

**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) **September 13, 2010**

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 September 16, 2010, Pizza Inn, Inc. issued a press release discussing financial results of its fiscal year ended June 27, 2010, a copy of which is attached as Exhibit 99.1 hereto.

ITEM 8.01 Other Events

The Consolidated Statements of Operations included in the press release issued September 16, 2010 inadvertently reflected litigation costs of \$446,000 for fiscal year 2010 which were properly characterized as general and administrative expenses in the Company's Consolidated Statements of Operations included in its Annual Report on Form 10-K for the year ended June 27, 2010, filed on September 16, 2010. A copy of the correct Consolidated Statements of Operations is attached as Exhibit 99.2 hereto.

ITEM 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
99.1	Pizza Inn, Inc. press release dated September 16, 2010.
99.2	Pizza Inn, Inc. Consolidated Statements of Operations for the fiscal years ended June 27, 2010 and June 28, 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: September 21, 2010

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

Company Delivers 16% Pre-tax income growth despite tough economic conditions

The Colony, Texas – September 16, 2010 -- PIZZA INN, INC. (NASDAQ:PZZI) today reported net income of \$1.2 million, or \$0.15 per share, for the fiscal year ended June 27, 2010, versus net income of \$1.2 million, or \$0.14 per share, for the prior fiscal year.

Highlights for the fourth quarter and fiscal year 2010 included:

- Pre-tax income from continuing operations was \$2.2 million for fiscal 2010 compared to \$1.9 million for the prior fiscal year, an increase of 16% compared to the prior fiscal year.
- The Company opened more restaurants than it closed for the first time in eleven years. The opening of 25 restaurants during the fiscal year is the most in 5 years, while the closing of 22 restaurants during the year is the least in 13 years.
- Comparable domestic buffet restaurant sales decreased 7% for both fiscal 2010 and for the fourth quarter compared to the prior fiscal year.
- Total comparable domestic restaurant sales decreased 8% for both fiscal 2010 and for the fourth quarter compared to the prior fiscal year.

Charlie Morrison, President and CEO, commented, "We battled through a difficult operating environment in the past year and managed to grow pre-tax income by 16%, which demonstrates the improvements we have made. A net increase in store openings in the year demonstrates the commitment we have made to restoring growth to the brand. Fiscal year 2011 is set up to continue this momentum with more scheduled openings of both company-owned and franchised new restaurants."

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. (www.pizzainn.com) 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.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Year Ended	
	June 27, 2010	June 28, 2009
REVENUES:		
Food and supply sales	\$ 33,945	\$ 37,793
Franchise revenue	4,067	4,180
Restaurant sales	2,858	1,873
	<u>40,870</u>	<u>43,846</u>
COSTS AND EXPENSES:		
Cost of sales	33,023	36,355
Franchise expenses	1,950	1,929
General and administrative expenses	3,003	3,217
Severance	-	68
Provision for bad debts	155	75
Litigation costs	446	263
Interest expense	62	57
	<u>38,639</u>	<u>41,964</u>
INCOME FROM CONTINUING OPERATIONS BEFORE TAXES	2,231	1,882
Income tax expense	<u>786</u>	<u>531</u>
INCOME FROM CONTINUING OPERATIONS	1,445	1,351
Loss from discontinued operations, net of income tax benefit	(281)	(179)
NET INCOME	<u>\$ 1,164</u>	<u>\$ 1,172</u>
EARNINGS (LOSS) PER SHARE OF COMMON STOCK - BASIC:		
Income from continuing operations	\$ 0.18	\$ 0.16
Loss from discontinued operations	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>
Net income	<u>\$ 0.15</u>	<u>\$ 0.14</u>
EARNINGS (LOSS) PER SHARE OF COMMON STOCK - DILUTED:		
Income from continuing operations	\$ 0.18	\$ 0.16
Loss from discontinued operations	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>
Net income	<u>\$ 0.15</u>	<u>\$ 0.14</u>
Weighted average common shares outstanding - basic	<u>8,011</u>	<u>8,580</u>
Weighted average common shares outstanding - diluted	<u>8,011</u>	<u>8,580</u>

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

	June 27, 2010	June 28, 2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 761	\$ 274
Accounts receivable, less allowance for doubtful accounts of \$178 and \$203, respectively	2,678	2,559
Income tax receivable	184	80
Inventories	1,489	1,371
Property held for sale	16	17
Deferred income tax assets	723	618
Prepaid expenses and other	260	233
Total current assets	<u>6,111</u>	<u>5,152</u>
LONG-TERM ASSETS		
Property, plant and equipment, net	2,167	1,743
Deferred income tax assets	48	86
Deposits and other	132	81
	<u>\$ 8,458</u>	<u>\$ 7,062</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable - trade	\$ 1,783	\$ 1,806
Deferred revenues	236	132
Accrued expenses	1,360	1,009
Bank debt	110	-
Total current liabilities	<u>3,489</u>	<u>2,947</u>
LONG-TERM LIABILITIES		
Deferred gain on sale of property	134	159
Deferred revenues, net of current portion	207	246
Bank debt	220	621
Other long-term liabilities	27	37
Total liabilities	<u>4,077</u>	<u>4,010</u>
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common stock, \$.01 par value; authorized 26,000,000 shares; issued 15,130,319 shares; outstanding 8,010,919 shares	151	151
Additional paid-in capital	8,906	8,741
Retained earnings	19,960	18,796
Treasury stock at cost 7,119,400 shares	(24,636)	(24,636)
Total shareholders' equity	<u>4,381</u>	<u>3,052</u>
	<u>\$ 8,458</u>	<u>\$ 7,062</u>

PIZZA INN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended	
	June 27, 2010	June 28, 2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,164	\$ 1,172
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	357	290
Provision for bad debt	155	75
Stock compensation expense	165	198
Deferred income taxes	(67)	88
Changes in operating assets and liabilities:		
Notes and accounts receivable	(269)	146
Income tax receivable	(104)	192
Inventories	(117)	25
Accounts payable - trade	(23)	(574)
Accrued expenses	380	(175)
Prepaid expenses and other	(94)	80
Cash provided by operating activities	<u>1,547</u>	<u>1,517</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(769)	(1,049)
Cash used for investing activities	<u>(769)</u>	<u>(1,049)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (payments) borrowings of long-term bank debt	(291)	621
Purchases of treasury stock	-	(1,972)
Cash used for financing activities	<u>(291)</u>	<u>(1,351)</u>
Net increase (decrease) in cash and cash equivalents	487	(883)
Cash and cash equivalents, beginning of year	274	1,157
Cash and cash equivalents, end of year	<u>\$ 761</u>	<u>\$ 274</u>

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