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 20, 2007

Pizza Inn, Inc.

(Exact name of registrant as specified in its charter)

Missouri 0-12919 47-0654575 (State or other jurisdiction of incorporation) (Commission File Number) (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):

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On September 20, 2007, Pizza Inn, Inc. issued a press release discussing financial results of fiscal year 2007.

Section 9 — Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
99.1	Pizza Inn, Inc. press release dated September 20, 2007.

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, 2007

Charles R. Morrison,

Interim President and Chief Executive Officer

By: /s/ Charles R. Morrison



FOR IMMEDIATE RELEASE Contact: Danny Meisenheimer VP of Brand Management Pizza Inn, Inc. 469-384-5000 dmeisenheimer@pihq.com

PIZZA INN REPORTS RESULTS FOR FOURTH QUARTER AND FISCAL YEAR 2007

Operating Performance Strengthens as Company Posts Positive Same Store Sales Growth in Q4

The Colony, Texas – September 20, 2007-- PIZZA INN INC. (NASDAQ:PZZI) today reported net income of \$658,000, or \$0.06 per share for the fourth quarter of the fiscal year ended June 24, 2007 versus (\$4,421,000), or (\$0.43) per share for the fourth quarter of fiscal 2006. The Company also reported net income of \$206,000, or \$0.02 per share for fiscal 2007 versus a net loss of (\$5,989,000), or (\$0.59) per share for fiscal 2006. Operating performance for the fourth quarter and fiscal 2007 reflected the following:

- Comparable buffet restaurant sales increased 3.1% for the fourth quarter from the fourth quarter of fiscal 2006. For fiscal 2007, comparable buffet restaurant sales increased 0.8% from fiscal 2006, the first such annual increase in five years.
- Domestic chain-wide comparable restaurant sales increased 1.1% for the fourth quarter from the fourth quarter of fiscal 2006. For fiscal 2007, domestic chain-wide comparable restaurant sales decreased 0.7% from fiscal 2006.
- Overall domestic chain-wide restaurant sales decreased 3.2% for the fourth quarter from the fourth quarter of fiscal 2006 due to a net reduction in franchise openings driven by additional closures of underperforming restaurants.
- General and administrative expenses for fiscal 2007 were lower by \$1.5 million compared to fiscal 2006. The reduction was due primarily to a reduction in payroll expenses of \$416,000, driven primarily by the outsourcing of our warehousing and distribution activities, and a reduction in stock compensation expense of \$355,000, due primarily to the reversal of prior expenses for unvested options that terminated. Occupancy costs for fiscal 2007 were lower by \$211,000 compared to fiscal 2006, also due primarily to the outsourcing initiative.
- Net income for the fourth quarter improved \$5,079,000 compared to the fourth quarter of fiscal 2006, due primarily to accrued expenses in the fourth quarter of fiscal 2006 of \$2,800,000 related to the litigation settlement between the Company and its former CEO as well as an impairment expense in the fourth quarter of fiscal 2006 of \$1,166,000 related to two Company-owned restaurants.

Operating results for the fourth quarter mark the third consecutive profitable quarter for Pizza Inn, further strengthening the Company's financial and cash positions.

Charlie Morrison, Interim CEO and Chief Financial Officer, commented, "We are encouraged by our continued progress. We believe that our foundation is much stronger as evidenced by our increases in cash and the elimination of our debt. The fiscal year end marks the fourth consecutive month of comparable buffet sales gains and reflects the momentum we have achieved in part due to the increasing number of franchisees remodeling their restaurants. We continue to strive to identify ways to reduce costs and improve the profitability of our franchisees to assist in the reinvestment in their businesses. While executing these initiatives, we are working on the long-term development of this chain, specifically in the areas of domestic and international restaurant growth."

Certain statements in this press release, other than historical information, may be considered forward-looking statements, within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, and are subject to various risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from those anticipated, estimated or expected. Among the key factors that may have a direct bearing on Pizza Inn's operating results, performance or financial condition are its ability to implement its growth strategies; success of its franchise operations; national, regional and local economic conditions affecting the restaurant industry; competition within the restaurant industry; restaurant sales cannibalization; negative publicity; fluctuations in quarterly results of operations, including seasonality; government regulations; weather; and commodity, insurance and labor costs

Pizza Inn, Inc. (www.pizzainn.com) is headquartered in The Colony, Texas, along with its distribution division, Norco Restaurant Services Company. Pizza Inn franchises approximately 350 restaurants and owns one restaurant with annual domestic and international chain-wide sales of approximately \$145 million.

PIZZA INN, INC. CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

		Year Ended				
		June 24, 2007		June 25, 2006		June 26, 2005
REVENUES:						
Food and supply sales	\$	41,029	\$	44,202	\$	49,161
Franchise revenue		4,622		4,799		5,162
Restaurant sales		1,485		1,458		946
		47,136		50,459		55,269
COSTS AND EXPENSES:						
Cost of sales		40,101		43,762		46,617
Franchise expenses		2,633		3,126		2,791
General and administrative expenses		4,002		5,531		4,882
Gain on sale of assets		(570)		(149)		-
Impairment of long-lived assets and goodwill		48		1,319		-
Litigation settlement accrual		302		2,800		-
Other (income) expense		(159)		-		-
Provision for bad debt		96		301		30
Total costs and expenses, net	_	46,453		56,690		54,320
OPERATING INCOME (LOSS)		683		(6,231)		949
Interest expense	_	477	_	787	_	590
INCOME (LOSS) BEFORE INCOME TAXES		206		(7,018)		359
Provision (benefit) for income taxes		-		(1,029)		155
NET INCOME (LOSS)	\$	206	\$	(5,989)	\$	204
Basic earnings (loss) per common share	\$ <u></u>	0.02	\$	(0.59)	\$	0.02
Diluted earnings (loss) per common share	\$	0.02	\$	(0.59)	\$	0.02
Weighted average common shares outstanding		10,145		10,123		10,105
Weighted average common and						
potentially dilutive common shares outstanding	<u> </u>	10,146	_	10,123		10,142

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

CURRENT ASSETS		 June 24, 2007		June 25, 2006	
Cash and cash equivalents \$ 1,379 \$ 148 Accounts receivable, less allowance for doubtful accounts of \$451 and \$324, respectively 2,716 2,627 Accounts receivable, ernelated parties - 452 452 Notes receivable, current portion 8 52 Inventiones 1,518 1,772 Property held for sale 36 1,72 Deferred income tax assets 165 299 Total current assets 7,080 6,531 LONG-TERM ASSETS 708 1,921 Property, plant and equipment, net 78 1,921 Notes receivable 12 20 Re-acquired development territory, net 25 38 Epopsits and other \$ 2,082 \$ 2,217 Accounts payable - trade \$ 2,082 \$ 2,217 Accumed expenses \$ 1,084 3.99 CONG-TERM LIABILITIES \$ 2<	ASSETS				
Cash and cash equivalents \$ 1,379 \$ 148 Accounts receivable, less allowance for doubtful accounts of \$451 and \$324, respectively 2,716 2,627 Accounts receivable, ernelated parties - 452 452 Notes receivable, current portion 8 52 Inventiones 1,518 1,772 Property held for sale 36 1,72 Deferred income tax assets 165 299 Total current assets 7,080 6,531 LONG-TERM ASSETS 708 1,921 Property, plant and equipment, net 78 1,921 Notes receivable 12 20 Re-acquired development territory, net 25 38 Epopsits and other \$ 2,082 \$ 2,217 Accounts payable - trade \$ 2,082 \$ 2,217 Accumed expenses \$ 1,084 3.99 CONG-TERM LIABILITIES \$ 2<	CURRENT ASSETS				
Accounts receivable, less allowance for doubtful accounts receivable - related parties 2,62		\$ 1,879	\$	184	
accounts of \$451 and \$204, respectively 4207 Accounts receivable - unterlated parties 482 Notes receivable, current portion 8 32 Inventionies 336 1.72 Property held for sale 336 1.45 Deferred income tax assets 165 229 Total current assets 7,080 6,531 Constructions and equipment series 7,080 6,531 CONG-TERM ASSETS Property, plant and equipment, net 7 11,92 Notes receivable 12 20 Re-acquired development territory, net 85 81 9 Re-acquired development territory, net 85 81 9 Current portion of long-terred series 8 2 2 Current portion of long-terred series 1,805 4.79 Current portion of long-term debt 3,887 5,55 Current portion of long-term debt 3,887 15,55 Ederered again on sale of property 20 - Deferred queroeus 3,14		,			
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Total current assets					
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Notes receivable 12 20 Re-acquired development territory, net 239 431 Deposits and other 85 98 Proposition of the property of the propert	LONG-TERM ASSETS				
Re-acquired development territory, net 239 431 Deposits and other 65 98 98 1,900 \$ 9,000 LIABILITIES AND SHAREHOLDERS' EQUITY CURRENT LIABILITIES Accounts payable - trade \$ 2,082 \$ 2,217 Account payable - trade \$ 2,082 \$ 2,217 Accument principal contractions \$ 2,082 \$ 2,217 Current portion of long-term liabilities 209 - - 5 5,242 \$ - - 6,044 3,379 15,648 3,75 5 5 5 1,44 3,79 5 5 5 2,44 3,75 5 5 <td>Property, plant and equipment, net</td> <td>778</td> <td></td> <td>11,921</td>	Property, plant and equipment, net	778		11,921	
Deposits and other 85 98 I January 1999 8,194 \$ 19,001 LIABILITIES AND SHAREHOLDERS' EQUITY CURRENT LIABILITIES Accrued spayable - trade \$ 2,082 \$ 2,217 Accrued expenses 1,805 4,791 Current portion of long-term debt - 8,044 Total current liabilities 209 - Deferred gain on sale of property 209 - Deferred revenues 314 379 Other long-term liabilities 7 58 Total liabilities 4,417 15,489 COMMITMENTS AND CONTINGENCIES SHAREHOLDERS' EQUITY Common stock, \$.01 par value; authorized 26,000,000 - - shares; issued 15,120,319 and 15,090,319 shares, respectively; 151 151 outstanding 10,168,494 and 10,138,494 shares, respectively; 151 4,42 outstanding 10,168,494 and 10,138,494 shares, respectively; 151 4,43 outstanding 10,168,494 and 10,138,494 shares, respectively; 151 4,41 <t< td=""><td></td><td>12</td><td></td><td>20</td></t<>		12		20	
S	Re-acquired development territory, net	239		431	
CURRENT LIABILITIES AND SHAREHOLDERS' EQUITY	Deposits and other	85		98	
CURRENT LIABILITIES		\$ 8,194	\$	19,001	
CURRENT LIABILITIES		 			
Accounts payable - trade \$ 2,082 \$ 2,217 Accrued expenses 1,805 4,791 Current portion of long-term debt - 8,044 Total current liabilities 3,887 15,052 LONG-TERM LIABILITIES 209 - Deferred gain on sale of property 209 - Other long-term liabilities 7 58 Total liabilities 7 58 COMMITMENTS AND CONTINGENCIES 4,417 15,489 COMMITMENTS AND CONTINGENCIES SHAREHOLDERS' EQUITY Common stock, \$.01 par value; authorized 26,000,000 5 5 shares; issued 15,120,319 and 15,090,319 shares, respectively; 515 151 outstanding 10,168,494 and 10,138,494 shares, respectively 151 151 Additional paid-in capital 8,471 8,426 Retained earnings 14,799 14,593 Accumulated other comprehensive loss 14,799 14,593 Accumulated other consprehensive loss (19,644) (19,644) Total shareholders' equity 3,377 <td< td=""><td></td><td></td><td></td><td></td></td<>					
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Total current liabilities 3,887 15,052 LONG-TERM LIABILITIES Deferred gain on sale of property 209 - Deferred revenues 314 379 Other long-term liabilities 7 58 Total liabilities 4,417 15,489 COMMITMENTS AND CONTINGENCIES SHAREHOLDERS' EQUITY Common stock, \$.01 par value; authorized 26,000,000 shares; issued 15,120,319 and 15,090,319 shares, respectively; outstanding 10,168,494 and 10,138,494 shares, respectively; 151 151 Additional paid-in capital 8,471 8,426 Retained earnings 14,799 14,593 Accumulated other comprehensive loss - (14) Treasury stock at cost - (14) Shares in treasury: 4,951,825 for both years (19,644) (19,644) Total shareholders' equity 3,777 3,512	Accrued expenses	1,805		4,791	
Deferred gain on sale of property 209 3-1 379 314 379	Current portion of long-term debt	-		8,044	
Deferred gain on sale of property 209 - Deferred revenues 314 379 Other long-term liabilities 7 58 Total liabilities 4,417 15,489 COMMITMENTS AND CONTINGENCIES SHAREHOLDERS' EQUITY Common stock, \$.01 par value; authorized 26,000,000 shares; issued 15,120,319 and 15,090,319 shares, respectively; outstanding 10,168,494 and 10,138,494 shares, respectively 151 151 Additional paid-in capital 8,471 8,426 Retained earnings 14,799 14,593 Accumulated other comprehensive loss - (14) Treasury stock at cost - (14) Shares in treasury: 4,951,825 for both years (19,644) (19,644) Total shareholders' equity 3,777 3,512	Total current liabilities	3,887		15,052	
Deferred gain on sale of property 209 - Deferred revenues 314 379 Other long-term liabilities 7 58 Total liabilities 4,417 15,489 COMMITMENTS AND CONTINGENCIES SHAREHOLDERS' EQUITY Common stock, \$.01 par value; authorized 26,000,000 shares; issued 15,120,319 and 15,090,319 shares, respectively; outstanding 10,168,494 and 10,138,494 shares, respectively 151 151 Additional paid-in capital 8,471 8,426 Retained earnings 14,799 14,593 Accumulated other comprehensive loss - (14) Treasury stock at cost - (14) Shares in treasury: 4,951,825 for both years (19,644) (19,644) Total shareholders' equity 3,777 3,512	LONG TERMANARY TERMS				
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Shares in treasury: 4,951,825 for both years (19,644) Total shareholders' equity 3,777		-		(14)	
Total shareholders' equity 3,512		(10.044)		(10.044)	
	•	 	_		
\$ <u>8,194</u> \$ <u>19,001</u>	Total shareholders' equity				
		\$ 8,194	\$	19,001	

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

			Year Ended		
	_	June 24, 2007	June 25, 2006	June 26, 2005	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	\$	206	\$ (5,989)	\$	204
Adjustments to reconcile net income (loss) to					
cash provided by (used for) operating activities:					
Depreciation and amortization		692	1,214		1,143
Impairment of long-lived assets & goodwill		48	1,443		-
Deferred rent expense		(9)	56		-
Provision for bad debt		96	301		30
Stock compensation expense		(14)	341		-
Litigation expense accrual		302	2,800		-
Gain on sale of assets		(570)	(149)		-
Deferred income taxes		687	(1,029)		39
Deferred revenue		196	542		-
Changes in operating assets and liabilities:					
Notes and accounts receivable		320	884		(256)
Inventories		254	145		(205)
Accounts payable - trade		(135)	255		716
Accrued expenses		(3,520)	7		(735)
Prepaid expenses and other		76	414		152
Cash (used for) provided by					
operating activities		(1,371)	1,235		1,088
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of assets		11,325	589		_
Capital expenditures		(249)	(2,227)		(753)
Cash provided by (used for)		,			,
investing activities		11,076	(1,638)		(753)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Deferred financing costs		(25)	_		_
Change in line of credit, net		(=5)	747		(234)
Repayments of long-term bank debt		(8,044)	(414)		(415)
Purchases of treasury stock		-	(- 1)		(160)
Proceeds from exercise of stock options		59	81		30
Cash (used for) provided by					
financing activities		(8,010)	414	_	(779)
inialiting activities		(0,010)	414		(773)
Net increase in cash and cash equivalents		1,695	11		(444)
Cash and cash equivalents, beginning of year		184	173		617
Cash and cash equivalents, end of year	\$	1,879	\$ 184	\$	173