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 March 24, 2013

o **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number: 0-12919

PIZZA INN HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Missouri **(State or other jurisdiction of Incorporation or organization)**	**45-3189287** **(I.R.S. Employer Identification No.)**

3551 Plano Parkway
The Colony, Texas 75056
(Address of principal executive offices)

(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 for 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 ☑ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One)
Large accelerated filer o Accelerated filer o Non-accelerated filer o Smaller reporting company ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☑

As of May 3, 2013 8,020,919 shares of the issuer's common stock were outstanding.

PIZZA INN HOLDINGS, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended		Nine Months Ended	
	March 24, 2013	March 25, 2012	March 24, 2013	March 25, 2012
REVENUES:	$ 9,781	$ 10,646	$ 30,767	$ 32,129
COSTS AND EXPENSES:				
Cost of sales	8,460	8,863	26,127	26,724
General and administrative expenses	840	946	2,995	2,740
Franchise expenses	608	592	1,675	1,565
Pre-opening expenses	82	70	249	246
Bad debt	45	35	135	65
Interest expense	58	38	197	71
	10,093	10,544	31,378	31,411
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE TAXES	(312)	102	(611)	718
Income tax (benefit) expense	(22)	35	(170)	252
(LOSS) INCOME FROM CONTINUING OPERATIONS	(290)	67	(441)	466
Loss from discontinued operations, net of taxes	(100)	(15)	(127)	(45)
NET (LOSS) INCOME	$ (390)	$ 52	$ (568)	$ 421
EARNINGS PER SHARE OF COMMON STOCK - BASIC:				
(Loss) Income from continuing operations	$ (0.04)	$ 0.01	$ (0.05)	$ 0.06
Loss from discontinued operations	(0.01)	-	(0.02)	(0.01)
Net (loss) income	$ (0.05)	$ 0.01	$ (0.07)	$ 0.05
EARNINGS PER SHARE OF COMMON STOCK - DILUTED:				
(Loss) Income from continuing operations	$ (0.04)	$ 0.01	$ (0.05)	$ 0.06
Loss from discontinued operations	(0.01)	-	(0.02)	(0.01)
Net (loss) income	$ (0.05)	$ 0.01	$ (0.07)	$ 0.05
Weighted average common shares outstanding - basic	8,021	8,021	8,021	8,015
Weighted average common and potential dilutive common shares outstanding	8,267	8,385	8,198	8,322

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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

ASSETS	**March 24, 2013 (unaudited)**	**June 24, 2012**
CURRENT ASSETS		
Cash and cash equivalents	$ 815	$ 590
Accounts receivable, less allowance for bad debts of $297 and $253, respectively	3,314	3,098
Inventories	1,522	1,852
Income tax receivable	343	431
Deferred income tax assets	1,005	1,078
Prepaid expenses and other	484	256
Total current assets	7,483	7,305
LONG-TERM ASSETS		
Property, plant and equipment, net	5,116	4,794
Long-term notes receivable	115	27
Deposits and other	112	372
	$ 12,826	$ 12,498
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable - trade	$ 1,541	$ 1,562
Accrued expenses	1,885	1,756
Deferred revenues	306	200
Bank debt	556	765
Total current liabilities	4,288	4,283
LONG-TERM LIABILITIES		
Bank debt, net of current portion	2,094	977
Deferred tax liability	383	699
Deferred revenues, net of current portion	99	125
Deferred gain on sale of property	65	84
Other long-term liabilities	22	22
Total liabilities	6,951	6,190
COMMITMENTS AND CONTINGENCIES (See Note 3)		
SHAREHOLDERS' EQUITY		
Common stock, $.01 par value; authorized 26,000,000 shares; issued 15,140,319; outstanding 8,020,919	151	151
Additional paid-in capital	9,289	9,154
Retained earnings	21,071	21,639
Treasury stock at cost		
Shares in treasury: 7,119,400	(24,636)	(24,636)
Total shareholders' equity	5,875	6,308
	$ 12,826	$ 12,498

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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

	Nine Months Ended	
	March 24, 2013	**March 25, 2012**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (568)	$ 421
Adjustments to reconcile net (loss) income to cash provided by operating activities:		
Depreciation and amortization	958	663
Loss on the sale of assets	129	-
Stock compensation expense	135	104
Deferred tax	(243)	46
Provision for bad debts	44	65
Changes in operating assets and liabilities:		
Notes and accounts receivable	(172)	(394)
Inventories	330	140
Accounts payable - trade	(21)	(2)
Accrued expenses	129	76
Deferred revenue	61	(60)
Prepaid expenses and other	(102)	(175)
Cash provided by operating activities	680	884
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of assets	184	-
Capital expenditures	(1,547)	(2,208)
Cash used by investing activities	(1,363)	(2,208)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	-	23
Borrowings of bank debt	3,160	1,795
Repayments of bank debt	(2,252)	(749)
Cash provided by financing activities	908	1,069
Net increase (decrease) in cash and cash equivalents	225	(255)
Cash and cash equivalents, beginning of period	590	949
Cash and cash equivalents, end of period	$ 815	$ 694

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

CASH PAYMENTS (RECEIPTS) FOR:		
Interest	$ 248	$ 55
Income taxes - net	(84)	37

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

The accompanying condensed consolidated financial statements of Pizza Inn Holdings, Inc. and its subsidiaries (collectively, the "Company") have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in the financial statements have been omitted pursuant to such rules and regulations. The unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended June 24, 2012.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to fairly present the Company's financial position and results of operations for the interim periods reflected. Except as noted, all adjustments are of a normal recurring nature. Results of operations for the fiscal periods presented are not necessarily indicative of fiscal year-end results.

(1) **Summary of Significant Accounting Policies**

Principles of Consolidation
The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. All appropriate intercompany balances and transactions have been eliminated.

Cash and Cash Equivalents
The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Fiscal Quarters
The three month periods ended March 24, 2013 and March 25, 2012, each contained 13 weeks. The nine month periods ended March 24, 2013 and March 25, 2012, each contained 39 weeks.

Revenue Recognition
The Company recognizes revenue when products are delivered and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. The Company's Norco division sells food and supplies to franchisees on trade accounts under terms common in the industry. Food and supply sales revenues, including shipping and handling costs, are recognized upon delivery of the product. Revenue from restaurant sales is recognized when food and beverage products are sold. The Company reports revenue net of sales taxes collected from customers and remitted to governmental taxing authorities.

Franchise revenue consists of income from license fees, royalties, and area development and foreign master license fees. License fees are recognized as income when there has been substantial performance under the agreement by the Company. Domestic license fees are generally recognized at the time the restaurant is opened. Foreign master license fees are generally recognized upon execution of the agreement as all material services relating to the sale have been substantially performed by the Company and the fee has been collected. Royalties are recognized as income when earned.

Stock-Based Compensation
The Company accounts for stock options using the fair value recognition provisions of the authoritative guidance on share-based payments. The Company uses the Black-Scholes formula to estimate the value of stock-based compensation for options granted to employees and directors and expects to continue to use this acceptable option valuation model in the future. The authoritative guidance also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow.

Use of Management Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect its reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent liabilities. The Company bases its estimates on historical experience and other various assumptions that it believes are reasonable under the circumstances. Estimates and assumptions are reviewed periodically and actual results could differ materially from estimates.

Reclassification
Certain items have been reclassified in the prior year financial statements to conform to current year presentation.

(2) Long-Term Debt

On January 11, 2010, the Company entered into a Loan Agreement with Amegy Bank National Association ("Amegy") providing for a $2.0 million revolving credit facility (with a $250 thousand letter of credit subfacility) and a $1.0 million term loan facility. On January 10, 2011, the Company and Amegy entered into a First Amendment to Loan Agreement increasing the Company's term loan facility and amending certain other provisions of the Loan Agreement. On October 26, 2011, the Company and Amegy entered into an Amended and Restated Loan Agreement further increasing the Company's term loan facility and amending certain other provisions of the Loan Agreement. On June 1, 2012, the Company and Amegy entered into a First Amendment to the Amended and Restated Loan Agreement which revised certain definitions and financial covenants contained in the Company's credit facilities with Amegy. As amended, the Amegy credit facility ultimately consisted of a $2.0 million revolving credit facility (with a $250 thousand letter of credit subfacility) and a $4.0 million term loan facility, in addition to $0.7 million in existing term loans.

Interest on indebtedness from time to time outstanding under the Amegy revolving credit facility was computed at the greater of Amegy's prime rate or 5% and was payable monthly. A commitment fee of 0.25% per annum was payable quarterly on the average unused portion of the revolving credit facility. Interest on each term loan accrued at the greater of 6% or Amegy's prime rate plus 1%. A fee of 0.5% of the total term loan facility was paid at closing.

On August 28, 2012, the Company entered into a Loan and Security Agreement (the "F&M Loan Agreement") with The F&M Bank & Trust Company ("F&M") providing for a $2.0 million revolving credit facility (with a $500 thousand letter of credit subfacility), a $2.0 million fully funded term loan facility and a $6.0 million advancing term loan facility. An origination fee of 0.5% of the total credit facilities was paid at closing.

The Company may borrow, repay and reborrow under the F&M revolving credit facility through August 28, 2014, at which time all amounts outstanding under the revolving credit facility mature. Availability under the revolving credit facility is limited by advance rates on eligible inventory and accounts receivable. Per annum interest on indebtedness from time to time outstanding under the revolving credit facility is computed at the Wall Street Journal prime rate plus 1.00% and is payable monthly. An unused commitment fee of 0.50% per annum is payable quarterly on the average unused portion of the revolving credit facility.

At closing, F&M funded a $2.0 million term loan payable in 48 equal monthly installments of principal plus accrued interest at a fixed rate of 4.574% per annum. Amounts repaid under this fully funded term loan may not be reborrowed. Proceeds from the F&M Loan Agreement were used to repay amounts borrowed under the Amegy credit facility and the Amegy credit facility was canceled.

Through August 28, 2014, F&M has agreed to make up to $6.0 million in additional term loans to the Company. Advances for such additional term loans are limited by a percentage of the costs of equipment, leasehold improvements and other opening costs for new Company-owned Pie Five restaurants and may not be reborrowed after repayment. Interest only is payable monthly on all additional term loan advances during an annual borrowing period. At the end of each annual borrowing period, all additional term loan advances during such borrowing period become payable in 48 equal monthly installments of principal plus accrued interest. Interest on each term loan accrues at the Wall Street Journal prime rate plus 1.00% or, at the Company's option, a fixed rate equal to the Bloomberg 4-year LIBOR swap rate plus 3.90%.

As security for the credit facilities, the Company has pledged substantially all of its assets including, but not limited to, accounts receivable, inventory and equipment. The F&M Loan Agreement contains various affirmative covenants which, among other things, require the Company to provide F&M with certain financial statements, compliance statements, reports and other information. The F&M Loan Agreement also contains various negative covenants which, among other things, require the Company to maintain certain financial ratios and restrict the ability of the Company to engage in certain activities. If an event of default occurs under the F&M Loan Agreement and any cure periods have expired, F&M may terminate all commitments under the credit facilities and declare all unpaid principal, interest and other amounts owing under the credit facilities to be immediately due and payable. As of March 24, 2013, the total outstanding borrowings under the F&M Loan Agreement were $2.7 million. As of March 24, 2013, the Company had additional borrowing availability of $1.8 million under the revolving credit facility and $5.1 million under the advancing term loan facility, subject to the terms and conditions of the F&M Loan Agreement.

(3) **Commitments and Contingencies**

On April 22, 2009, the Company's board of directors amended the stock purchase plan first adopted on May 23, 2007, and previously amended on June 2, 2008, to increase the number of shares of common stock the Company may repurchase to a total of 3,016,000 shares. As of March 24, 2013, up to an additional 848,425 shares could be purchased under the plan.

The Company is subject to various claims and legal actions in the ordinary course of its business. The Company believes that all such claims and actions currently pending against it are either adequately covered by insurance or would not have a material adverse effect on the Company's annual results of operations, cash flows or financial condition if decided in a manner that is unfavorable to the Company.

(4) **Stock-Based Compensation**

For the three months and nine months ended March 24, 2013, the Company recognized stock-based compensation expense of $45,000 and $135,000, respectively. As of March 24, 2013, unamortized stock-based compensation expense was $0.3 million.

The following table summarizes the number of shares of the Company's common stock subject to outstanding stock options:

	Nine Months Ended	
	March 24, 2013	March 25, 2012
Outstanding at beginning of year	486,506	604,036
Granted	464,800	169,032
Exercised	-	(10,000)
Forfeited/Canceled/Expired	-	(15,000)
Outstanding at end of period	951,306	748,068
Exercisable at end of period	391,939	518,024

(5) **Earnings per Share (EPS)**

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).

	Three Months Ended			
	March 24, 2013		March 25, 2012	
	Diluted	Basic	Diluted	Basic
(Loss) income from continuing operations	$ (290)	$ (290)	$ 67	$ 67
Discontinued operations	(100)	(100)	(15)	(15)
Net (loss) income available to common stockholders	$ (390)	$ (390)	$ 52	$ 52
Weighted average common shares	8,021	8,021	8,021	8,021
Dilutive stock options	246	-	364	-
Average common shares outstanding	8,267	8,021	8,385	8,021
(Loss) income from continuing operations per share	$ (0.04)	$ (0.04)	$ 0.01	$ 0.01
Discontinued operations loss per common share	(0.01)	(0.01)	-	-
Net (loss) income available to common stockholders	$ (0.05)	$ (0.05)	$ 0.01	$ 0.01

	Nine Months Ended			
	March 24, 2013		March 25, 2012	
	Diluted	Basic	Diluted	Basic
(Loss) income from continuing operations	$ (441)	$ (441)	$ 466	$ 466
Discontinued operations	(127)	(127)	(45)	(45)
Net (loss) income available to common stockholders	$ (568)	$ (568)	$ 421	$ 421
Weighted average common shares	8,021	8,021	8,015	8,015
Dilutive stock options	177	-	307	-
Average common shares outstanding	8,198	8,021	8,322	8,015
(Loss) income from continuing operations per share	$ (0.05)	$ (0.05)	$ 0.06	$ 0.06
Discontinued operations loss per common share	(0.02)	(0.02)	(0.01)	(0.01)
Net (loss) income available to common stockholders	$ (0.07)	$ (0.07)	$ 0.05	$ 0.05

For the three and nine months ended March 24, 2013, options to purchase 100,000 and 165,000 shares of common stock, respectively, at exercise prices ranging from $3.81 to $5.51 and from $3.17 to $5.51, respectively, were excluded from the computation of diluted EPS because the options' exercise prices exceeded the average market price of the common shares for the periods. For the three and nine months ended March 25, 2012, options to purchase 75,000 shares of common stock at an exercise price of $5.51 were excluded from the computation of diluted EPS for the same reason.

(6) **Closed restaurants and discontinued operations**

The authoritative guidance on "*Accounting for the Impairment or Disposal of Long-Lived Assets,*" requires that discontinued operations that meet certain criteria be reflected in the statement of operations after results of continuing operations as a net amount. This guidance also requires that the operations of the closed restaurants, including any impairment charges, be reclassified to discontinued operations for all periods presented.

The authoritative guidance on "*Accounting for Costs Associated with Exit or Disposal Activities,*" requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. This authoritative guidance also establishes that fair value is the objective for initial measurement of the liability.

Loss from discontinued operations includes a $0.1 million loss, net of taxes, during the three and nine months ended March 24, 2013 from the sale of a former Company-owned restaurant property in Little Elm, Texas. Loss from discontinued operations also reflects costs associated with a former Company-owned restaurant in Houston, Texas that was closed during the quarter ended September 23, 2007. This property is on the market for sub-lease. Because we believe that the property will sub-lease at or above the contracted lease rates, we have not reserved any additional costs related to our obligations under this non-cancelable lease.

(7) **Income Taxes**

For the three and nine months ended March 24, 2013, income tax benefit of $22,000 and $170,000, respectively, was calculated on an effective income tax rate that is consistent with the statutory U.S. federal income tax rate of 34% adjusted for state income tax effects and permanent difference items. Management believes that future operations will generate sufficient taxable income, along with the reversal of temporary differences, to fully realize the deferred tax assets of $1.0 million.

(8) **Segment Reporting**

Summarized in the following tables are net sales and operating revenues, operating income and geographic information (revenues) for the Company's reportable segments for the three and nine months ended March 24, 2013 and March 25, 2012 (in thousands). Operating income reported below excludes income tax provision and discontinued operations.

	Three Months Ended		Nine Months Ended	
	March 24, 2013	**March 25, 2012**	**March 24, 2013**	**March 25, 2012**
Revenue:				
Franchising and food and supply distribution	$ 7,719	$ 8,993	$ 24,922	$ 27,929
Company-owned restaurants (1)	2,062	1,653	5,845	4,200
Consolidated revenues	$ 9,781	$ 10,646	$ 30,767	$ 32,129
Depreciation and amortization:				
Franchising and food and supply distribution	$ -	$ -	$ -	$ -
Company-owned restaurants (1)	279	198	762	459
Combined	279	198	762	459
Corporate administration and other	61	71	205	191
Depreciation and amortization	$ 340	$ 269	$ 967	$ 650
Income (loss) from continuing operations before taxes:				
Franchising and food and supply distribution (2)	$ 245	$ 692	$ 1,526	$ 2,456
Company-owned restaurants (1) (2)	(357)	(199)	(956)	(598)
Combined	(112)	493	570	1,858
Corporate administration and other (2)	(200)	(391)	(1,181)	(1,140)
Operating income (loss)	$ (312)	$ 102	$ (611)	$ 718
Geographic information (revenues):				
United States	$ 9,509	$ 10,424	$ 29,939	$ 31,312
Foreign countries	272	222	828	817
Consolidated total	$ 9,781	$ 10,646	$ 30,767	$ 32,129

(1) Company stores that were closed are included in discontinued operations in the accompanying Condensed Consolidated Statement of Operations.

(2) Portions of corporate administration and other have been allocated to segments.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the consolidated financial statements and accompanying notes appearing elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended June 24, 2012, and may contain certain forward-looking statements that are based on current management expectations. Generally, verbs in the future tense and the words "believe," "expect," "anticipate," "estimate," "intends," "opinion," "potential" and similar expressions identify forward-looking statements. Forward-looking statements in this report include, without limitation, statements relating to our business objectives, our customers and franchisees, our liquidity and capital resources, and the impact of our historical and potential business strategies on our business, financial condition, and operating results. Our actual results could differ materially from our expectations. Further information concerning our business, including additional factors that could cause actual results to differ materially from the forward-looking statements contained in this Quarterly Report on Form 10-Q, are set forth in our Annual Report on Form 10-K for the year ended June 24, 2012. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. The forward-looking statements contained herein speak only as of the date of this Quarterly Report on Form 10-Q and, except as may be required by applicable law, we do not undertake, and specifically disclaim any obligation to, publicly update or revise such statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Results of Operations

Overview

Pizza Inn Holdings, Inc. (together with its subsidiaries, the "Company") operates and franchises pizza buffet ("Buffet Units"), delivery/carry-out ("Delco Units") and express ("Express Units") restaurants domestically and internationally under the trademark "Pizza Inn" and operates domestic fast casual pizza restaurants ("Pie Five Units") under the trademarks "Pie Five Pizza Company" or "Pie Five". We provide or facilitate food, equipment and supply distribution to our domestic and international system of restaurants through our Norco Restaurant Services Company ("Norco") division and through agreements with third party distributors. At March 24, 2013, Company and franchised restaurants consisted of the following:

	Buffet Units	Delco Units	Express Units	Pie Five Units	Total Units
Company Owned	4	-	-	9	13
Domestic Franchise	116	32	41	-	189
International Franchise	20	51	9	-	80
Total Franchise	136	83	50	-	269
Total Units	140	83	50	9	282

Domestic restaurants are located predominantly in the southern half of the United States, with Texas, North Carolina, Arkansas and Mississippi accounting for approximately 37%, 16%, 9% and 8%, respectively, of the total number of domestic restaurants. International restaurants are located in twelve foreign countries.

On September 25, 2011, we completed a corporate reorganization creating a holding company structure. The reorganization was implemented through an agreement and plan of merger under Section 351.448 of The General Corporation Law of the State of Missouri, which did not require a vote of the shareholders. As a result of the reorganization, the previous parent company, Pizza Inn, Inc., is now a wholly owned subsidiary of the new parent company, Pizza Inn Holdings, Inc. In the reorganization, each issued and outstanding share of common stock of Pizza Inn, Inc. was converted into a share of common stock of the Company, with the same designations, rights, qualifications, powers, preferences, qualifications, limitations and restrictions, and without any action being required on the part of holders of shares of Pizza Inn, Inc. common stock or any exchange of stock certificates. Shares of the Company's common stock were substituted for the shares of common stock of Pizza Inn, Inc. listed on the NASDAQ Capital Market and continue to trade under the same "PZZI" symbol but with a new CUSIP Number (725846109).

In connection with the reorganization, Pie Five Pizza Company, Inc. and PIBC Holdings, Inc. were also organized as direct subsidiaries of the new holding company. Pie Five Pizza Company, Inc. was created to provide separation of the operating concepts and provide a platform for franchising the Pie Five concept. PIBC Holdings, Inc. will hold, through its subsidiaries, the liquor licenses for both the Pizza Inn and Pie Five branded Company-owned restaurants.

Basic and diluted income per common share decreased $0.05 to a loss of $0.04 for the three month period ended March 24, 2013 compared to income of $0.01 in the comparable period in the prior fiscal year. The Company had a net loss for the three month period ended March 24, 2013 of $0.4 million compared to net income of $0.1 million for the comparable period in the prior fiscal year. Revenues were $9.8 million for the three month period ended March 24, 2013 compared to $10.6 million in the comparable period in the prior fiscal year. Earnings before interest, taxes, depreciation and amortization (“EBITDA”) from continuing operations for the three month period ended March 24, 2013 decreased $0.3 million, or 79.0%, to $0.1 million compared to $0.4 million for the comparable period in the prior fiscal year.

The reduction in net income from prior year is primarily due to lower revenue earned from franchising and food and supply sales and higher costs related to the continued development of the Pie Five concept.

Management believes that key performance indicators in evaluating financial results include domestic and international franchisee retail sales and the number and type of operating restaurants. The following tables summarize these key performance indicators for franchise locations. All amounts are in thousands except the average number of units.

Franchise Stores - Total Stores	**Three Months Ended**		**Nine Months Ended**	
(in thousands, except average data)	**March 24, 2013**	**March 25, 2012**	**March 24, 2013**	**March 25, 2012**
Domestic retail sales of Buffet Units	$ 20,809	$ 24,471	$ 65,087	$ 73,348
Domestic retail sales of Delco Units	1,573	1,592	4,830	5,120
Domestic retail sales of Express Units	675	960	2,428	2,785
Total domestic retail sales	$ 23,057	$ 27,023	$ 72,345	$ 81,253
Average number of domestic Buffet Units	114	130	121	133
Average number of domestic Delco Units	31	27	29	29
Average number of domestic Express Units	42	46	45	46

	Three Months Ended		**Nine Months Ended**	
	March 24, 2013	**March 25, 2012**	**March 24, 2013**	**March 25, 2012**
International retail sales of Buffet Units	$ 2,154	$ 822	$ 4,653	$ 2,447
International retail sales of Delco Units	2,992	2,685	10,545	8,079
International retail sales of Express Units	261	591	818	1,755
Total International retail sales	$ 5,407	$ 4,098	$ 16,016	$ 12,281
Average number of International Buffet Units	20	13	20	12
Average number of International Delco Units	48	49	49	49
Average number of International Express Units	8	8	8	8

Total domestic chain-wide franchisee retail sales decreased $4.0 million, or 14.7%, and international chain-wide retail sales increased $1.3 million, or 31.9%, for the three months ended March 24, 2013 when compared to the same period of the prior year. Total domestic chain-wide franchisee retail sales decreased $8.9 million, or 11.0%, and international chain-wide retail sales increased $3.7 million, or 30.4%, for the nine months ended March 24, 2013 when compared to the same period of the prior year.

Management also believes that a comparison of period-to-period retail sales by restaurants open throughout both periods is an important performance measure in evaluating financial results. The following tables summarize franchisee same store retail sales for the periods presented:

Franchise Stores - Comparable Stores	**Three Months Ended**		**Nine Months Ended**	
(in thousands)	**March 24, 2013**	**March 25, 2012**	**March 24, 2013**	**March 25, 2012**
Domestic retail sales of same store Buffet Units	$ 20,468	$ 22,117	$ 60,644	$ 64,505
Domestic retail sales of same store Delco Units	1,253	1,395	3,921	4,217
Domestic retail sales of same store Express Units	635	815	1,893	2,184
Total domestic same store retail sales	$ 22,356	$ 24,327	$ 66,458	$ 70,906
International retail sales of same store Buffet Units	$ 994	$ 822	$ 2,950	$ 2,444
International retail sales of same store Delco Units	2,900	2,620	8,572	7,885
International retail sales of same store Express Units	261	445	810	1,313
Total International same store retail sales	$ 4,155	$ 3,887	$ 12,332	$ 11,642

Domestic same store franchisee retail sales decreased $2.0 million, or 8.1%, for the three months ended March 24, 2013 when compared to the same period of the prior year. International same store franchisee retail sales increased $0.3 million, or 6.9% for the three months ended March 24, 2013 when compared to the same period of the prior year. Domestic same store franchisee retail sales decreased $4.4 million, or 6.3%, for the nine months ended March 24, 2013 when compared to the same period of the prior year. International same store franchisee retail sales increased $0.7 million, or 5.9% for the nine months ended March 24, 2013 when compared to the same period of the prior year.

The following table summarizes the results and key performance indicators for the Pie Five and Pizza Inn Company-owned restaurants. We believe this information is useful to management and investors to measure the performance of the Company-owned restaurants. These indicators provide performance trend information as well as the cash flow of the restaurants before pre-opening costs and allocated corporate administration and other expenses. This information is important in evaluating the effectiveness of our business strategies and for planning and budgeting purposes. These non-GAAP financial measures should not be viewed as an alternative or substitute for our reported GAAP results. The three and nine month periods ended March 24, 2013 and March 25, 2012, each contained 13 weeks and 39 weeks, respectively. All amounts are in thousands except the store weeks, average weekly sales and the average number of units.

Pie Five - Company-Owned Restaurants	**Three Months Ended**		**Nine Months Ended**	
(in thousands, except store weeks and average data)	**March 24, 2013**	**March 25, 2012**	**March 24, 2013**	**March 25, 2012**
Store weeks	113	60	296	102
Average weekly sales	11,283	12,079	11,449	12,768
Average number of units	9	5	8	3
Restaurant sales	1,275	725	3,389	1,305
Restaurant operating cash flow	121	105	278	196
Depreciation/amortization expense	(176)	(92)	(455)	(146)
Pre-opening expenses	(82)	(70)	(246)	(246)
Allocated corporate administration and other expenses	(47)	(38)	(124)	(65)
Loss from continuing operations before taxes	(184)	(95)	(547)	(261)

Pizza Inn - Company-Owned Restaurants	**Three Months Ended**		**Nine Months Ended**	
(in thousands, except store weeks and average data)	**March 24, 2013**	**March 25, 2012**	**March 24, 2013**	**March 25, 2012**
Store weeks	52	52	156	166
Average weekly sales	15,145	17,776	15,746	17,398
Average number of units	4	4	4	4
Restaurant sales	787	928	2,456	2,895
Restaurant operating cash flow	(29)	52	8	149
Depreciation/amortization expense	(103)	(106)	(307)	(313)
Pre-opening expenses	-	-	-	-
Allocated corporate administration and other expenses	(41)	(50)	(110)	(173)
Loss from continuing operations before taxes	(173)	(104)	(409)	(337)

Store weeks represent the total number of weeks Company-owned restaurants were open during the period. Average weekly sales represents the average weekly revenues earned by the Company-owned restaurants that were open during the period. Restaurant operating cash flow represents the income earned by Company-owned restaurants plus (1) depreciation and amortization, (2) pre-opening expenses, and (3) allocated corporate administration and other expenses. Pre-opening expenses consist primarily of certain costs incurred prior to the opening of a restaurant, including: (1) marketing and promotional expenses, (2) accrued rent, and (3) manager salaries, employee payroll and related training costs.

Revenues

Revenues are derived from (1) sales of food, paper products and supplies from Norco to franchisees, (2) franchise royalties and franchise fees, and (3) Company-owned restaurant operations. Financial results are dependent in large part upon the volume, pricing and cost of the products and supplies sold to franchisees. The volume of products sold by Norco to franchisees is dependent on the level of franchisee chain-wide retail sales, which are impacted by changes in same store sales and restaurant count, and the products sold to franchisees through Norco rather than through third-party food distributors.

Total revenues for the three month period ended March 24, 2013 and for the same period in the prior fiscal year were $9.8 million and $10.6 million, respectively. Total revenues for the nine month period ended March 24, 2013 and for the same period in the prior fiscal year were $30.8 million and $32.1 million, respectively. Revenue consisted of the following:

	Three Months Ended		Nine Months Ended	
	March 24, 2013	March 25, 2012	March 24, 2013	March 25, 2012
Food and supply sales	$ 6,893	$ 8,111	$ 22,304	$ 25,155
Franchise revenue	826	882	2,618	2,774
Restaurant sales	2,062	1,653	5,845	4,200
Total reveune	$ 9,781	$ 10,646	$ 30,767	$ 32,129

Food and Supply Sales

Food and supply sales by Norco include food and paper products and other distribution revenues. For the three month period ended March 24, 2013, food and supply sales decreased to $6.9 million compared to $8.1 million the same period in the prior fiscal year due primarily to a decrease in sales to franchisees as a result of a $4.0 million, or 14.7%, decrease in domestic franchisee retail sales primarily attributable to the combined affect of a reduction in the average number of stores open and a decrease in same store sales in the current year when compared to the prior year. For the nine month period ended March 24, 2013, food and supply sales decreased to $22.3 million compared to $25.2 million during the same period in the prior fiscal year due primarily to a decrease in sales to franchisees as a result of an $8.9 million, or 11.0%, decrease in domestic franchisee retail sales primarily attributable to the combined affect of a reduction in the average number of stores open and a decrease in same store sales in the current year when compared to the prior year.

Franchise Revenue

Franchise revenue, which includes income from domestic and international royalties and license fees, decreased by $56,000 for the three month period ended March 24, 2013 compared to the same period in the prior fiscal year as the result of lower royalties resulting from lower franchisee retail sales. Franchise revenue decreased by $156,000 for the nine month period ended March 24, 2013 compared to the same period in the prior fiscal year as the result of lower royalties resulting from lower franchisee retail sales partially offset by slightly higher domestic license fees.

Restaurant Sales

Restaurant sales, which consist of revenue generated by Company-owned restaurants, increased 24.7%, or $0.4 million, to $2.1 million for the three month period ended March 24, 2013, compared to $1.7 million for the comparable period in the prior year. Restaurant sales increased 39.2%, or $1.6 million, to $5.8 million for the nine month period ended March 24, 2013, compared to $4.2 million for the comparable period in the prior year. These increases were primarily due to the opening of five new Company-owned restaurants in fiscal 2012 and two new Company-owned restaurant during the nine months ended March 24, 2013, partially offset by the closing of one Company-owned Delco unit in the first quarter of fiscal 2012.

Costs and Expenses

Cost of Sales

Cost of sales, which primarily includes food and supply costs, distribution fees, and labor and general and administrative expenses directly related to restaurant sales, decreased 4.5%, or $0.4 million, to $8.5 million for the three month period ended March 24, 2013 compared to $8.9 million for the comparable period for the prior fiscal year. The decreases in costs were primarily the result of lower food and supply sales. Cost of sales decreased 2.2%, or $0.6 million, to $26.1 million for the nine month period ended March 24, 2013 compared to $26.7 million for the comparable period for the prior fiscal year, due primarily to the decrease in food and supply sales during the current period when compared to the prior year.

General and Administrative Expenses

General and administrative expenses decreased $0.1 million to $0.8 million for the three month period ended March 24, 2013 compared to $0.9 million for the comparable period for the prior fiscal year primarily due to lower discretionary bonuses. General and administrative expenses increased $0.3 million to $3.0 million for the nine month period ended March 24, 2013 compared to $2.7 million for the comparable period for the prior fiscal year. Included in the current year expenses were approximately $0.2 million of recruiting fees and additional operating expenses associated with the new Company-owned Pie Five Units.

Franchise Expenses

Franchise expenses include selling, general and administrative expenses directly related to the sale and continuing service of domestic and international franchises. These expenses increased $16,000 for the three month period ended March 24, 2013, when compared to the comparable period in the prior fiscal year. These expenses increased $0.1 million for the nine month period ended March 24, 2013, when compared to the comparable period in the prior fiscal year. The increases were primarily due to higher payroll and franchise marketing expenses associated with the Company's Pie Five franchising efforts and higher expenses associated with development and testing of a pipeline of new menu items.

Pre-Opening Expenses

Pre-opening expenses consist primarily of certain costs incurred prior to the opening of a Company-owned restaurant, including: (1) marketing and promotional expenses, (2) accrued rent, and (3) manager salaries, employee payroll and related training costs. Pre-opening expenses increased $12,000 for the three month period ended March 24, 2013, compared to the prior year comparable period. Pre-opening expenses increased $3,000 for the nine month period ended March 24, 2013, compared to the prior year.

Bad Debt Expense

Bad debt expense increased $10,000 for the three month period ended March 24, 2013 and $70,000 for the nine month period ended March 24, 2013 compared to the same periods of the prior year due to increased accruals to the allowance for bad debts associated with increased risk of collecting receivables from franchisees experiencing decreased retail sales. The Company monitors franchisee retail sales and receivable balances and adjusts credit terms when necessary to minimize the Company's exposure to high risk accounts receivable.

Interest Expense

Interest expense increased $20,000 for the three month period ended March 24, 2013 and $126,000 for the nine month period ended March 24, 2013 compared to the same periods of the prior year due to higher average borrowings on the Company's credit facilities in the current year primarily related to the opening of new Company-owned Pie Five Units periodically during fiscal 2013 and fiscal 2012, as well as to the write-off of capitalized loan origination costs during the three months ended September 23, 2012 as a result of the refinancing of the Company's bank credit facilities.

Provision for Income Tax

For the three month and nine month periods ended March 24, 2013, an income tax benefit of $22,000 and $170,000, respectively, was calculated on an effective income tax rate that is consistent with the statutory U.S. federal income tax rate of 34% adjusted for state income tax effects and permanent difference items. Management believes that future operations will generate sufficient taxable income, along with the reversal of temporary differences, to fully realize the deferred tax assets of $1.0 million.

Discontinued Operations

Discontinued operations include losses from a Company-owned restaurant in Houston, Texas closed during the quarter ended September 23, 2007 and a $0.1 million loss, net of taxes, during the three and nine months ended March 24, 2013 from the sale of a former Company-owned restaurant property in Little Elm, Texas.

Restaurant Openings and Closings

The following charts summarize restaurant activity for the three and nine month periods ended March 24, 2013 and March 25, 2012, respectively:

Three months ended March 24, 2013

	Beginning of Period	Opened	Closed	End of Period
Domestic:				
Buffet Units	126	-	6	120
Delco Units	31	2	1	32
Express Units	45	-	4	41
Pie Five Units	8	1	-	9
International Units	80	-	-	80
Total	290	3	11	282

Three months ended March 25, 2012

	Beginning of Period	Opened	Closed	End of Period
Domestic:				
Buffet Units	136	1	2	135
Delco Units	30	1	3	28
Express Units	47	-	1	46
Pie Five Units	4	1	-	5
International Units	82	-	-	82
Total	299	3	6	296

Nine months ended March 24, 2013

	Beginning of Period	Opened	Closed	End of Period
Domestic:				
Buffet Units	135	-	15	120
Delco Units	29	4	1	32
Express Units	47	-	6	41
Pie Five Units	6	3	-	9
International Units	81	5	6	80
Total	298	12	28	282

Nine months ended March 25, 2012

	Beginning of Period	Opened	Closed	End of Period
Domestic:				
Buffet Units	141	2	8	135
Delco Units	32	2	6	28
Express Units	45	2	1	46
Pie Five Units	1	4	-	5
International Units	79	4	1	82
Total	298	14	16	296

Non-GAAP Financial Measures

We report and discuss our operating results using financial measures consistent with U.S. generally accepted accounting principles ("GAAP"). From time to time we disclose certain non-GAAP financial measures such as the EBITDA from continuing operations presented below. We believe EBITDA from continuing operations is useful to investors as a widely used measure of operating performance without regard to items that can vary substantially depending upon financing and accounting methods, book value of assets, capital structures, methods by which assets have been acquired and discontinued operations. In addition, our management uses EBITDA from continuing operations in evaluating the effectiveness of our business strategies and for planning and budgeting purposes. However, this non-GAAP financial measure should not be viewed as an alternative or substitute for our reported GAAP results.

The following table sets forth a reconciliation of net income to EBITDA from continuing operations for the periods shown (in thousands):

	Three Months Ended		Nine Months Ended	
	March 24, 2013	March 25, 2012	March 24, 2013	March 25, 2012
Net (loss) income	$ (390)	$ 52	$ (568)	$ 421
Interest expense	58	38	197	71
Taxes	(22)	35	(170)	252
Depreciation and amortization	340	269	958	663
Loss from discontinued operations, net of taxes	100	15	127	45
EBITDA from continuing operations	$ 86	$ 409	$ 544	$ 1,452

Liquidity and Capital Resources

Our primary sources of liquidity are cash flows from operating activities and our credit facilities.

Cash flows from operating activities generally reflect net income adjusted for certain non-cash items and changes in working capital. Cash provided by operating activities decreased $0.2 million to $0.7 million for the nine month period ended March 24, 2013 compared to $0.9 million for the nine months ended March 25, 2012. This decrease was primarily due to a decrease in net income adjusted for noncash items of $0.8 million in the current year period when compared to the prior year period, substantially offset by a decrease of $0.6 million in cash invested in working capital in the current year when compared to the prior year period.

Cash flows from investing activities generally reflect capital expenditures for the purchase of Company assets. For the nine month period ended March 24, 2013, the Company received $0.2 million in net proceeds from the sale of a former Company-owned restaurant property in Little Elm, Texas and used cash of approximately $1.6 million primarily for new Company-owned restaurants that opened or will open in the Dallas/Fort Worth, Texas area, a new phone system and upgrades to existing Company stores. This compares to cash used by investing activities of $2.2 million during the same period in the prior fiscal year attributable to Company-owned restaurants that opened in the Dallas/Fort Worth, Texas area.

Cash flows from financing activities primarily reflect changes in the Company's borrowings during the period. Net cash provided by financing activities was $0.9 million for the nine month period ended March 24, 2013 compared to net cash provided of $1.1 million for the comparable period in the prior fiscal year.

On January 11, 2010, the Company entered into a Loan Agreement with Amegy Bank National Association ("Amegy") providing for a $2.0 million revolving credit facility (with a $250 thousand letter of credit subfacility) and a $1.0 million term loan facility. On January 10, 2011, the Company and Amegy entered into a First Amendment to Loan Agreement increasing the Company's term loan facility and amending certain other provisions of the Loan Agreement. On October 26, 2011, the Company and Amegy entered into an Amended and Restated Loan Agreement further increasing the Company's term loan facility and amending certain other provisions of the Loan Agreement. On June 1, 2012, the Company and Amegy entered into a First Amendment to the Amended and Restated Loan Agreement which revised certain definitions and financial covenants contained in the Company's credit facilities with Amegy. As amended, the Amegy credit facility ultimately consisted of a $2.0 million revolving credit facility (with a $250 thousand letter of credit subfacility) and a $4.0 million term loan facility, in addition to $0.7 million in existing term loans.

Interest on indebtedness from time to time outstanding under the Amegy revolving credit facility was computed at the greater of Amegy's prime rate or 5% and was payable monthly. A commitment fee of 0.25% per annum was payable quarterly on the average unused portion of the revolving credit facility. Interest on each term loan accrued at the greater of 6% or Amegy's prime rate plus 1%. A fee of 0.5% of the total term loan facility was paid at closing.

On August 28, 2012, the Company entered into a Loan and Security Agreement (the "F&M Loan Agreement") with The F&M Bank & Trust Company ("F&M") providing for a $2.0 million revolving credit facility (with a $500 thousand letter of credit subfacility), a $2.0 million fully funded term loan facility and a $6.0 million advancing term loan facility. An origination fee of 0.5% of the total credit facilities was paid at closing.

The Company may borrow, repay and reborrow under the F&M revolving credit facility through August 28, 2014, at which time all amounts outstanding under the revolving credit facility mature. Availability under the revolving credit facility is limited by advance rates on eligible inventory and accounts receivable. Per annum interest on indebtedness from time to time outstanding under the revolving credit facility is computed at the Wall Street Journal prime rate plus 1.00% and is payable monthly. An unused commitment fee of 0.50% per annum is payable quarterly on the average unused portion of the revolving credit facility.

At closing, F&M funded a $2.0 million term loan payable in 48 equal monthly installments of principal plus accrued interest at a fixed rate of 4.574% per annum. Amounts repaid under this fully funded term loan may not be reborrowed. Proceeds from the F&M Loan Agreement were used to repay amounts borrowed under the Amegy credit facility and the Amegy credit facility was canceled.

Through August 28, 2014, F&M has agreed to make up to $6.0 million in additional term loans to the Company. Advances for such additional term loans are limited by a percentage of the costs of equipment, leasehold improvements and other opening costs for new Company-owned Pie Five restaurants and may not be reborrowed after repayment. Interest only is payable monthly on all additional term loan advances during an annual borrowing period. At the end of each annual borrowing period, all additional term loan advances during such borrowing period become payable in 48 equal monthly installments of principal plus accrued interest. Interest on each term loan accrues at the Wall Street Journal prime rate plus 1.00% or, at the Company's option, a fixed rate equal to the Bloomberg 4-year LIBOR swap rate plus 3.90%.

As security for the credit facilities, the Company has pledged substantially all of its assets including, but not limited to, accounts receivable, inventory and equipment. The F&M Loan Agreement contains various affirmative covenants which, among other things, require the Company to provide F&M with certain financial statements, compliance statements, reports and other information. The F&M Loan Agreement also contains various negative covenants which, among other things, require the Company to maintain certain financial ratios and restrict the ability of the Company to engage in certain activities. If an event of default occurs under the F&M Loan Agreement and any cure periods have expired, F&M may terminate all commitments under the credit facilities and declare all unpaid principal, interest and other amounts owing under the credit facilities to be immediately due and payable. As of March 24, 2013, the total outstanding borrowings under the F&M Loan Agreement were $2.7 million. As of March 24, 2013, the Company had additional borrowing availability of $1.8 million under the revolving credit facility and $5.1 million under the advancing term loan facility, subject to the terms and conditions of the F&M Loan Agreement.

Management believes the cash on hand combined with cash from operations and available credit facilities is sufficient to fund operations at the current level for the next 12 months. However, additional capital may be required to maintain or accelerate the recent pace of development of new Company-owned Pie Five Units.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect our reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent liabilities. The Company bases its estimates on historical experience and various other assumptions that it believes are reasonable under the circumstances. Estimates and assumptions are reviewed periodically. Actual results could differ materially from estimates.

The Company believes the following critical accounting policies require estimates about the effect of matters that are inherently uncertain, are susceptible to change, and therefore require subjective judgments. Changes in the estimates and judgments could significantly impact the Company's results of operations and financial condition in future periods.

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

Inventory, which consists primarily of food, paper products and supplies primarily warehoused by the Company's third-party distributor, is stated at lower of cost or market, with cost determined according to the weighted average cost method. The valuation of inventory requires us to estimate the amount of obsolete and excess inventory. The determination of obsolete and excess inventory requires us to estimate the future demand for the Company's products within specific time horizons, generally six months or less. If the Company's demand forecast for specific products is greater than actual demand and the Company fails to reduce purchasing accordingly, the Company could be required to write down inventory, which would have a negative impact on the Company's gross margin.

The Company reviews long-lived assets for impairment when events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is evaluated based on the sum of undiscounted estimated future cash flows expected to result from use of the assets compared to their carrying value. If impairment is recognized, the carrying value of the impaired asset is reduced to its fair value, based on discounted estimated future cash flows. During fiscal years 2012 and 2011, the Company tested its long-lived assets for impairment and determined there was no impairment.

The Company periodically evaluates the realizability of its deferred tax assets based upon the Company's analysis of existing tax credits by jurisdiction and expectations of the Company's ability to utilize these tax assets through a review of estimated future taxable income and establishment of tax strategies. These estimates could be materially impacted by changes in future taxable income, the results of tax strategies or changes in tax law.

The Company recognizes food and supply revenue when products are delivered and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. Franchise revenue consists of income from license fees, royalties, and area development and foreign master license 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 restaurant is opened. Royalties are recognized as income when earned.

On June 25, 2007, the Company adopted FIN 48, which prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its financial statements uncertain tax positions that it has taken or expects to take on a tax return. FIN 48 requires that a company recognize in its financial statements the impact of tax positions that meet a “more likely than not” threshold, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. As of March 24, 2013 and June 24, 2012, the Company had no uncertain tax positions.

The Company assesses its exposures to loss contingencies from legal matters based upon factors such as the current status of the cases and consultations with external counsel and provides for the exposure by accruing an amount if it is judged to be probable and can be reasonably estimated. If the actual loss from a contingency differs from management’s estimate, operating results could be adversely impacted.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required for a smaller reporting company.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure that information it is required to disclose in the reports filed or submitted under the Securities Exchange Act of 1934 (the “Exchange Act”) is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms. The Company’s disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

The Company’s management, including the Company’s principal executive officer and principal financial officer, or persons performing similar functions, have evaluated the Company’s disclosure controls and procedures as of the end of the period covered by this report. Based on such evaluation, the Company’s principal executive and principal financial officers, or persons performing similar functions, have concluded that the Company’s disclosure controls and procedures were effective as of the end of the period covered by this report. During the most recent fiscal quarter, there have been no changes in the Company’s internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is subject to claims and legal actions in the ordinary course of its business. The Company believes that all such claims and actions currently pending against it are either adequately covered by insurance or would not have a material adverse effect on the Company's annual results of operations, cash flows or financial condition if decided in a manner that is unfavorable to the Company.

Item 1A. Risk Factors

Not required for a smaller reporting company.

Item 2. Unregistered Sales of Equity Securities and the Use of Proceeds

On May 23, 2007, the board of directors of the Company approved a stock purchase plan (the "2007 Stock Purchase Plan") authorizing the purchase of up to 1,016,000 shares of the Company's common stock in the open market or in privately negotiated transactions. On June 2, 2008, the Company's board of directors amended the 2007 Stock Purchase Plan to increase the number of shares the Company may repurchase by 1,000,000 shares to a total of 2,016,000 shares. On April 22, 2009, the board of directors further amended the 2007 Stock Purchase Plan by increasing the aggregate number of shares the Company may repurchase by 1,000,000 shares to a total of 3,016,000 shares. The 2007 Stock Purchase Plan does not have an expiration date. There were no stock purchases in the three months ending March 24, 2013. As of March 24, 2013, up to an additional 848,425 shares could be purchased under the 2007 Stock Purchase Plan.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

3.1	Articles of Incorporation (filed as Exhibit 3.1 to Form 8-K filed on September 23, 2011 and incorporated herein by reference).
3.2	By-laws (filed as Exhibit 3.2 to Form 8-K filed on September 23, 2011 and incorporated herein by reference).
31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.
32.1	Section 1350 Certification of Principal Executive Officer.
32.2	Section 1350 Certification of Principal Financial Officer.
101	Interactive data files pursuant to Rule 405 of Regulation S-T

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 HOLDINGS, INC.
(Registrant)

By: /s/ Randall E. Gier
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Jerome L. Trojan III
Jerome L. Trojan III
Chief Financial Officer
(Principal Financial Officer)

Dated: May 8, 2013

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Randall E. Gier, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pizza Inn Holdings, Inc. (“the Registrant”);

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: May 8, 2013

By: /s/ Randall E. Gier
Randall E. Gier
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jerome L. Trojan III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pizza Inn Holdings, Inc. ("the Registrant");

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 8, 2013

By: /s/ Jerome L. Trojan III
Jerome L. Trojan III
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Pizza Inn Holdings, Inc. (the “Company”), does hereby certify, to such officer’s knowledge, that:

> The accompanying Quarterly Report on Form 10-Q for the quarter ended March 24, 2013 (the “Form 10-Q”) of the Company fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-Q.

Date: May 8, 2013

By: /s/ Randall E. Gier
Randall E. Gier
President and Chief
Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished as an exhibit to the Form 10-Q pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-Q for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Pizza Inn Holdings, Inc. (the "Company"), does hereby certify, to such officer's knowledge, that:

> The accompanying Quarterly Report on Form 10-Q for the quarter ended March 24, 2013 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-Q.

Date: May 8, 2013

By: /s/ Jerome L. Trojan III
Jerome L. Trojan III
Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished as an exhibit to the Form 10-Q pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-Q for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.