

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
May 27, 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 ID Number)

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

Registrant's telephone number: (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 preceeding 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 June 30, 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)

	May 27, 1995	August 27, 1994*	May 28, 1994
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Assets
Current assets:

Cash	\$ 4,270,000	\$ 4,120,000	\$ 2,085,000
Receivables	35,283,000	30,044,000	31,716,000
Inventories	17,255,000	15,409,000	14,232,000
Rental merchandise in service	32,696,000	30,577,000	30,075,000
Prepaid expenses	114,000	109,000	116,000
Total current assets	89,618,000	80,259,000	78,224,000
Property and equipment:			
Land, buildings and leasehold improvements	108,186,000	101,374,000	98,730,000
Machinery and equipment	109,522,000	99,955,000	96,608,000
Motor vehicles	27,369,000	26,237,000	25,798,000
	245,077,000	227,566,000	221,136,000
Less - accumulated depreciation	101,560,000	89,554,000	85,737,000
	143,517,000	138,012,000	135,399,000
Other assets	36,876,000	31,889,000	29,224,000
	\$270,011,000	\$250,160,000	\$242,847,000
Liabilities and Shareholders' Equity			
Current liabilities:			
Current maturities of long-term obligations	\$ 6,959,000	\$ 6,874,000	\$ 6,285,000
Notes payable	66,000	448,000	345,000
	11,025,000	12,246,000	10,488,000
Accounts payable	34,301,000	27,265,000	29,064,000
Accrued liabilities	3,977,000	5,469,000	4,396,000
Accrued and deferred income taxes	56,328,000	52,302,000	50,578,000
Total current liabilities	56,328,000	52,302,000	50,578,000
Long-term obligations, net of current maturities	35,257,000	34,728,000	32,898,000
Deferred income taxes	15,076,000	13,658,000	14,099,000
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	789,000	788,000	788,000
Class B Common stock, \$.10 par value; 20,000,000 shares authorized; issued and outstanding 12,623,964 shares	1,262,000	1,263,000	1,263,000
Capital surplus	7,042,000	7,042,000	7,039,000
Retained earnings	154,694,000	140,866,000	136,792,000
Cumulative translation adjustment	(437,000)	(487,000)	(610,000)
Total shareholders' equity	163,350,000	149,472,000	145,272,000
	\$270,011,000	\$250,160,000	\$242,847,000

<FN>

* Condensed from audited financial statements

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

FORM 10-Q
UNI-FIRST CORPORATION AND SUBSIDIARIES
CONDENSED STATEMENTS OF INCOME
(unaudited)

	Thirty-nine weeks ended May 27, 1995	Thirty-nine weeks ended May 28, 1994	Thirteen weeks ended May 27, 1995	Thirteen weeks ended May 28, 1994
Revenues	\$265,043,000	\$237,307,000	\$92,600,000	\$83,106,000
Costs and expenses:				
Operating costs	165,437,000	145,365,000	57,189,000	51,029,000
Selling and administrative expenses	59,776,000	54,157,000	21,020,000	19,353,000

Depreciation and amortization	14,380,000	13,191,000	4,852,000	4,503,000
	239,593,000	212,713,000	83,061,000	74,885,000
Income from operations	25,450,000	24,594,000	9,539,000	8,221,000
Interest expense (income):				
Interest expense	2,277,000	1,982,000	742,000	673,000
Interest income	(176,000)	(162,000)	(75,000)	(23,000)
	2,101,000	1,820,000	667,000	650,000
Income before income taxes	23,349,000	22,774,000	8,872,000	7,571,000
Provision for income taxes	8,172,000	8,426,000	3,105,000	2,801,000
Net income	\$ 15,177,000	\$ 14,348,000	\$ 5,767,000	\$ 4,770,000
Weighted average number of shares outstanding	20,510,608	20,504,246	20,510,608	20,509,122
Net income per share	\$0.74	\$0.70	\$0.28	\$0.23

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)

	Thirty-nine weeks ended May 27, 1995	Thirty-nine weeks ended May 28, 1994
Cash flows from operating activities:		
Net Income	\$15,177,000	\$14,348,000
Adjustments:		
Depreciation	11,965,000	11,053,000
Amortization of other assets	2,415,000	2,138,000
Receivables	(4,889,000)	(6,566,000)
Inventories	(1,768,000)	(2,727,000)
Rental merchandise in service	(1,221,000)	(2,592,000)
Prepaid expenses	(4,000)	--
Accounts payable	(1,495,000)	(423,000)
Accrued liabilities	6,915,000	3,816,000
Accrued and deferred income taxes	(1,601,000)	(986,000)
Deferred income taxes	1,389,000	1,433,000
Net cash provided by operating activities	26,883,000	19,494,000
Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired	(6,614,000)	(6,010,000)
Capital expenditures	(17,039,000)	(19,566,000)
Other assets, net	(1,963,000)	(972,000)
Net cash used in investing activities	(25,616,000)	(26,548,000)
Cash flows from financing activities:		
Increase in debt	4,433,000	10,182,000
Reduction of debt	(4,201,000)	(3,382,000)
Proceeds from exercise of stock options	--	32,000
Cash dividends paid or payable	(1,349,000)	(1,349,000)
Net cash provided by (used in) financing activities	(1,117,000)	5,483,000
Net increase (decrease) in cash	150,000	(1,571,000)
Cash at beginning of period	4,120,000	3,656,000

Cash at end of period	\$ 4,270,000	\$ 2,085,000
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Supplemental disclosure of cash flow information:		
Interest paid	\$ 2,035,000	\$ 1,617,000
Income taxes paid	\$ 8,249,000	\$ 8,015,000
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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 THIRTY-NINE WEEKS ENDED MAY 27, 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. 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.
4. 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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FORM 10-Q
UNIFIRST CORPORATION AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS
OF OPERATIONS AND FINANCIAL CONDITION
FOR THE THIRTY-NINE WEEKS ENDED MAY 27, 1995

RESULTS OF OPERATIONS

Thirty-nine Weeks of Fiscal 1995 compared to Thirty-nine Weeks of Fiscal 1994

Fiscal 1995 revenues for the thirty-nine weeks increased \$27,736,000

or 11.7% over the thirty-nine weeks in fiscal 1994. This increase can be attributed to acquisitions (2.4%), price increases (1.0%) and growth from existing operations (8.3%).

Income from operations as a percentage of revenue decreased to 9.6% in the fiscal 1995 period from 10.4% for the fiscal 1994 period. The primary reason for the decrease is the continued impact of higher uniform merchandise costs. Merchandise cost as a percent of revenues increased 1.3% over the prior year. This increase is due to additional new garments placed in service for new customers as well as higher replacement costs for existing customers. The Company has also 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. Depreciation expense as a percent of revenues improved .2% compared to the prior year, and the Company's operations in Canada and in the nuclear garment services business also showed improvement.

Net interest expense (interest expense less interest income) was \$2,101,000 in fiscal 1995 as compared to \$1,820,000 in fiscal 1994. The increase is attributable to increased debt levels 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 May 27, 1995 compared to Thirteen Weeks ended May 28, 1994

Fiscal 1995 third quarter revenues increased \$9,494,000 or 11.4% over the fiscal 1994 third quarter. This increase can be attributed to acquisitions (2.3%), price increases (.9%) and growth from existing operations (8.2%).

Income from operations as a percentage of revenue increased to 10.3% in fiscal 1995 from 9.9% for the fiscal 1994 period. The primary reasons for the increase are favorable comparative quarter to quarter results from the Company's core uniform laundry business and nuclear garment services business. There were also improvements in employee related costs and depreciation expense as discussed above. These improvements were offset somewhat by higher uniform merchandise costs, for the reasons described above, with merchandise cost as a percent of revenues increasing .9% compared to the prior year's quarter.

Net interest expense (interest expense less interest income) was \$667,000 in fiscal 1995 as compared to \$650,000 in fiscal 1994. The increase is attributable to increased debt levels 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.

FORM 10-Q
UNIFIRST CORPORATION AND SUBSIDIARIES

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

FOR THE THIRTY-NINE WEEKS ENDED MAY 27, 1995

During the thirty-nine weeks ended May 27, 1995 net cash provided by operating activities, \$26,883,000, and additional borrowings of \$4,433,000 were primarily used for capital expenditures, \$17,039,000, acquisition of businesses, \$6,614,000, debt repayment, \$4,201,000 and dividends, \$1,349,000.

Shareholders' equity as a percent of total capital has increased from 71.1% at August 29, 1992 to 79.5% at May 27, 1995, indicating the improvement in the overall strength of the Company's balance sheet.

The Company had \$4,270,000 in cash and \$27,875,000 available on its \$50,000,000 line of credit as of May 27, 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 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: July 7, 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 THIRTY-NINE WEEKS ENDED MAY 27, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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