UNI MARTS INC
Form 10-Q
August 17, 2001

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended------------------July 5, 2001-----------------

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

For the transition period from-----------------------to----------------------

Commission file number--------------------------1-11556----------------------

----------------------------------UNI-MARTS, INC.---------------------------
(Exact name of registrant as specified in its charter)

----Delaware---25-1311379---
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

477 East Beaver Avenue, State College, PA--------------------------16801-5690
(Address of principal executive offices) (Zip Code)

---------------------------------(814) 234-6000-----------------------------
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed sincelast report.)

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 -X- No--

7,064,808 Common Shares were outstanding at August 10, 2001.

This Document Contains 20 Pages.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

UNI-MARTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	July 5, 2001	September 30, 2000
ASSETS		
CURRENT ASSETS:		
Cash	$ 5,959,226	$ 7,881,674
Accounts receivable - less allowances of $251,400 and $226,200	6,196,412	6,106,062
Inventories	17,619,491	16,235,721
Prepaid and current deferred taxes	1,934,513	1,856,208
Property held for sale	1,046,839	1,603,421
Prepaid expenses and other	916,980	1,204,554
Loan due from officer - current portion	0	60,000

TOTAL CURRENT ASSETS	33,673,461	34,947,640
PROPERTY, EQUIPMENT AND IMPROVEMENTS - at cost, less accumulated depreciation and amortization of $58,074,100 and $53,681,900	105,034,144	100,701,217
LOAN DUE FROM OFFICER	420,389	420,291
NET INTANGIBLE AND OTHER ASSETS	7,885,537	8,168,366
TOTAL ASSETS	$147,013,531	$144,237,514

(CONTINUED)

UNI-MARTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(CONTINUED)

	July 5, 2001	September 30, 2000
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 14,343,368	$ 18,400,556
Gas taxes payable	4,105,337	3,399,429
Accrued expenses	6,266,592	7,028,709
Current maturities of long-term debt	2,191,031	2,232,728
Current obligations under capital leases	387,518	385,918
TOTAL CURRENT LIABILITIES	27,293,846	31,447,340
LONG-TERM DEBT, less current maturities	81,997,991	74,219,620
OBLIGATIONS UNDER CAPITAL LEASES, less current maturities	454,715	786,205
DEFERRED TAXES	2,915,100	2,956,300
DEFERRED INCOME AND OTHER LIABILITIES	5,392,175	5,859,928
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common Stock, par value $.10 per share: Authorized 15,000,000 shares Issued 7,386,183 and 7,361,123 shares, respectively	738,618	736,112
Additional paid-in capital	23,830,146	23,816,387

Retained earnings	6,447,605	6,527,095
	31,016,369	31,079,594
Less treasury stock, at cost - 323,275 and 333,714 shares of Common Stock, respectively	(2,056,665)	(2,111,473)
	28,959,704	28,968,121
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$147,013,531	$144,237,514

See notes to condensed consolidated financial statements

UNI-MARTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	QUARTER ENDED		THREE QUARTERS ENDED	
	July 5, 2001	June 29, 2000	July 5, 2001	June 29, 2000
REVENUES:				
Merchandise sales	$ 53,734,213	$47,997,857	$151,335,062	$119,896,689
Gasoline sales	58,087,908	50,755,430	165,789,157	116,800,351
Other income	441,707	432,807	1,510,316	1,364,476
	112,263,828	99,186,094	318,634,535	238,061,516
COSTS AND EXPENSES:				
Cost of sales	88,433,832	78,351,125	251,204,563	185,440,836
Selling	16,827,200	14,802,586	49,897,645	39,225,105
General and administrative	2,021,363	1,623,497	5,628,000	4,785,358
Depreciation and amortization	2,055,858	1,800,352	6,064,521	4,679,070
Interest	1,952,383	1,715,631	5,936,745	3,628,039
Provision for asset impairment	23,751	56,397	23,751	56,397
	111,314,387	98,349,588	318,755,225	237,814,805
NET EARNINGS (LOSS) BEFORE INCOME TAXES	949,441	836,506	(120,690)	246,711
INCOME TAX PROVISION (BENEFIT)	322,700	251,000	(41,200)	74,100
NET EARNINGS (LOSS)	$ 626,741	$ 585,506	($ 79,490)	$ 172,611
BASIC EARNINGS (LOSS) PER SHARE	$ 0.09	$ 0.08	($ 0.01)	$ 0.02
DILUTED EARNINGS (LOSS) PER SHARE	$ 0.09	$ 0.08	($ 0.01)	$ 0.02
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	7,062,194	7,008,384	7,049,043	6,977,873

WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING ASSUMING DILUTION	7,097,082	7,069,185	7,083,686	7,003,124

See notes to condensed consolidated financial statements

UNI-MARTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	THREE QUARTERS ENDED July 5, 2001	THREE QUARTERS ENDED June 29, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and others	$318,010,331	$237,324,468
Cash paid to suppliers and employees	(311,306,790)	(223,615,148)
Dividends and interest received	61,873	61,481
Interest paid (net of capitalized interest of $287,100 and $0)	(6,256,059)	(3,157,063)
Income taxes (paid) received	(78,305)	15,376
NET CASH PROVIDED BY OPERATING ACTIVITIES	431,050	10,629,114
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of business	0	(41,239,924)
Receipts from sale of capital assets	389,320	492,128
Purchase of property, equipment and improvements	(9,940,190)	(4,147,829)
Note receivable from officer	59,902	60,000
Cash advanced for intangible and other assets	(176,485)	(171,650)
Cash received for intangible and other assets	56,065	606,793
NET CASH USED IN INVESTING ACTIVITIES	(9,611,388)	(44,400,482)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings (payments) on revolving credit agreement	4,768,613	(1,800,000)
Additional long-term borrowings	4,899,776	39,809,551
Principal payments on debt	(2,419,562)	(1,149,623)
Proceeds from issuance of common stock	9,063	4,338
NET CASH PROVIDED BY FINANCING ACTIVITIES	7,257,890	36,864,266
NET (DECREASE) INCREASE IN CASH	(1,922,448)	3,092,898
CASH:		
Beginning of period	7,881,674	1,944,358

End of period	$ 5,959,226	$ 5,037,256

UNI-MARTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(CONTINUED)

	THREE QUARTERS ENDED July 5, 2001	THREE QUARTERS ENDED June 29, 2000
RECONCILIATION OF NET (LOSS) EARNINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
NET (LOSS) EARNINGS	($ 79,490)	$ 172,611
ADJUSTMENTS TO RECONCILE NET (LOSS) EARNINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation and amortization	6,064,521	4,679,070
Loss on sale of capital assets and other	309,469	136,986
Provision for asset impairment	23,751	56,397
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(90,350)	(2,913,807)
Inventories	(1,383,770)	(2,348,344)
Prepaid expenses	287,574	498,472
Increase (decrease) in:		
Accounts payable and accrued expenses	(4,113,397)	8,130,340
Deferred income taxes and other liabilities	(587,258)	2,217,389
TOTAL ADJUSTMENTS TO NET (LOSS) EARNINGS	510,540	10,456,503
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 431,050	$10,629,114
Supplemental schedule of noncash investing activities:		
Liabilities assumed in acquisition	$ 0	$2,500,000
Fixed assets acquired under capital leases	$ 0	$ 426,143

See notes to condensed consolidated financial statements

UNI-MARTS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

A. FINANCIAL STATEMENTS:

The condensed consolidated balance sheet as of July 5, 2001, the condensed consolidated statements of operations and the condensed consolidated statements of cash flows for the quarter ended and three quarters ended July 5, 2001 and June 29, 2000, respectively, have been prepared by Uni-Marts, Inc. (the "Company") without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position of the Company at July 5, 2001 and the results of operations and cash flows for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2000. Certain reclassifications have been made to the September 30, 2000 financial statements to conform to classifications used in fiscal year 2001. The results of operations for the interim periods are not necessarily indicative of the results to be obtained for the full year.

B. BUSINESS ACQUISITION:

In the Company's fiscal year 2000, pursuant to an asset purchase agreement, the Company purchased the operating assets of Orloski Service Station, Inc. and its owners (collectively "OSSI") for approximately $42.7 million in cash. The transaction was accounted for as a purchase, and accordingly, operations of the acquired OSSI assets are included in the consolidated financial statements from the date of acquisition.

The following table summarizes, on an unaudited pro forma basis, the estimated combined statements of operations for the three quarters ended June 29, 2000 as though the acquisition took place on October 1, 1999. This pro forma information does not purport to be indicative of the results of operations that would actually have been obtained if the acquisition had been effective on the date indicated.

	Three Quarters Ended June 29, 2000
Revenues	$286,416,000
Earnings before income taxes	$ 252,000
Net earnings	$ 151,000
Pro forma earnings per share	$ 0.02

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C. INTANGIBLE AND OTHER ASSETS:

Intangible and other assets consist of the following:

	July 5, 2001	September 30, 2000
Goodwill	$8,874,157	$8,874,157
Lease acquisition costs	377,933	439,153
Noncompete agreements	250,000	250,000
Other intangible assets	217,750	175,395
	9,719,840	9,738,705
Less accumulated amortization	2,887,685	2,601,107
	6,832,155	7,137,598
Other assets	1,053,382	1,030,768
	$7,885,537	$8,168,366

Goodwill represents the excess of costs over the fair value of net assets acquired in business combinations and is amortized on a straight-line basis over periods of 13 to 40 years. Lease acquisition costs are the bargain element of acquired leases and are being amortized on a straight-line basis over the related lease terms. It is the Company's policy to periodically review and evaluate the recoverability of the intangible assets by assessing current and future profitability and cash flows and to determine whether the amortization of the balances over their remaining lives can be recovered through expected future results and cash flows.

D. REVOLVING CREDIT AGREEMENT:

On April 20, 2000, the Company executed a 3-year secured $10.0 million revolving loan agreement (the "Agreement") with $3.5 million available for letters of credit. During the second quarter of fiscal year 2001, the Company amended the Agreement to increase the total credit line to $13.0 million, with $3.5 million available for letters of credit, and amend certain financial covenants. Provisions of the Agreement require the maintenance of certain covenants relating to minimum tangible net worth, interest and fixed charge coverage ratios. The Company was in compliance with these covenants as of July 5, 2001. At July 5, 2001, $4.1 million was available for borrowings under the Agreement. This Agreement expires on April 19, 2003. Borrowings of $5.9 million and letters of credit of $3.0 million were outstanding at July 5, 2001. This facility bears interest at the Company's option based on a rate of either prime plus 1.0% or LIBOR plus 3.0%. The interest rate at July 5, 2001 was 7.75%. The Agreement is collateralized by substantially all of the Company's eligible inventories and eligible receivables and selected properties. The net book value of these selected properties at July 5, 2001 was $2,472,000.

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E. LONG-TERM DEBT:

	July 5, 2001	September 30, 2000
Mortgage Loan. Principal and interest will be paid in 206 monthly installments. At July 5, 2001, the coupon rate was 9.08% and the effective interest rate was 10.24%, net of unamortized fees of $1,361,966 ($1,425,995 in 2000).	$32,439,635	$33,047,242
Mortgage Loan. Principal and interest will be paid in 227 monthly installments. The loan bears interest at LIBOR plus 3.75%. At July 5, 2001, the coupon rate was 7.89% and the effective interest rate was 10.09%, net of unamortized fees of $412,247, ($437,653 in 2000).	21,403,180	21,804,203
Mortgage Loan. Principal and interest will be paid in 227 monthly installments. At July 5, 2001, the coupon rate was 10.39% and the effective interest rate was 11.25%, net of unamortized fees of $127,500 ($135,298 in 2000).	6,644,541	6,729,704
Mortgage Loans. Principal and interest are paid in monthly installments. The loans expire in 2009, 2010, 2020 and 2021. Interest ranges from the prime rate to LIBOR plus 3.75%. At July 5, 2001, the blended coupon rate was 8.25% and the effective interest rate was 9.64%, net of unamortized fees of $117,336 ($0 in 2000).	7,636,557	3,466,311
Revolving Credit Agreement. Interest is paid monthly. The interest rate at July 5, 2001 was 7.75%. (See Note D)	5,912,015	1,143,402
Equipment Loans. Principal and interest will be paid in monthly installments. The loans expire in 2010 and 2011 and bear interest at LIBOR plus 3.75%. At July 5, 2001, the blended coupon rate was 7.89% and the effective interest rate was 10.01%, net of unamortized fees of $170,291 ($176,414 in 2000).	9,130,065	9,028,276
Equipment Loan. Principal and interest will be paid in 108 monthly installments. The loan expires in 2010. At July 5, 2001, the coupon rate was 10.73% and the effective interest rate was 11.80%, net of unamortized fees of $18,021 ($20,713 in 2000).	1,005,549	1,058,413
Equipment Loan. Principal and interest are paid in monthly installments. The loan expires in 2001 and bears interest at a rate of 10.00%.	17,480	174,797
	84,189,022	76,452,348
Less current maturities	2,191,031	2,232,728

	$81,997,991	$74,219,620
	===========	===========

E. LONG-TERM DEBT (CONTINUED):

The mortgage loans are collateralized by $70,179,800 of property at net book value, and the equipment loans are collateralized by $6,007,100 of equipment, at net book value.

F. CONTINGENCIES:

Litigation - The Company is involved in litigation and other legal matters which have arisen in the normal course of business. Although the ultimate results of these matters are not currently determinable, management does not expect that they will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

ITEM 2.

UNI-MARTS, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Set forth below are selected unaudited consolidated financial data of the Company for the periods indicated:

	QUARTER ENDED		THREE QUARTERS ENDED	
	July 5, 2001	June 29, 2000	July 5, 2001	June 29, 2000
Revenues:				
Merchandise sales	47.9%	48.4%	47.5%	50.4%
Gasoline sales	51.7	51.2	52.0	49.0
Other income	0.4	0.4	0.5	0.6
Total revenues	100.0	100.0	100.0	100.0
Cost of sales	78.8	79.0	78.8	77.9
Gross profit:				
Merchandise (as a percentage of merchandise sales)	32.1	33.1	32.5	33.5
Gasoline (as a percentage of gasoline sales)	10.6	8.9	10.1	9.5
Total gross profit	21.2	21.0	21.2	22.1
Costs and expenses:				
Selling	15.0	14.9	15.6	16.5
General and administrative	1.8	1.6	1.8	2.0
Depreciation and amortization	1.8	1.8	1.9	2.0
Interest	1.7	1.7	1.9	1.5

Provision for asset impairment	0.0	0.1	0.0	0.0
Total expenses	20.3	20.1	21.2	22.0
Earnings (loss) before income taxes	0.9	0.9	0.0	0.1
Income tax provision (benefit)	0.3	0.3	0.0	0.0
Net earnings (loss)	0.6%	0.6%	0.0%	0.1%

OPERATING DATA (RETAIL LOCATIONS ONLY):				
Average, per store, for stores open two full comparable periods:				
Merchandise sales	$ 171,978	$ 162,959	$ 472,294	$ 458,126
Gasoline sales	$ 205,662	$ 195,185	$ 591,474	$ 547,906
Gallons of gasoline sold	153,234	156,483	463,637	473,882
Total gallons of gasoline sold	43,857,879	40,793,444	130,531,508	100,342,155
Gross profit per gallon of gasoline	$ 0.140	$ 0.111	$ 0.128	$ 0.111
STORE INFORMATION:				
Company-operated stores	294	289	294	289
Franchisee-operated stores	7	7	7	7
Locations with self-service gasoline	237	235	237	235

RESULTS OF OPERATIONS:

Matters discussed below should be read in conjunction with "Operating Data (Retail Locations Only)" on the preceding page. Certain statements contained in this report are forward looking, such as statements regarding the Company's plans and strategies or future financial performance. Although the Company believes that its expectations are based on reasonable assumptions within the bounds of its knowledge, investors and prospective investors are cautioned that such statements are only projections and that actual events or results may differ materially from those expressed in any such forward-looking statements. In addition to the factors discussed elsewhere in this report, the Company's actual consolidated quarterly or annual operating results have been affected in the past, or could be affected in the future, by additional factors, including, without limitation, general economic, business and market conditions; environmental, tax and tobacco legislation or regulation; volatility of gasoline prices, margins and supplies; merchandising margins; customer traffic; weather conditions; labor costs and the level of capital expenditures.

BUSINESS ACQUISITION

On April 21, 2000, the Company acquired the operating assets and business of Orloski Service Station, Inc. and its affiliates (collectively "OSSI"). OSSI operated a chain of 43 convenience stores in northeastern Pennsylvania. The acquisition has had a significant impact on levels of revenues and expenses in the quarter ended July 5, 2001 in comparison to the quarter ended June 29, 2000 and the three quarter periods ending on the same dates. Total revenues generated by these locations were $23.4 million and $69.3 million for the quarter ended July 5, 2001 and three quarters ended July 5, 2001, respectively. Gross profits at these locations were $5.2 million for the third fiscal quarter and $15.3 million for the nine months ended July 5, 2001.

QUARTERS ENDED JULY 5, 2001 AND JUNE 29, 2000

In the Company's third fiscal quarter ended July 5, 2001, total revenues increased by $13.1 million, or 13.2%, from $99.2 million in the third quarter of fiscal year 2000 to $112.3 million in the third quarter of fiscal year 2001. The primary reasons for this increase were the increase in the average number of stores in noperation due to the acquisition of the OSSI assets discussed above and higher retail prices for gasoline. The Company currently operates five more stores than it did one year ago. The stores acquired in April 2000 were operated by the Company for the entire third quarter of fiscal year 2001 and only ten weeks of the third quarter of fiscal year 2000. Merchandise sales were $53.7 million in the current fiscal year's third quarter compared to $48.0 million in the third quarter of fiscal year 2000, an increase of $5.7 million, or 12.0%. Merchandise sales at stores open for the entire third quarter of each fiscal year increased by 5.5%. Gasoline sales in the quarter ended July 5, 2001 increased by $7.3 million, or 14.4%, in comparison to the quarter ended June 29, 2000. While gasoline gallons sold at stores open for the entire third quarter of each fiscal year declined by 2.1%, total gallons sold increased by 3.1 million gallons during the quarter. The sales increases were a result of the increase in the average number of stores open during the quarter and a $0.080 increase in the average retail selling price per gallon of gasoline sold during the third quarter of fiscal year 2001.

Gross profits on merchandise sales in the third quarter of fiscal year 2001 were $17.2 million compared to $15.9 million in the same quarter of fiscal year 2000, an increase of $1.3 million, or 8.5%, as a result of higher sales levels. Gross profits on merchandise sales as a percentage of merchandise sales, however, declined from 33.1% to 32.1% due to an increased mix of competitively priced

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products. Gross profits on gasoline sales grew by $1.6 million, or 36.2%, from 4.5 million in the quarter ended June 29, 2000 to $6.1 million in the quarter ended July 5, 2001. While the sale of an additional 3.1 million gallons in fiscal year 2001 contributed to this increase, the primary reason for the increase is a $0.03 increase in the gross profit per gallon sold.

Selling expenses increased by $2.0 million, or 13.7%, in the third quarter of fiscal year 2001 to $16.8 million from $14.8 million, due primarily to the increase in the average number of stores in operation. General and administrative expense increased by $398,000, or 24.5%, due primarily to increased salary and staffing levels as well as higher provisions for franchise and state sales taxes. Depreciation and amortization increased by $256,000, or 14.2%, as a result of new store construction, store remodels, gasoline facility upgrades and, in the current year, a full quarter of depreciation of the stores acquired in April 2000. Although interest rates on the Company's variable-rate debt have declined, interest expense increased by $237,000, or 13.8%, due to higher borrowing levels.

Earnings before income taxes in the quarter ended July 5, 2001 were $949,000, an increase of $113,000, or 13.5%, from pre-tax earnings of $836,000 in the quarter ended June 29, 2000. The provision for income taxes increased by $72,000 for the same period. The Company had net earnings of $627,000, or $0.09 per share, in the quarter ended July 5, 2001 compared to net earnings of $586,000, or $0.08 per share, in the quarter ended June 29, 2000.

THREE QUARTERS ENDED JULY 5, 2001 AND JUNE 29, 2000

The Company's total revenues in the first three quarters of fiscal year 2001 were $318.6 million compared to $238.1 million in the first three quarters of fiscal year 2000, an increase of $80.6 million, or 33.8%. The increase is the result of additional stores in operation in the current fiscal year and higher retail selling prices for gasoline. Merchandise sales grew by $31.4 million, or 26.2%. Merchandise sales at stores open during both periods increased by 3.1%. Gasoline sales increased by $49.0 million, or 41.9%, due primarily to the sale of an additional 30.2 million gallons of gasoline and a retail price increase of $0.106 per gallon sold.

Gross profits on merchandise sales in the three quarters ended July 5, 2001 were $9.1 million, or 22.6%, higher than in the three quarters ended June 29, 2000. This increase is the result of the higher sales levels due to the increased number of stores in operation during the period. The gross profit rate declined from 33.5% to 32.5% in the current fiscal year, reflecting increased sales at the Company's discount tobacco stores. Gross profits on gasoline sales grew by $5.6 million, or 50.1%, in the first three quarters of fiscal year 2001 versus the comparable period in fiscal year 2000. This increase is due both to the sale of an additional 30.2 million gallons and a $0.017 increase in the gross profit per gallon sold.

Selling expenses increased in the current year by $10.7 million, or 27.2%, as a result of additional stores in operation in fiscal year 2001. The stores acquired in April 2000 were operated for the entire first three quarters of fiscal year 2001 and only ten weeks of the comparable period of fiscal year 2000. General and administrative expense grew by $843,000, or 17.6%, in the first three quarters of the current year, primarily due to additional staffing, higher salary levels and incentive programs. Due to the acquired assets and newly constructed stores in fiscal year 2001, depreciation and amortization increased by $1.4 million, or 29.6%. Interest expense increased by $2.3 million, or 63.6%, due to higher borrowing levels from construction and acquisition financing.

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The Company incurred a pre-tax loss in the first three quarters of fiscal year 2001 of $121,000 compared to pre-tax earnings of $247,000 in the same period of fiscal year 2000. The income tax benefit of the loss in the current year was $41,000 compared to a provision for income taxes of $74,000 in the prior year. The net loss in the first three quarters of fiscal year 2001 was $79,000, or $0.01 per share, compared to net earnings in the first three quarters of fiscal year 2000 of $173,000, or $0.02 per share.

LIQUIDITY AND CAPITAL RESOURCES:

Most of the Company's sales are for cash and its inventory turns over rapidly. As a result, the Company's daily operations do not generally require large amounts of working capital. From time to time, the Company utilizes substantial portions of its cash to acquire and construct new stores and renovate existing locations.

In the first three quarters of fiscal year 2001, the Company had capital expenditures of $9.9 million, including $6.1 million for new store construction and $3.8 million for remodeling and modernizing existing store locations. These expenditures were financed with $5.2 million of secured mortgage and equipment loans and $4.7 million from existing cash balances. Capital requirements for debt service and capital leases for the remaining quarter of fiscal year 2001 are approximately $0.7 million. The Company also anticipates capital expenditures of $0.3 million during this period for store remodeling. During the second quarter, the Company amended its revolving credit agreement to increase the total credit line to $13.0 million. Management believes that cash from operations and the available credit facilities will be sufficient to meet the Company's obligations for the foreseeable future.

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Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company uses its revolving credit facility and its mortgage and equipment loans to finance a significant portion of its operations and capital expenditures. These on-balance sheet financial instruments, to the extent they provide for variable rates of interest, expose the Company to interest rate risk resulting from changes in the LIBOR or prime rate.

To the extent that the Company's financial instruments expose the Company to interest rate risk, they are presented in the table below. The table presents principal cash flows and related interest rates by year of maturity for the Company's revolving credit facility, mortgage loans and equipment loans at July 5, 2001.

Fiscal Year of Maturity
(dollar amounts in thousands)

	2001	2002	2003	2004	2005	Thereafter	Total Due A Maturi
Interest-rate sensitive assets:							
Noninterest-bearing checking accounts	$3,719	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,71
Interest-bearing checking accounts	$2,240	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,24
Average interest rate	3.25%						5.90
	$5,959						$ 5,95
	1.22%						0.43
Interest-rate sensitive liabilities:							
Variable-rate borrowings	$ 392	$2,358	$7,213	$1,448	$1,612	$29,368	$42,39
Average interest rate	7.86%	7.86%	7.86%	7.88%	7.88%	7.88%	7.88

Fixed-rate borrowings	$ 243	$1,069	$1,123	$1,248	$1,385	$36,730	$41,79
Average interest rate	9.36%	9.36%	9.36%	9.36%	9.36%	9.36%	9.36
	$ 635	$3,427	$8,336	$2,696	$2,997	$66,098	$84,18
	8.60%	8.61%	8.62%	8.69%	8.70%	8.70%	8.70

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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

3.1 Amended and Restated Certificate of Incorporation of the Company (Filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1995 and incorporated herein by reference thereto).

3.2 By-Laws of the Company (Filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1995 and incorporated herein by reference thereto).

4.1 Form of the Company's Common Stock Certificate (Filed as Exhibit 4.3 to the Company's Quarterly Report on Form 10-Q for the period ended April 1, 1993, File No. 1-11556, and incorporated herein by reference thereto).

10.1 Uni-Marts, Inc. Amended and Restated Equity Compensation Plan (Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1995 and incorporated herein by reference hereto).

10.2 Uni-Marts, Inc. Retirement Savings & Incentive Plan (Filed as Exhibit 4.2 to the Company's Registration Statement on Form S-8, File No. 33-9807, filed on July 10, 1991, and incorporated herein by reference thereto).

10.3 Form of Indemnification Agreement between Uni-Marts, Inc. and each of its Directors (Filed as Exhibit A to the Company's Definitive Proxy Statement for the February 25, 1988 Annual Meeting of Stockholders, File No. 0-15164, and incorporated herein by reference thereto).

10.4 Uni-Marts, Inc. Deferred Compensation Plan (Filed as Exhibit 10.8 to the Annual Report of Uni-Marts, Inc. on Form 10-K for the year ended September 30, 1990, File No. 0-15164, and incorporated herein by reference thereto).

10.5 Uni-Marts, Inc. Performance Unit Plan (Filed as Exhibit 10.9 to the Annual Report of Uni-Marts, Inc. on Form 10-K for year ended September 30, 1994 and incorporated herein by reference thereto).

10.6 Composite copy of Change in Control Agreements between Uni-Marts, Inc. and its executive officers (Filed as Exhibit 10.10 to the Annual Report of Uni-Marts, Inc. on Form 10-K for the year ended September 30, 1994 and incorporated herein by reference thereto).

10.7 Uni-Marts, Inc. 1996 Equity Compensation Plan (Filed as Exhibit A to the Company's Definitive Proxy Statement for the February 22, 1996 Annual Meeting of Stockholders and incorporated herein by reference thereto).

10.8 Amendment 1998-1 to the Uni-Marts, Inc. Equity Compensation Plan (Filed as Exhibit 10.10 to the Annual Report of Uni Marts, Inc. on Form 10-K for the year ended September 30, 1998 and incorporated herein by reference thereto).

10.9 Amended and Restated Note between Henry D. Sahakian and Uni-Marts, Inc. dated January 25, 1999 (Filed as Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the period ended April 1, 1999 and incorporated herein by reference thereto).

10.10 Loan Agreement between FFCA Acquisition Corporation and Uni-Marts, Inc. dated June 30, 1998 (filed as Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the period ended on July 2, 1998 and incorporated herein by reference thereto).

10.11 Uni-Marts, Inc. Employee Stock Purchase Plan (Filed as Exhibit A to the Company's Definitive Proxy Statement for the February 25, 1999 Annual Meeting of Stockholders and incorporated herein by reference thereto).

10.12 Loan Agreement between FFCA Acquisition Corporation and Uni Realty of Wilkes-Barre, L.P. dated April 21, 2000 (Filed as Exhibit 20.1 to the Company's Form 8-K filed on May 8, 2000 and incorporated herein by reference thereto).

10.13 Loan Agreement between FFCA Funding Corporation and Uni Realty of Luzerne, L.P. dated April 21, 2000 (Filed as Exhibit 20.2 to the Company's Form 8-K filed on May 8, 2000 and incorporated herein by reference thereto).

10.14 Equipment Loan Agreement between FFCA Acquisiton Corporation and Uni-Marts, Inc. dated April 21, 2000 (Filed as Exhibit 20.3 to the Company's Form 8-K filed on May 8, 2000 and incorporated herein by reference thereto).

10.15 Equipment Loan Agreement between FFCA Funding Corporation and Uni-Marts, Inc. dated April 21, 2000 (Filed as Exhibit 20.4 to the Company Form 8-K filed on May 8, 2000 and incorporated herein by reference thereto).

10.16 Revolving Credit Loan Agreement between Provident Bank and Uni-Marts, Inc. dated April 20, 2000 (Filed as Exhibit 10.15 to the Company's Quarterly Report on Form 10-Q for the period ended June 29, 2000 and incorporated herein by reference thereto).

10.17 Amendment to the Revolving Credit Loan Agreement between Provident Bank and the Company dated January 16, 2001 (Filed as Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q for the period ended April 5, 2001 and incorporated herein by reference thereto).

10.18 Amendment to the Revolving Credit Loan Agreement between Provident Bank and the Company dated March 31, 2001 (Filed as

Exhibit 10.18 to the Company's Quarterly Report on Form 10-Q for the period ended April 5, 2001 and incorporated herein by reference thereto).

11 Statement regarding computation of per share earnings (loss).

(b) REPORTS ON FORM 8-K

The Company did not file any reports on Form 8-K during the quarter ended July 5, 2001.

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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.

Uni-Marts, Inc.
(Registrant)

Date August 2001

/s/ Henry D. Sahakian
Henry D. Sahakian
Chairman of the Board (Principal Executive Officer)

Date August 2001

/s/ N. Gregory Petrick
N. Gregory Petrick
Executive Vice President and
Chief Financial Officer
(Principal Accounting Officer)
(Principal Financial Officer)

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UNI-MARTS, INC. AND SUBSIDIARIES
EXHIBIT INDEX

Number	Description	Page(s)
11	Statement regarding computation of per share earnings (loss).	21-22