

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 26, 1994

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 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 April 4, 1994 were 7,883,154 and 12,627,454 respectively.

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

	February 26, 1994	August 28, 1993*	February 27, 1993
Assets			
Current assets:			
Cash	\$ 4,862,000	\$ 3,656,000	\$ 2,946,000
Receivables	28,378,000	24,849,000	25,462,000
Inventories	12,987,000	11,536,000	11,755,000
Rental merchandise in service	28,101,000	26,565,000	24,370,000
Prepaid expenses	106,000	115,000	268,000
Total current assets	74,434,000	66,721,000	64,801,000
Property and equipment:			
Land, buildings and leasehold improvements	97,454,000	93,347,000	90,406,000
Machinery and equipment	92,530,000	86,165,000	84,538,000
Motor vehicles	22,564,000	21,899,000	20,417,000
	212,548,000	201,411,000	195,361,000
Less - accumulated depreciation	81,769,000	75,617,000	76,099,000
	130,779,000	125,794,000	119,262,000
Other assets	29,154,000	26,549,000	27,878,000
	\$234,367,000	\$219,064,000	\$211,941,000
Liabilities and Shareholders' Equity			
Current liabilities:			
Current maturities of long-term obligations	\$ 6,116,000	\$ 6,055,000	\$ 6,038,000
Notes payable	428,000	177,000	195,000
	7,792,000	10,624,000	8,555,000
Accounts payable	25,078,000	25,225,000	20,119,000
Accrued liabilities	4,498,000	5,399,000	6,213,000
Accrued and deferred income taxes	43,912,000	47,480,000	41,120,000
Total current liabilities	43,912,000	47,480,000	41,120,000
Long-term obligations, net of current maturities	35,653,000	26,176,000	32,785,000
Deferred income taxes	13,633,000	12,685,000	13,512,000
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 7,874,354 shares	787,000	787,000	2,048,000
Class B Common stock, \$.10 par value; 20,000,000 shares authorized, issued and outstanding 12,627,454 shares	1,263,000	1,263,000	--
Capital surplus	7,008,000	7,008,000	6,714,000
Retained earnings	132,472,000	123,793,000	115,379,000
Cumulative translation adjustment	(361,000)	(128,000)	383,000
Total shareholders' equity	141,169,000	132,723,000	124,524,000
	\$234,367,000	\$219,064,000	\$211,941,000

<FN>

* Condensed from audited financial statements

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

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

	Twenty-six weeks ended February 26, 1994	Twenty-six weeks ended February 27, 1993	Thirteen weeks ended February 26, 1994	Thirteen weeks ended February 27, 1993
Revenues	\$154,201,000	\$141,346,000	\$76,094,000	\$69,637,000
Costs and expenses:				
Operating costs	94,337,000	85,931,000	48,265,000	43,237,000
Selling and administrative expenses	34,804,000	32,874,000	16,708,000	16,318,000
Depreciation and amortization	8,687,000	8,143,000	4,428,000	4,057,000
	137,828,000	126,948,000	69,401,000	63,612,000
Income from operations	16,373,000	14,398,000	6,693,000	6,025,000
Interest expense (income):				
Interest expense	1,308,000	1,608,000	674,000	787,000
Interest income	(138,000)	(98,000)	(70,000)	(33,000)
	1,170,000	1,510,000	604,000	754,000
Income before income taxes	15,203,000	12,888,000	6,089,000	5,271,000
Provision for income taxes	5,625,000	4,511,000	2,253,000	1,845,000
Net income	\$ 9,578,000	\$ 8,377,000	\$ 3,836,000	\$ 3,426,000
Weighted average number of shares outstanding	20,508,646	20,424,632	20,508,650	20,441,612
Net income per share	\$0.47	\$0.41	\$0.19	\$0.17

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

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

	Twenty-six weeks ended February 26, 1994	Twenty-six weeks ended February 27, 1993
Cash flows from operating activities:		
Net Income	\$ 9,578,000	\$ 8,377,000
Adjustments:		
Depreciation	7,282,000	6,718,000
Amortization of other assets	1,405,000	1,425,000

Receivables	(3,562,000)	(3,097,000)
Inventories	(1,439,000)	589,000
Rental merchandise in service	(1,568,000)	(687,000)
Prepaid expenses	10,000	(89,000)
Accounts payable	(3,130,000)	(375,000)
Accrued liabilities	(124,000)	2,834,000
Accrued and deferred income taxes	(893,000)	(877,000)
Deferred income taxes	956,000	767,000

Net cash provided by operating activities	8,515,000	15,585,000

Cash flows from investing activities:		
Acquisition of businesses, net of working capital acquired	(4,000,000)	--
Capital expenditures	(11,702,000)	(5,712,000)
Other assets, net	(501,000)	81,000

Net cash used in investing activities	(16,203,000)	(5,631,000)

Cash flows from financing activities:		
Increase (reduction) in debt	9,793,000	(9,573,000)
Proceeds from exercise of stock options	--	311,000
Cash dividends paid or payable	(899,000)	(1,022,000)

Net cash provided by (used in) financing activities	8,894,000	(10,284,000)

Net increase (decrease) in cash	1,206,000	(330,000)
Cash at beginning of period	3,656,000	3,276,000

Cash at end of period	\$ 4,862,000	\$ 2,946,000
=====		
Supplemental disclosure of cash flow information:		
Interest paid	\$ 1,335,000	\$ 1,663,000
Income taxes paid	\$ 5,579,000	\$ 4,652,000
=====		

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

FORM 10-Q
UNIFIRST CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE TWENTY-SIX WEEKS ENDED FEBRUARY 26, 1994

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 common shares 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, per share data and Shareholders' Equity section in these financial statements are after giving retroactive effect to the two-for-one split.
5. On November 1, 1993 the Company acquired all of the outstanding stock of Modern Coverall and Uniform Supply, Inc., a garment rental business located in Los Angeles, CA.
6. On February 28, 1994 the Company acquired the assets of Clean Services, Inc., a garment rental business located in Enid, OK.

6

FORM 10-Q
UNIFIRST CORPORATION AND SUBSIDIARIES

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

FOR THE TWENTY-SIX WEEKS ENDED FEBRUARY 26, 1994

RESULTS OF OPERATIONS

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

Fiscal 1993

Fiscal 1994 revenues for the twenty-six weeks increased \$12,855,000 or 9.1% over the twenty-six weeks in fiscal 1993. This increase can be attributed to an acquisition (.7%) and internal growth and

modest price increases (8.4%). Income from operations as a percentage of revenue increased to 10.6% in fiscal 1994 from 10.2% in the fiscal 1993 period. The primary reason for the increase is the net result of a favorable contribution improvement from the core industrial rental business, offset by a less favorable comparative period result from the nuclear business.

Net interest expense (interest expense less interest income) was \$1,170,000 in fiscal 1994 as compared to \$1,510,000 in fiscal 1993. The decrease is attributable to lower interest rates in fiscal 1994.

The provision for income taxes for the current period was 37.0% as compared to 35.0% for the corresponding 1993 period. The increase is due primarily to an increase in the statutory federal income tax rate affecting fiscal 1994.

Thirteen Weeks ended February 26, 1994 compared to Thirteen Weeks

ended February 27, 1993

Fiscal 1994 second quarter revenues increased \$6,457,000 or 9.3% over the fiscal 1993 second quarter. This increase can be attributed to an acquisition (1.1%) and internal growth and modest price increases (8.2%). Income from operations as a percentage of revenue was 8.8% in fiscal 1994, comparable to 8.7% for the fiscal 1993 period. Improvement of 1.4% in selling and administrative expenses, primarily attributable to lower employee insurance related costs, was offset by a 1.3% increase in operating costs. The operating cost increase was due primarily to the nuclear business quarter-to-quarter results shortfall and the general severe weather conditions in the 1994 quarter.

Net interest expense was \$604,000 in fiscal 1994 as compared to \$754,000 in fiscal 1993. The decrease is again attributable to lower interest rates in fiscal 1994.

The provision for income taxes for the current period was 37.0% as compared to 35.0% for the corresponding 1993 period. The increase is due primarily to an increase in the statutory federal income tax rate affecting fiscal 1994.

7

FORM 10-Q
UNIFIRST CORPORATION AND SUBSIDIARIES

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

FOR THE TWENTY-SIX WEEKS ENDED FEBRUARY 26, 1994

CAPITAL RESOURCES AND LIQUIDITY

The Company believes that 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.

8

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 28, 1993.

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

Registrant's Annual Meeting of Shareholders was held on January 11, 1994. Aldo A. Croatti and Albert Cohen were reelected to the Board of Directors. With respect to Mr. Croatti, 3,542,407 shares of Common Stock and 6,311,302 shares of Class B Common Stock were voted for his election and 63,016 shares of Common Stock were voted against his election. With respect to Mr. Cohen, 3,542,207 shares of Common Stock were voted for his election and 63,216 shares of Common Stock were voted against his election.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits: None

(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 12, 1994

John B. Bartlett

John B. Bartlett
Senior Vice President
and Chief Financial Officer