

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.
20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended
February 25, 1995

Commission File
Number 1-8504

UNIFIRST CORPORATION
(Exact name of registrant as specified in its charter)

Massachusetts
(State of Incorporation)

04-2103460
(IRS Employer Identification Number)

68 Jonspin Road
Wilmington, Massachusetts 01887
(Address of principal executive offices)

Registrant's telephone number, including area code: (508) 658-8888

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

The number of outstanding shares of the registrant's Common Stock and Class B Common Stock as of April 4, 1995 were 7,886,644 and 12,623,964 respectively.

PART 1 - FINANCIAL INFORMATION

FORM 10-Q
UNIFIRST CORPORATION AND SUBSIDIARIES
CONDENSED BALANCE SHEETS
(unaudited)

	February 25, 1995	August 27, 1994*	February 26, 1994
Assets			
Current assets:			
Cash	\$ 5,344,000	\$ 4,120,000	\$ 4,862,000
Receivables	32,040,000	30,044,000	28,378,000
Inventories	17,014,000	15,409,000	12,987,000
Rental merchandise in service	32,409,000	30,577,000	28,101,000
Prepaid expenses	146,000	109,000	106,000
Total current assets	86,953,000	80,259,000	74,434,000
Property and equipment:			
Land, buildings and leasehold improvements	105,940,000	101,374,000	97,454,000
Machinery and equipment	106,115,000	99,955,000	92,530,000
Motor vehicles	27,151,000	26,237,000	22,564,000
	239,206,000	227,566,000	212,548,000
Less - accumulated depreciation	97,784,000	89,554,000	81,769,000
	141,422,000	138,012,000	130,779,000
Other assets	37,349,000	31,889,000	29,154,000
	\$ 265,724,000	\$ 250,160,000	\$ 234,367,000
Liabilities and Shareholders' Equity			
Current liabilities:			
Current maturities of long-term obligations	\$ 6,759,000	\$ 6,874,000	\$ 6,116,000
Notes payable	--	448,000	428,000
	11,227,000	12,246,000	7,792,000
Accounts payable	33,739,000	27,265,000	25,078,000
Accrued liabilities	4,498,000	5,469,000	4,498,000
Accrued and deferred income taxes	56,223,000	52,302,000	43,912,000
Total current liabilities	56,223,000	52,302,000	43,912,000
Long-term obligations, net of current maturities	37,134,000	34,728,000	35,653,000
Deferred income taxes	14,542,000	13,658,000	13,633,000
Shareholders' equity:			
Preferred stock, \$1.00 par value; 2,000,000 shares authorized; none issued	--	--	--
Common stock, \$.10 par value; 30,000,000 shares authorized; issued and outstanding 7,886,644 shares	788,000	788,000	787,000
Class B Common stock, \$.10 par value; 20,000,000 shares authorized; issued and outstanding 12,623,964 shares	1,263,000	1,263,000	1,263,000
Capital surplus	7,042,000	7,042,000	7,008,000
Retained earnings	149,377,000	140,866,000	132,472,000
Cumulative translation adjustment	(645,000)	(487,000)	(361,000)
Total shareholders' equity	157,825,000	149,472,000	141,169,000
	\$ 265,724,000	\$ 250,160,000	\$ 234,367,000

<FN>

* Condensed from audited financial statements

The accompanying notes are an integral part of these condensed financial statements.

	Twenty-six weeks ended February 25, 1995	Twenty-six weeks ended February 26, 1994	Thirteen weeks ended February 25, 1995	Thirteen weeks ended February 26, 1994
Revenues	\$172,443,000	\$154,201,000	\$ 86,231,000	\$ 76,094,000

Costs and expenses:				
Operating costs	108,247,000	94,337,000	55,977,000	48,265,000
Selling and administrative expenses	38,756,000	34,804,000	18,880,000	16,708,000
Depreciation and amortization	9,529,000	8,687,000	4,752,000	4,428,000
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	156,532,000	137,828,000	79,609,000	69,401,000
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Income from operations	15,911,000	16,373,000	6,622,000	6,693,000
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Interest expense (income):				
Interest expense	1,535,000	1,308,000	745,000	674,000
Interest income	(101,000)	(138,000)	(56,000)	(70,000)
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	1,434,000	1,170,000	689,000	604,000
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Income before income taxes	14,477,000	15,203,000	5,933,000	6,089,000
Provision for income taxes	5,067,000	5,625,000	2,077,000	2,253,000
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Net income	\$ 9,410,000	\$ 9,578,000	\$ 3,856,000	\$ 3,836,000
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Weighted average number of shares outstanding	20,510,608	20,508,646	20,510,608	20,508,650
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Net income per share	\$0.46	\$0.47	\$0.19	\$0.19
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The accompanying notes are an integral part of these condensed financial statements.

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FORM 10-Q
UNIFIRST CORPORATION AND SUBSIDIARIES
CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

	Twenty-six weeks ended February 25, 1995	Twenty-six weeks ended February 26, 1994

Cash flows from operating activities:		
Net Income	\$ 9,410,000	\$ 9,578,000
Adjustments:		
Depreciation	7,955,000	7,282,000
Amortization of other assets	1,574,000	1,405,000
Receivables	(1,670,000)	(3,191,000)
Inventories	(1,520,000)	(1,439,000)
Rental merchandise in service	(955,000)	(1,186,000)
Prepaid expenses	81,000	10,000
Accounts payable	(1,322,000)	(3,245,000)
Accrued liabilities	6,364,000	(194,000)
Accrued and deferred income taxes	(1,074,000)	(893,000)
Deferred income taxes	861,000	956,000
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Net cash provided by operating activities	19,704,000	9,083,000
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Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired	(6,614,000)	(4,625,000)
Capital expenditures	(11,149,000)	(11,280,000)
Other assets, net	(1,668,000)	(537,000)
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Net cash used in investing activities	(19,431,000)	(16,442,000)
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Cash flows from financing activities:		
Increase in debt	5,825,000	12,516,000
Reduction of debt	(3,975,000)	(3,052,000)
Cash dividends paid or payable	(899,000)	(899,000)
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Net cash provided by financing activities	951,000	8,565,000
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Net increase in cash	1,224,000	1,206,000
Cash at beginning of period	4,120,000	3,656,000
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Cash at end of period	\$ 5,344,000	\$ 4,862,000
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Supplemental disclosure of cash flow information:

Interest paid	\$ 1,563,000	\$ 1,335,000
Income taxes paid	\$ 5,292,000	\$ 5,579,000

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The accompanying notes are an integral part of these condensed financial statements.

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FORM 10-Q
UNIFIRST CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE TWENTY-SIX WEEKS ENDED FEBRUARY 25, 1995

1. These condensed financial statements have been prepared by the Company without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations; however, the Company believes that the information furnished reflects all adjustments which are, in the opinion of management, necessary to a fair statement of results for the interim period. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes, thereto, included in the Company's latest annual report.
2. From time to time, the Company is subject to legal proceedings and claims arising from the conduct of their business operations, including personal injury, customer contract, employment claims and environmental matters. In the opinion of management, such proceedings and claims are not likely to result in losses which would have a material adverse effect upon the Company.
3. During 1993 the Company's shareholders voted to amend its Articles of Organization to increase the number of authorized shares of Common Stock from 20,000,000 to 30,000,000, and to authorize a new Class B Common Stock with 20,000,000 authorized shares. The Company offered to exchange, on a share-for-share basis, shares of Class B Common Stock for shares of Common Stock.
4. On November 18, 1993 the Company's Board of Directors declared a two-for-one stock split, to be effected in the form of a stock dividend, on the Company's Common Stock and Class B Common Stock. The stock dividend was paid on January 19, 1994 to shareholders of record on January 5, 1994. All references to average number of shares outstanding and per share data in these financial statements reflect the effect of the two-for-one split.
5. On November 1, 1994 the Company acquired all of the outstanding stock of Tennessee Uniform & Towel Service, Inc., a garment rental business located in Nashville, TN.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS
OF OPERATIONS AND FINANCIAL CONDITION

FOR THE TWENTY-SIX WEEKS ENDED FEBRUARY 25, 1995

RESULTS OF OPERATIONS

Twenty-six Weeks of Fiscal 1995 compared to Twenty-six Weeks of Fiscal 1994

Fiscal 1995 revenues for the twenty-six weeks increased \$18,242,000 or 11.8% over the twenty-six weeks in fiscal 1994. This increase can be attributed to acquisitions (2.6%), price increases (1.1%) and growth from existing operations (8.1%).

Income from operations as a percentage of revenue decreased to 9.2% in fiscal 1995 from 10.6% for the fiscal 1994 period. The primary reason for the decrease is the impact of higher uniform merchandise costs. Merchandise cost as a percent of revenues increased 1.4% over the prior year. Additionally, in the first half of the year the Company experienced comparatively higher expenses in the operation of its distribution centers and in the new corporate-owned life insurance program. Offsetting these increases were improvements in employee related costs, primarily workers' compensation and health insurance.

Net interest expense (interest expense less interest income) was \$1,434,000 in fiscal 1995 as compared to \$1,170,000 in fiscal 1994. The increase is attributable to increased debt levels and higher interest rates in fiscal 1995.

The provision for income taxes for the current period was 35.0% as compared to 37.0% for the corresponding 1994 period. The decrease in 1995 is due primarily to the favorable impact of a corporate-owned life insurance program and proportionally more tax-exempt income from Puerto Rico.

Thirteen Weeks ended February 25, 1995 compared to Thirteen Weeks ended

February 26, 1994

Fiscal 1995 second quarter revenues increased \$10,137,000 or 13.3% over the fiscal 1994 second quarter. This increase can be attributed to acquisitions (2.8%), price increases (1.1%) and growth from existing operations (9.4%).

Income from operations as a percentage of revenue decreased to 7.7% in fiscal 1995 from 8.8% for the fiscal 1994 period. The primary reason for the decrease is the result of higher uniform merchandise costs, with merchandise cost as a percent of revenues increasing 1.4% over the prior year's second quarter. The nuclear garment services business showed improvement in a quarter to quarter comparison, and depreciation expense as a percent of revenues improved .3% compared to the prior year period.

Net interest expense (interest expense less interest income) was \$689,000 in fiscal 1995 as compared to \$604,000 in fiscal 1994. The increase is attributable to increased debt levels and higher interest rates in fiscal 1995.

The provision for income taxes for the current period was 35.0% as compared to 37.0% for the corresponding 1994 period. The decrease in 1995 is due primarily to the favorable impact of a corporate-owned life insurance program and proportionally more tax-exempt income from Puerto Rico.

UNIFIRST CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS
OF OPERATIONS AND FINANCIAL CONDITION
(continued)

FOR THE TWENTY-SIX WEEKS ENDED FEBRUARY 25, 1995

LIQUIDITY AND CAPITAL RESOURCES

During the twenty-six weeks ended February 25, 1995 net cash provided by operating activities, \$19,704,000, and additional borrowings of \$5,825,000 were primarily used for capital expenditures, \$11,149,000, acquisition of businesses, \$6,614,000, debt repayment, \$3,975,000 and dividends, \$899,000.

Shareholders' equity as a percent of total capital has increased from 71.1% at August 29, 1992 to 78.2% at February 25, 1995, indicating the improvement in the overall strength of the Company's balance sheet.

The Company had \$5,344,000 in cash and \$26,250,000 available on its \$50,000,000 line of credit as of February 25, 1995. The Company believes its ability to generate cash from operations will adequately cover its foreseeable capital requirements.

EFFECTS OF INFLATION

Inflation has had the effect of increasing the reported amounts of the Company's revenues and costs. The Company uses the last-in, first-out (LIFO) method to value a significant portion of inventories. This method tends to reduce the amount of income due to inflation included in the Company's results of operations. The Company believes that, through increases in its prices, it has been able to recover increases in costs and expenses attributable to inflation.

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PART II - OTHER INFORMATION

FORM 10-Q
UNIFIRST CORPORATION AND SUBSIDIARIES

Item 1. Legal Proceedings

Reference is made to Note 2 of notes to condensed financial statements and to the discussion under the heading Environmental Matters in the Company's Annual Report on Form 10-K for the fiscal year ended August 27, 1994.

Item 4. Submission of Matters to a Vote of Security Holders

Registrant's Annual Meeting of Shareholders was held on January 10, 1995. Cynthia Croatti Inello and Reynold L. Hoover were elected and reelected, respectively, to the Board of Directors. With respect to Ms. Inello, 6,724,040 shares of Common Stock and 12,625,964 shares of Class B Common Stock were voted for her election and 17,240 shares of Common Stock were voted against her election. With respect to Mr. Hoover, 6,722,520 shares of Common Stock were voted for his election and 18,760 shares Common Stock were voted against his election.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

(27) Financial Data Schedule

(b) Reports on Form 8-K: None

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 of the undersigned thereunto duly authorized.

UNIFIRST CORPORATION

Ronald D. Croatti

Ronald D. Croatti
Vice Chairman and
Chief Executive Officer

Date: April 11, 1995

John B. Bartlett

John B. Bartlett
Senior Vice President
and Chief Financial Officer

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF UNIFIRST CORPORATION FOR THE TWENTY-SIX WEEKS ENDED FEBRUARY 25, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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