

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 28, 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 July 1, 1994 were 7,884,594 and 12,626,014 respectively.

PART 1 - FINANCIAL INFORMATION

FORM 10-Q  
UNIFIRST CORPORATION AND SUBSIDIARIES

CONDENSED BALANCE SHEETS  
(unaudited)

	May 28, 1994	August 28, 1993*	May 29, 1993
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Assets  
Current assets:

Cash	\$ 2,085,000	\$ 3,656,000	\$ 2,698,000
Receivables	31,716,000	24,849,000	26,048,000
Inventories	14,232,000	11,536,000	10,569,000
Rental merchandise in service	30,075,000	26,565,000	25,882,000
Prepaid expenses	116,000	115,000	113,000
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Total current assets	78,224,000	66,721,000	65,310,000
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Property and equipment:			
Land, buildings and leasehold improvements	98,730,000	93,347,000	92,275,000
Machinery and equipment	96,608,000	86,165,000	86,476,000
Motor vehicles	25,798,000	21,899,000	22,367,000
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	221,136,000	201,411,000	201,118,000
Less - accumulated depreciation	85,737,000	75,617,000	78,170,000
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	135,399,000	125,794,000	122,948,000
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Other assets	29,224,000	26,549,000	27,352,000
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	\$ 242,847,000	\$ 219,064,000	\$ 215,610,000
	=====	=====	=====
Liabilities and Shareholders' Equity			
Current liabilities:			
Current maturities of long-term obligations	\$ 6,285,000	\$ 6,055,000	\$ 6,035,000
Notes payable	345,000	177,000	209,000
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Accounts payable	10,488,000	10,624,000	9,637,000
Accrued liabilities	29,064,000	25,225,000	24,562,000
Accrued and deferred income taxes	4,396,000	5,399,000	6,446,000
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Total current liabilities	50,578,000	47,480,000	46,889,000
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Long-term obligations, net of current maturities	32,898,000	26,176,000	26,455,000
Deferred income taxes	14,099,000	12,685,000	13,120,000
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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 7,884,594 shares	788,000	787,000	775,000
Class B Common stock, \$.10 par value; 20,000,000 shares authorized, issued and outstanding 12,626,014 shares	1,263,000	1,263,000	1,275,000
Capital surplus	7,039,000	7,008,000	6,846,000
Retained earnings	136,792,000	123,793,000	120,039,000
Cumulative translation adjustment	(610,000)	(128,000)	211,000
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Total shareholders' equity	145,272,000	132,723,000	129,146,000
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	\$ 242,847,000	\$ 219,064,000	\$ 215,610,000
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<FN>

\* Condensed from audited financial statements

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 INCOME  
(unaudited)

Thiry-nine weeks ended May 28, 1994	Thiry-nine weeks ended May 29, 1993	Thirteen weeks ended May 28, 1994	Thirteen weeks ended May 29, 1993
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Revenues	\$237,307,000	\$215,583,000	\$ 83,106,000	\$ 74,238,000
Costs and expenses:				
Operating costs	145,365,000	130,256,000	51,029,000	44,325,000
Selling and administrative expenses	54,157,000	50,241,000	19,353,000	17,367,000
Depreciation and amortization	13,191,000	12,219,000	4,503,000	4,077,000
	212,713,000	192,716,000	74,885,000	65,769,000
Income from operations	24,594,000	22,867,000	8,221,000	8,469,000
Interest expense (income):				
Interest expense	1,982,000	2,278,000	673,000	670,000
Interest income	(162,000)	(160,000)	(23,000)	(62,000)
	1,820,000	2,118,000	650,000	608,000
Income before income taxes	22,774,000	20,749,000	7,571,000	7,861,000
Provision for income taxes	8,426,000	7,262,000	2,801,000	2,751,000
Net income	\$ 14,348,000	\$ 13,487,000	\$ 4,770,000	\$ 5,110,000
Weighted average number of shares outstanding	20,504,246	20,435,042	20,509,122	20,493,594
Net income per share	\$0.70	\$0.66	\$0.23	\$0.25

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 28, 1994	Thirty-nine weeks ended May 29, 1993
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Cash flows from operating activities:		
Net Income	\$ 14,348,000	\$ 13,487,000
Adjustments:		
Depreciation	11,053,000	10,081,000
Amortization of other assets	2,138,000	2,138,000
Receivables	(6,937,000)	(3,707,000)
Inventories	(2,727,000)	1,746,000
Rental merchandise in service	(3,574,000)	(2,213,000)
Prepaid expenses	--	67,000
Accounts payable	(308,000)	721,000
Accrued liabilities	3,886,000	7,296,000
Accrued and deferred income taxes	(986,000)	(640,000)
Deferred income taxes	1,433,000	381,000
Net cash provided by operating activities	18,326,000	29,357,000
Cash flows from investing activities:		
Acquisition of businesses, net of working capital acquired	(5,050,000)	--
Capital expenditures	(19,566,000)	(12,893,000)
Other assets, net	(1,093,000)	(132,000)
Net cash used in investing activities	(25,709,000)	(13,025,000)
Cash flows from financing activities:		

Increase (reduction) in debt	7,129,000	(15,883,000)
Proceeds from exercise of stock options	32,000	445,000
Cash dividends paid or payable	(1,349,000)	(1,472,000)
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Net cash provided by (used in) financing activities	5,812,000	(16,910,000)
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Net decrease in cash	(1,571,000)	(578,000)
Cash at beginning of period	3,656,000	3,276,000
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Cash at end of period	\$ 2,085,000	\$ 2,698,000
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Supplemental disclosure of cash flow information:		
Interest paid	\$ 1,617,000	\$ 1,791,000
Income taxes paid	\$ 8,015,000	\$ 7,562,000
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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 28, 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 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, 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.

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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 28, 1994

RESULTS OF OPERATIONS

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Thirty-nine Weeks of Fiscal 1994 compared to Thirty-nine Weeks of Fiscal 1993  
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Fiscal 1994 revenues for the thirty-nine weeks increased \$21,724,000 or 10.1% over the thirty-nine weeks in fiscal 1993. This increase can be attributed to acquisitions (1.0%) and internal growth and modest price increases (9.1%). Income from operations as a percentage of revenue decreased to 10.4% in fiscal 1994 from 10.6% for the fiscal 1993 period. The decrease is primarily attributable to unfavorable comparative contribution results from the nuclear business.

Net interest expense (interest expense less interest income) was \$1,820,000 in fiscal 1994 as compared to \$2,118,000 in fiscal 1993. The decrease is primarily attributable to lower average outstanding indebtedness 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.

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Thirteen Weeks ended May 28, 1994 compared to Thirteen Weeks ended May 29, 1993  
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Fiscal 1994 third quarter revenues increased \$8,868,000 or 11.9% over the fiscal 1993 third quarter. This increase can be attributed to acquisitions (1.6%) and internal growth and modest price increases (10.3%). Income from operations as a percentage of revenue decreased to 9.9% in fiscal 1994 from 11.4% for the fiscal 1993 period. The primary reason for the decrease is a reduced period-to-period contribution from the nuclear business.

Net interest expense was \$650,000 in fiscal 1994, comparable to \$608,000 in fiscal 1993.

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.

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

FOR THE THIRTY-NINE WEEKS ENDED MAY 28, 1994

CAPITAL RESOURCES AND LIQUIDITY  
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The Company believes that its ability to generate cash from operations will adequately cover its foreseeable capital requirements.

EFFECTS OF INFLATION  
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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  
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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 6. Exhibits and Reports on Form 8-K  
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(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  
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Ronald D. Croatti  
Vice Chairman and  
Chief Executive Officer

Date: July 8, 1994

John B. Bartlett

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John B. Bartlett  
Senior Vice President  
and Chief Financial Officer