assumptions and estimates made by and information currently available to the Company's management. When used in this report, the words "anticipate," "believe," "estimate," "expect," "intend" and similar expressions, as they relate to the Company or the Company's management, identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions relating to the operations and results of operations of the Company as well as its customers and suppliers, including as a result of competitive factors and pricing pressures, shifts in market demand, general economic conditions and other factors including but not limited to, changes in demand for Pizza Inn products or franchises, the impact of competitors' actions, changes in prices or supplies of food ingredients, and restrictions on international trade and business. Should one or more of these risks or uncertainties materialize, or should underlying assumptions or estimates prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has market risk exposure arising from changes in interest rates. The Company's earnings are affected by changes in short-term interest rates as a result of borrowings under its credit facilities which bear interest based on floating rates.

At March 30, 2003 the Company has approximately $11.7 million of variable rate debt obligations outstanding with a weighted average interest rate of 3.23%. A hypothetical 10% change in the effective interest rate for these borrowings, assuming debt levels at March 30, 2003, would change interest expense by approximately $33,000 for the nine months ended March 30, 2003.

ITEM 4. CONTROLS AND PROCEDURES

a) Evaluation of disclosure controls and procedures. Based on their evaluation as of a date within 90 days of the filing date of this Quarterly Report on Form 10-Q, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934 (the "Exchange Act")) are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

b) Changes in internal controls. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation. There were no significant deficiencies or material weaknesses, and therefore there were no corrective actions taken.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On January 18, 2002, the Company was served with a lawsuit filed by Blakely-Witt & Associates, Inc. in the District Court, L-193rd Judicial District, Dallas County, Texas (Cause No. 01-11043). The suit alleges Pizza Inn sent or caused to be sent unsolicited facsimile advertisements to plaintiff and others in violation of (i) 47 U.S.C. Section 227(b)(1)(C) and (b)(3), the Telephone Consumer Protection Act, and (ii) Texas Business and Commerce Code Section 35.47. The plaintiff has requested this matter be certified as a class action. We plan to vigorously defend our position in this litigation. We cannot assure you that we will prevail in this lawsuit and our defense could be costly and consume the time of our management. We are unable to predict the outcome of this case. However, an adverse resolution of this matter could materially affect our financial position and results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

99.1 Certification of Chief Executive Officer, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.2 Certification of Chief Financial Officer, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Form 8-K filed under Item 5 - other events

On April 18, 2003 the Company filed a report on Form 8-K, reporting a press release with respect to earnings for the third quarter ended March 30, 2003.

On January 22, 2003 the Company filed a report on Form 8-K, reporting a press release with respect to earnings for the second quarter ended December 29, 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PIZZA INN, INC.
Registrant

By: /s/Ronald W. Parker

Ronald W. Parker
President and Chief Executive Officer

By: /s/Shawn M. Preator

Shawn M. Preator
Chief Financial Officer

Dated: May 13, 2003

CERTIFICATION

I, Ronald W. Parker, Chief Executive Officer of Pizza Inn, Inc. certify that:

1. I have reviewed the quarterly report on Form 10-Q of Pizza Inn, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a. Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b. Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c. Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a. All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective

actions with regard to significant deficiencies and material weaknesses.

May 13, 2003

By: /s/Ronald W. Parker

Ronald W. Parker
President and Chief Executive Officer

CERTIFICATION

I, Shawn M. Preator, Chief Financial Officer of Pizza Inn, Inc. certify that:

1. I have reviewed the quarterly report on Form 10-Q of Pizza Inn, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a. Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b. Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c. Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a. All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

May 13, 2003

By: /s/Shawn M. Preator

Shawn M. Preator
Chief Financial Officer

Exhibit 99.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Pizza Inn, Inc. ("the Company") on Form 10-Q for the period ending March 30, 2003 as filed with Securities and Exchange Commission on the date hereof ("the Report"), I, Ronald W. Parker, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. I have reviewed this quarterly report on Form 10-Q of the Company;

3. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

4. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

A signed original of this written statement required by Section 906 has been provided to Pizza Inn, Inc. and will be retained by Pizza Inn, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

May 13, 2003

/s/ Ronald W. Parker
Ronald W. Parker
President and Chief Executive Officer

Exhibit 99.2

CERTIFICATION OF PRINCIPAL ACCOUNTING OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Pizza Inn, Inc. ("the Company") on Form 10-Q for the period ending March 30, 2003 as filed with the Securities and Exchange Commission on the date hereof ("the Report"), I, Shawn M. Preator, Chief Financial Officer, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. I have reviewed this quarterly report on Form 10-Q of the Company;

3. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

4. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

A signed original of this written statement required by Section 906 has been provided to Pizza Inn, Inc. and will be retained by Pizza Inn, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

May 13, 2003

/s/ Shawn M. Preator
Shawn M. Preator
Chief Financial Officer