
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) November 5, 2009

Pizza Inn, Inc.

(Exact name of registrant as specified in its charter)

Missouri
(State or other jurisdiction of incorporation)

0-12919
(Commission File Number)

47-0654575
(IRS Employer Identification No.)

3551 Plano Parkway, The Colony, Texas
(Address of principal executive offices)

75056
(Zip Code)

Registrant's telephone number, including area code **(469) 384-5000**

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02 Results of Operations and Financial Condition

On November 5, 2009, Pizza Inn, Inc. issued a press release discussing financial results of its first quarter of fiscal 2010, ending September 27, 2009.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
99.1	Pizza Inn, Inc. press release dated November 5, 2009.

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 hereunto duly authorized.

Pizza Inn, Inc.

Date: November 6, 2009

By: /s/ Charles R. Morrison
Charles R. Morrison, President
and Chief Executive Officer

FOR IMMEDIATE RELEASE

Contact:
Nancy Ellefson
VP of Finance
Pizza Inn, Inc.
469-384-5000

**PIZZA INN, INC. REPORTS RESULTS FOR
FIRST QUARTER FISCAL YEAR 2010**

Key elements of a sustainable growth strategy are in place and working

The Colony, Texas – November 5, 2009 -- PIZZA INN, INC. (NASDAQ:PZZI) today reported net income of \$0.4 million, or \$0.05 per share, for the fiscal quarter ended September 27, 2009, versus net income of \$0.3 million, or \$0.03 per share, for the same quarter of the prior fiscal year.

Highlights for the first quarter of fiscal year 2010 included:

- Sales from Company-owned restaurants increased 186%, or \$0.4 million, in the first quarter of fiscal 2010 compared to the same quarter of the prior fiscal year, primarily due to the opening of new buffet locations in Denton, Texas in October, 2008 and Ft. Worth, Texas in September, 2009.
- Comparable domestic buffet restaurant sales decreased 3.6% for the first quarter of fiscal 2010 compared to the same quarter of the prior fiscal year.
- Chain-wide comparable domestic restaurant sales decreased 4.2% for the first quarter of fiscal 2010 compared to the same quarter of the prior fiscal year.
- Franchise revenue for the first quarter of fiscal 2010 was flat to the same quarter of the prior fiscal year at \$1.1 million despite the decline in same store sales due to four new franchise store openings in the current fiscal quarter compared to one new opening in the same quarter of the prior fiscal year.
- For the second consecutive fiscal quarter, there were no buffet restaurant closures in the first quarter of fiscal 2010, compared to three such closures in the first quarter of fiscal 2009.

Charlie Morrison, President and CEO, commented, "Over the past two years, we have communicated that the keys to long-term sustainable growth and rejuvenation of the Pizza Inn brand centered around slowing the rate of buffet closures, successfully opening new company-operated restaurants, and building a pipeline of new franchise openings for the future. First quarter results demonstrate that these initiatives are working. No buffet restaurants have been closed for two consecutive quarters, another new company-operated store has been successfully opened, and new franchise locations have been opened, with more slated to open during the remainder of the fiscal year. Although tough economic conditions have impacted same store sales, our top-line performance is ahead of the pizza category average and the health of our business is very good."

Certain statements in this press release, other than historical information, may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and are intended to be covered by the safe harbors created thereby. These forward-looking statements are based on current expectations that involve numerous risks, uncertainties and assumptions. Assumptions relating to these forward-looking statements involve judgments with respect to, among other things, future economic, competitive and market conditions, regulatory framework and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond Pizza Inn's control. Although the assumptions underlying these forward-looking statements are believed to be reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that any forward-looking statements will prove to be accurate. In light of the significant uncertainties inherent in these forward-looking statements, the inclusion of such information should not be regarded as a representation that Pizza Inn's objectives and plans will be achieved.

Pizza Inn, Inc. () is an owner, franchisor and supplier of a system of restaurants operating domestically and internationally under the trademark "Pizza Inn." The Company and its distribution division, Norco Restaurant Services Company, are headquartered in The Colony, Texas. The Company's common stock is listed on the Nasdaq Capital Market under the symbol "PZZI."

PIZZA INN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended	
	September 27, 2009	September 28, 2008
REVENUES:		
Food and supply sales	\$ 8,395	\$ 10,134
Franchise revenue	1,062	1,064
Restaurant sales	543	190
	<u>10,000</u>	<u>11,388</u>
COSTS AND EXPENSES:		
Cost of sales	8,116	9,655
Franchise expenses	467	479
General and administrative expenses	777	687
Severance	--	37
Bad debt	15	15
Interest expense	14	12
	<u>9,389</u>	<u>10,885</u>
INCOME FROM CONTINUING OPERATIONS BEFORE TAXES	611	503
Income taxes	206	161
INCOME FROM CONTINUING OPERATIONS	<u>405</u>	<u>342</u>
Loss from discontinued operations, net of taxes	(39)	(49)
NET INCOME	<u>366</u>	<u>293</u>
EARNINGS PER SHARE OF COMMON STOCK - BASIC:		
Income from continuing operations	\$ 0.05	\$ 0.04
Loss from discontinued operations	(0.00)	(0.01)
Net income	<u>\$ 0.05</u>	<u>\$ 0.03</u>
EARNINGS PER SHARE OF COMMON STOCK - DILUTED:		
Income from continuing operations	\$ 0.05	\$ 0.04
Loss from discontinued operations	(0.00)	(0.01)
Net income	<u>\$ 0.05</u>	<u>\$ 0.03</u>
Weighted average common shares outstanding - basic	<u>8,011</u>	<u>8,946</u>
Weighted average common and potential dilutive common shares outstanding	<u>8,011</u>	<u>8,970</u>

PIZZA INN, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

ASSETS	September 27, 2009 (unaudited)	June 28, 2009
CURRENT ASSETS		
Cash and cash equivalents	\$ 91	\$ 274
Accounts receivable, less allowance for bad debts of \$92 and \$203, respectively	2,746	2,559
Income tax receivable	--	80
Inventories	1,359	1,371
Property held for sale	17	17
Deferred income tax assets	618	618
Prepaid expenses and other	480	233
Total current assets	<u>5,311</u>	<u>5,152</u>
LONG-TERM ASSETS		
Property, plant and equipment, net	2,210	1,743
Deferred income tax assets	86	86
Deposits and other	102	81
	<u>\$ 7,709</u>	<u>\$ 7,062</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable - trade	\$ 1,742	\$ 1,806
Deferred revenues	325	132
Accrued expenses	1,129	1,009
Total current liabilities	<u>3,196</u>	<u>2,947</u>
LONG-TERM LIABILITIES		
Deferred gain on sale of property	153	159
Deferred revenues	236	246
Bank debt	645	621
Other long-term liabilities	24	37
Total liabilities	<u>4,254</u>	<u>4,010</u>
COMMITMENTS AND CONTINGENCIES (See Note 3)		
SHAREHOLDERS' EQUITY		
Common stock, \$.01 par value; authorized 26,000,000 shares; issued 15,130,319 and 15,130,319 shares, respectively; outstanding 8,010,919 and 8,010,919 shares, respectively	151	151
Additional paid-in capital	8,778	8,741
Retained earnings	19,162	18,796
Treasury stock at cost		
Shares in treasury: 7,119,400 and 7,119,400, respectively	(24,636)	(24,636)
Total shareholders' equity	<u>3,455</u>	<u>3,052</u>
	<u>\$ 7,709</u>	<u>\$ 7,062</u>

PIZZA INN, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
(In thousands)
(Unaudited)

	Three Months Ended	
	September 27, 2009	September 28, 2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 366	\$ 293
Adjustments to reconcile net income to cash used for operating activities:		
Depreciation and amortization	72	83
Stock compensation expense	37	55
Provision for bad debts	15	15
Changes in operating assets and liabilities:		
Notes and accounts receivable	(122)	209
Inventories	12	(20)
Accounts payable - trade	(64)	(866)
Accrued expenses	(43)	(327)
Deferred revenue	177	12
Prepaid expenses and other	(281)	(120)
Cash provided (used) for operating activities	169	(666)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(539)	(407)
Cash used for investing activities	(539)	(407)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in line of credit, net	24	301
Cash overdraft	163	582
Repurchase of common stock	--	(814)
Cash provided by financing activities	187	69
Net decrease in cash and cash equivalents	(183)	(1,004)
Cash and cash equivalents, beginning of period	274	1,157
Cash and cash equivalents, end of period	<u>\$ 91</u>	<u>\$ 153</u>

