SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

(MARK ONE)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 24, 2000.

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.)

5050 QUORUM DRIVE
SUITE 500
DALLAS, TEXAS 75240
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES, INCLUDING ZIP CODE)

(972) 701-9955
(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 NOVEMBER 1, 2000, AN AGGREGATE OF 10,729,173 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.

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PART I. FINANCIAL INFORMATION

PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL INFORMATION

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

	THREE MONTHS ENDED SEPTEMBER 24, 2000	SEPTEMBER 26, 1999
REVENUES:		
Food and supply sales	$ 14,728	$ 15,329
Franchise revenue	1,401	1,469
Restaurant sales.	569	577
Other income.	118	19
	16,816	17,394
COSTS AND EXPENSES:		
Cost of sales	13,925	14,584
Franchise expenses.	584	627
General and administrative expenses	1,020	907
Interest expense.	255	139
	15,784	16,257
INCOME BEFORE INCOME TAXES.	1,032	1,137
Provision for income taxes.	386	390
NET INCOME.	$ 646	$ 747
BASIC EARNINGS PER COMMON SHARE . . .	$ 0.06	$ 0.07
DILUTED EARNINGS PER COMMON SHARE . .	$ 0.06	$ 0.07
DIVIDENDS DECLARED PER COMMON SHARE .	$ 0.06	$ 0.06
WEIGHTED AVERAGE COMMON SHARES. . . .	10,733	11,250
WEIGHTED AVERAGE COMMON AND POTENTIAL DILUTIVE COMMON SHARES. .	10,743	11,470

See accompanying Notes to Consolidated Financial Statements.

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

ASSETS	SEPTEMBER 24, 2000	JUNE 25, 2000
	(UNAUDITED)	
CURRENT ASSETS		
Cash and cash equivalents.	$ 428	$ 484

Accounts receivable, less allowance for doubtful accounts of $775 and $776, respectively	4,932	4,681
Notes receivable, current portion, less allowance for doubtful accounts of $262 and $260, respectively	860	810
Inventories	2,156	2,910
Deferred taxes, net	1,117	1,117
Prepaid expenses and other	637	566
Total current assets	10,130	10,568
Property, plant and equipment, net	1,519	1,650
Property under capital leases, net	1,032	1,165
Deferred taxes, net	3,024	3,312
Long-term notes receivable, less allowance for doubtful accounts of $64 and $66, respectively	229	262
Deposits and other	654	734
	$ 16,588	$ 17,691
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable - trade	$ 1,590	$ 2,251
Accrued expenses	1,717	1,797
Current portion of long-term debt	1,250	1,250
Current portion of capital lease obligations	545	534
Total current liabilities	5,102	5,832
LONG-TERM LIABILITIES		
Long-term debt	9,629	9,842
Long-term capital lease obligations	673	813
Other long-term liabilities	715	715
	16,119	17,202
SHAREHOLDERS' EQUITY		
Common Stock, $.01 par value; authorized 26,000,000 shares; issued 14,954,849 and 14,954,789 shares, respectively outstanding 10,740,753 and 10,645,380 shares, respectively.	150	150
Additional paid-in capital	7,823	7,708
Loans to officers	(2,490)	(2,250)
Retained earnings	13,007	13,163
Treasury stock at cost Shares in treasury: 4,214,096 and 4,309,409 respectively	(18,021)	(18,282)
Total shareholders' equity	469	489
	$ 16,588	$ 17,691

See accompanying Notes to Consolidated Financial Statements.

PIZZA INN, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	THREE MONTHS ENDED	
	SEPTEMBER 24, 2000	SEPTEMBER 26, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 646	$ 747
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	348	273
Provision for bad debt	50	25
Utilization of pre-reorganization net operating		

loss carryforwards	288	364
Changes in assets and liabilities:		
Notes and accounts receivable	(318)	(288)
Inventories	754	351
Accounts payable - trade	(661)	(252)
Accrued expenses	(80)	(237)
Prepaid expenses and other	54	153
CASH PROVIDED BY OPERATING ACTIVITIES	1,081	1,136
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(51)	(133)
CASH USED FOR INVESTING ACTIVITIES	(51)	(133)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term bank debt	500	1,000
Repayments of long-term bank debt and capital lease obligations	(842)	(309)
Dividends paid	(603)	(706)
Proceeds from exercise of stock options	298	30
Purchases of treasury stock	(439)	(1,131)
CASH USED FOR FINANCING ACTIVITIES	(1,086)	(1,116)
Net decrease in cash and cash equivalents	(56)	(113)
Cash and cash equivalents, beginning of period	484	509
Cash and cash equivalents, end of period	$ 428	$ 396

See accompanying Notes to Consolidated Financial Statements.

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION
(IN THOUSANDS)
(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 24, 2000	SEPTEMBER 26, 1999
CASH PAYMENTS FOR:		
Interest	$ 274	$ 73
Income taxes	25	-
NONCASH FINANCING AND INVESTING ACTIVITIES:		
Stock issued to officers in exchange for loans	$ 303	$ -

See accompanying Notes to Consolidated Financial Statements.

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 25, 2000.

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.

(2) On September 25, 2000, the Company's Board of Directors declared a quarterly dividend of $.06 per share on the Company's common stock, payable October 20, 2000 to shareholders of record on October 6, 2000.

(3) In October 1999, the Company loaned $2,506,754 to certain officers of the Company in the form of promissory notes due in June 2004 to acquire 900,000 shares of the Company's common stock through the exercise of vested stock options previously granted to them in 1995 by the Company. In July 2000, the Company loaned $302,581 to an officer of the Company in the form of a promissory note due in June 2004 to acquire 200,000 shares of the Company's common stock through the exercise of vested stock options granted to him in 1995 by the Company. The notes bear interest at the same floating interest rate the Company pays on its credit facility with Wells Fargo and are collaterized by certain real property and existing Company stock owned by the officers. The notes are reflected as a reduction to stockholders' equity. The accounting for these options has no net effect on stockholders' equity.

(4)

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).

	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
THREE MONTHS ENDED SEPTEMBER 24, 2000			
BASIC EPS			
Income Available to Common Shareholders . . .	$ 646	10,733	$ 0.06
Effect of Dilutive Securities - Stock Options		10	
DILUTED EPS			
Income Available to Common Shareholders & Assumed Conversions	$ 646	10,743	$ 0.06
THREE MONTHS ENDED SEPTEMBER 26, 1999			
BASIC EPS			
Income Available to Common Shareholders . . .	$ 747	11,250	$ 0.07
Effect of Dilutive Securities - Stock Options		220	
DILUTED EPS			
Income Available to Common Shareholders & Assumed Conversions	$ 747	11,470	$ 0.07

(5) Summarized in the following tables are net sales and operating revenues, operating profit (loss), and geographic information (revenues) for the Company's reportable segments for the three months ended September 24, 2000, and September 26, 1999.

(In thousands)	SEPTEMBER 24, 2000	SEPTEMBER 26, 1999
NET SALES AND OPERATING REVENUES:		
Food and Equipment Distribution . .	$ 14,728	$ 15,329
Franchise and Other	1,970	2,046
Intersegment revenues	206	217
Combined.	16,904	17,592
Other revenues.	118	19
Less intersegment revenues.	(206)	(217)
Consolidated revenues	16,816	17,394
OPERATING PROFIT:		
Food and Equipment Distribution (1)	$ 807	$ 727
Franchise and Other (1)	692	846
Intersegment profit	61	56
Combined.	1,560	1,629
Other profit or loss.	118	19
Less intersegment profit.	(61)	(56)
Corporate administration and other.	(585)	(455)
Income before taxes	1,032	1,137

GEOGRAPHIC INFORMATION (REVENUES):

United States	$ 16,591	$ 17,073
Foreign countries	225	321
Consolidated total.	16,816	17,394

(1) Does not include full allocation of corporate administration

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

Quarter ended September 24, 2000 compared to the quarter ended September 26, 1999.

Diluted earnings per share for the three months ending September 24, 2000 and September 26, 1999 were $0.06 and $0.07 respectively. Net income decreased 14% to $646,000 from $747,000 for the same period last year, primarily due to higher interest costs resulting from increased borrowings.

Food and supply sales decreased 4% or $601,000 for the quarter compared to the same period last year. This decrease is a result of lower chainwide retail sales in the first three months of the current year, and significantly lower cheese prices as compared to the same period last year.

Franchise revenue, which includes income from royalties, license fees and area development and foreign master license (collectively, "Territory") sales, decreased 5% or $68,000 for the quarter compared to the same period last year. This decrease is primarily the result of lower royalties due to lower chainwide retail sales. Franchisee fees were lower due to the type of Pizza Inn units that were opened this quarter compared to the same period last year.

Restaurant sales, which consists of revenue generated by Company-owned training stores, for the quarter decreased 1% or $8,000 compared to the same period of the prior year.

Other income, which consists primarily of interest income and non-recurring revenue items, increased 521% or $99,000 compared to the same period last year. This increase is primarily due to interest earned on officers' notes and vendor incentives not received in the same quarter last year.

Cost of sales decreased 5% or $659,000 compared to the same period last year. This decrease is due to lower chainwide retail sales as noted above and to favorably lower cheese prices in the current year as compared to the same period last year. Cost of sales, as a percentage of sales, decreased to 91% from 92% for the same quarter last year.

Franchise expenses include selling, marketing, general and administrative expenses directly related to the sale and continuing service of franchises and Territories. These costs decreased 7% or $43,000 compared to the same period last year primarily due to lower marketing costs.

General and administrative expenses increased 12% or $113,000 compared to the same quarter last year primarily due to computer programming costs which were capitalized in the prior year related to the computer conversion for year 2000 compliance.

Interest expense increased 83% or $116,000 compared to the same period of the prior year primarily as a result of higher debt balances.

LIQUIDITY AND CAPITAL RESOURCES

During the first three months of fiscal 2001, the Company utilized cash provided by operations in the amount of $1,081,000 to purchase 119,687 shares of its own common stock for $439,000 and to pay dividends of $603,000 on the Company's common stock.

Capital expenditures of $51,000 during the first three months included computer upgrades, prototype plan costs, and an air conditioning system for one of the three Company-owned stores.

The Company continues to realize substantial benefit from the utilization of its net operating loss carryforwards (which currently total $5.6 million and expire in 2005) to reduce its federal tax liability from the 34% tax rate reflected on its statement of operations to an actual payment of approximately 2% of taxable income. Management believes that future operations will generate sufficient taxable income, along with the reversal of temporary differences, to fully realize its net deferred tax asset balance ($4.1 million as of September 24, 2000) without reliance on material, non-routine income. Taxable income in future years at the current level would be sufficient for full realization of the net tax asset.

The Company entered into an agreement effective March 31, 2000 with its current lender to extend the term of its existing $9.5 million revolving credit line through March 2002 and to modify certain financial covenants. In addition, the Company entered into a $5,000,000 term note with monthly principal payments of $104,000 maturing on March 31, 2004. Interest on the term loan is payable monthly. Interest is provided for at a rate equal to prime less an interest rate margin of .75%, or, at the Company's option, of the Eurodollar rate plus 1.5%. In accordance with the agreement, the Company is obligated in fiscal year 2001 to cause at least 50% of the outstanding principal amount to be subject to a fixed interest rate.

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.

PART II. OTHER INFORMATION

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

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

There are no exhibits filed with this report. No reports on Form 8-K were filed in the quarter for which this report is filed.

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
Principal Financial Officer

By: /s/Shawn Preator

Shawn Preator
Vice President,
Controller and
Principal Accounting Officer

Dated: November 7,2000

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

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