

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

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

**Date of Report (Date of earliest event reported):
October 25, 2007**

UNIFI, INC.

(Exact name of registrant as specified in its charter)

New York
(State of Incorporation)

1-10542
(Commission File Number)

11-2165495
(IRS Employer Identification No.)

**7201 West Friendly Avenue
Greensboro, North Carolina 27410**
(Address of principal executive offices, including zip code)

(336) 294-4410
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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TABLE OF CONTENTS

[ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION](#)

[ITEM 7.01. REGULATION FD DISCLOSURE](#)

[ITEM 8.01. OTHER EVENTS](#)

[ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS](#)

[SIGNATURES](#)

[Exhibit 99.1](#)

[Exhibit 99.2](#)

Table of Contents

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On October 25, 2007, Unifi, Inc. (the "Registrant") issued a press release announcing its operating results for its first fiscal quarter ended September 23, 2007, which press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

ITEM 7.01. REGULATION FD DISCLOSURE.

On October 25, 2007, the Registrant will host a conference call to discuss financial results for its first fiscal quarter ended September 23, 2007. The slide package prepared for use by executive management for this presentation is attached hereto as Exhibit 99.2. All of the information in the presentation is presented as of October 25, 2007, and the Registrant does not assume any obligation to update such information in the future.

The information included in the preceding paragraph, as well as the exhibit referenced therein, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

ITEM 8.01. OTHER EVENTS.

On October 25, 2007, the Registrant issued a press release announcing its operating results for its first fiscal quarter ended September 23, 2007, which press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits.

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
99.1	Press Release dated October 25, 2007 with respect to the Registrant's financial results for its first fiscal quarter ended September 23, 2007.
99.2	Slide Package prepared for use in connection with the Registrant's first fiscal quarter earnings conference call to be held on October 25, 2007.

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 hereunto duly authorized.

UNIFI, INC.

By: /s/ Ronald L. Smith

Ronald L. Smith

Vice President and Chief Financial Officer

Dated: October 25, 2007

INDEX TO EXHIBITS

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For more information, contact:

Ronald L. Smith
Vice President
Chief Financial Officer
(336) 316-5545
rsmith@unifi.com

Unifi Announces First Quarter Results

GREENSBORO, N.C. – October 25, 2007 – Unifi, Inc. (NYSE:UFI) today released operating results for its first quarter ended September 23, 2007.

Net income for the current quarter, including discontinued operations, was a net loss of \$9.2 million or \$0.15 per share versus a net loss of \$10.1 million or \$0.19 per share for the prior September quarter. Net income for the current quarter was negatively impacted by \$2.6 million in restructuring charges and a \$4.5 million non-cash impairment charge to adjust the carrying value of the Company's ownership interest in one of its equity affiliates.

Net sales from continuing operations for the current September quarter was \$170.5 million, inclusive of net sales as a result of the Dillon acquisition in January 2007, compared to net sales of \$169.9 million for the prior year September quarter.

"Unifi began its fiscal 2008 year with a solid quarter operationally, in which we had positive operating results absent certain restructuring and severance related charges, which were included in cost of sales and SG&A expenses," said Ron Smith, Chief Financial Officer for Unifi. "Quarter over prior year quarter sales and the underlying operating results improved slightly despite the effects of a declining market, further validating our consolidation strategy for the U.S. market. Additionally, the closure of our Kinston facility in October will allow us to reposition Unifi in the partially oriented yarn market, thereby competing more effectively."

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Unifi Announces First Quarter Results – page 2

Total long-term debt at the end of the September quarter was \$228.5 million, which is a reduction of \$6.1 million over the \$234.6 million in debt at the end of the June quarter. Cash-on-hand at the end of the current September quarter decreased to \$33.9 million, down from the \$40.0 million cash-on-hand at the end of the June quarter, primarily as a result of the working capital build related to the Kinston closure.

Bill Jasper, President and Chief Executive Officer of Unifi, said, "While we are pleased with the operational results of the quarter, we recognize that there is still work to be done. Our leadership team will concentrate on achieving corporate profitability as soon as possible, maximizing cash generation and developing a vision and executing a plan for growth and the long-term health of the Company. We will also accelerate our efforts to achieve profitability in our joint venture in China and position it for long-term success."

Unifi, Inc. (NYSE: UFI) is a diversified producer and processor of multi-filament polyester and nylon textured yarns and related raw materials. The Company adds value to the supply chain and enhances consumer demand for its products through the development and introduction of branded yarns that provide unique performance, comfort and aesthetic advantages. Key Unifi brands include, but are not limited to: aio® — all-in-one performance yarns, Sorbtek®, A.M.Y.®, Mynx® UV, Repreve®, Reflexx®, MicroVista® and Satura®. Unifi's yarns and brands are readily found in home furnishings, apparel, legwear, and sewing thread, as well as industrial, automotive, military, and medical applications. For more information about Unifi, visit <http://www.unifi.com>.

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Financial Statements to Follow



Unifi Announces First Quarter Results – page 3

UNIFI, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited) (Amounts in Thousands Except Per Share Data)

	For the Quarters Ended	
	September 23, 2007	September 24, 2006
Net sales	\$ 170,536	\$ 169,944
Cost of sales	159,543	159,383
Selling, general & administrative expenses	14,454	11,289
Provision for bad debts	254	1,610
Interest expense	6,712	6,065
Interest income	(826)	(444)
Other (income) expense, net	(1,006)	(479)
Equity in (earnings) losses of unconsolidated affiliates	(178)	1,949
Write down of long-lived assets	533	1,200
Write down of investment in unconsolidated affiliate	4,505	—
Restructuring charges	2,632	—
Loss from continuing operations before income taxes	(16,087)	(10,629)
Benefit from income taxes	(6,931)	(549)
Loss from continuing operations	(9,156)	(10,080)
Loss from discontinued operations, net of tax	(32)	(36)
Net loss	\$ (9,188)	\$ (10,116)
Losses per common share (basic and diluted):		
Net loss — continuing operations	\$ (0.15)	\$ (0.19)
Net loss — discontinued operations	—	—
Net loss — basic and diluted	\$ (0.15)	\$ (0.19)
Weighted average basic and diluted shares outstanding	60,537	52,198

- continued -



Unifi Announces First Quarter Results – page 4

UNIFI, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited) (Amounts in Thousands)

	<u>September 23, 2007</u>	<u>June 24, 2007</u>
Assets		
Cash and cash equivalents	\$ 33,859	\$ 40,031
Receivables, net	93,396	93,989
Inventories	139,585	132,282
Deferred income taxes	13,547	9,923
Assets held for sale	5,873	7,880
Restricted cash	4,951	4,036
Other current assets	<u>12,966</u>	<u>11,973</u>
Total current assets	304,177	300,114
Property, plant and equipment	201,912	209,955
Investments in unconsolidated affiliates	87,879	93,170
Intangible assets, net	41,579	42,290
Other noncurrent assets	<u>20,148</u>	<u>20,424</u>
	<u>\$ 655,695</u>	<u>\$ 665,953</u>
Liabilities and Shareholders' Equity		
Accounts payable	\$ 53,835	\$ 61,620
Accrued expenses	40,257	28,278
Income taxes payable	117	247
Current maturities of long-term debt and other current liabilities	<u>12,420</u>	<u>11,198</u>
Total current liabilities	106,629	101,343
Long-term debt and other liabilities	230,041	236,149
Deferred income taxes	19,781	23,507
Shareholders' equity	<u>299,244</u>	<u>304,954</u>
	<u>\$ 655,695</u>	<u>\$ 665,953</u>

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UNIFI, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (Amounts in Thousands)

	For the Quarters Ended	
	September 23, 2007	September 24, 2006
Cash and cash equivalents at beginning of period	\$ 40,031	\$ 35,317
Operating activities:		
Net loss	(9,188)	(10,116)
Adjustments to reconcile net loss to net cash used in continuing operating activities:		
Loss from discontinued operations	32	36
Net (earnings) losses of unconsolidated affiliates, net of distributions	282	1,949
Depreciation	9,599	11,124
Amortization	1,162	276
Stock-based compensation expense	107	1,040
Net (gain) loss on asset sales	(142)	240
Non-cash write down of long-lived assets	533	1,200
Non-cash write down of investment in unconsolidated affiliate	4,505	—
Non-cash portion of restructuring charges	2,632	—
Deferred income tax	(7,524)	(2,013)
Provision for bad debts	254	1,610
Other	(473)	(233)
Change in assets and liabilities, excluding effects of acquisitions and foreign currency adjustments	(2,986)	(9,465)
Net cash used in continuing operating activities	(1,207)	(4,352)
Investing activities:		
Capital expenditures	(1,064)	(1,480)
Change in restricted cash	(915)	—
Proceeds from sale of capital assets	2,216	3
Return of capital from equity affiliates	234	229
Other	264	116
Net cash provided by (used in) investing activities	735	(1,132)
Financing activities:		
Payment of long-term debt	(6,000)	—
Other	(515)	(417)
Net cash used in financing activities	(6,515)	(417)
Cash flows of discontinued operations:		
Operating cash flow	(78)	63
Net cash provided by (used in) discontinued operations	(78)	63
Effect of exchange rate changes on cash and cash equivalents	893	37
Net decrease in cash and cash equivalents	(6,172)	(5,801)
Cash and cash equivalents at end of period	\$ 33,859	\$ 29,516

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CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

Certain statements included herein contain forward-looking statements, within the meaning of federal security laws, about Unifi, Inc.'s (the "Company") financial condition and results of operations that are based on management's current expectations, estimates and projections about the markets in which the Company operates, as well as management's beliefs and assumptions. Words such as "expects," "anticipates," "believes," "estimates," variations of such words and other similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in, or implied by, such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's judgment only as of the date hereof. The Company undertakes no obligation to update publicly any of these forward-looking statements to reflect new information, future events or otherwise.

Factors that may cause actual outcome and results to differ materially from those expressed in, or implied by, these forward-looking statements include, but are not necessarily limited to, availability, sourcing and pricing of raw materials, pressures on sales prices and volumes due to competition and economic conditions, reliance on and financial viability of significant customers, operating performance of joint ventures, alliances and other equity investments, technological advancements, employee relations, changes in construction spending, capital expenditures and long-term investments (including those related to unforeseen acquisition opportunities), continued availability of financial resources through financing arrangements and operations, outcomes of pending or threatened legal proceedings, negotiation of new or modifications of existing contracts for asset management and for property and equipment construction and acquisition, regulations governing tax laws, other governmental and authoritative bodies' policies and legislation, and proceeds received from the sale of assets held for disposal. In addition to these representative factors, forward-looking statements could be impacted by general domestic and international economic and industry conditions in the markets where the Company competes, such as changes in currency exchange rates, interest and inflation rates, recession and other economic and political factors over which the Company has no control. Other risks and uncertainties may be described from time to time in the Company's other reports and filings with the Securities and Exchange Commission.

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Unifi, Inc.
First Qtr. Conf. Call
October 25, 2007

Unifi, Inc.

First Quarter Ended
September 23, 2007

Conference Call

Cautionary Statement

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Income Statement Highlights
(Amounts in thousands)

	For the Quarters Ended	
	September 2007	September 2006
Total sales from continuing operations	\$170,536	\$169,944
Loss from continuing operations before income taxes	(16,087)	(10,629)
Loss from continuing operations	(9,156)	(10,080)
Selling, general and administrative expense	14,454	11,289
Interest expense	6,712	6,065
Depreciation expense	9,599	11,124
Net loss	(9,188)	(10,116)

Balance Sheet Highlights
 (Amounts in thousands, except days in receivables/payables)

	September 2007	June 2007	March 2007	December 2006
Cash	<u>\$ 33,859</u>	<u>\$ 40,031</u>	<u>\$ 26,780</u>	<u>\$ 35,612</u>
Short-Term Debt	\$ 10,548	\$ 9,345	\$ 7,223	\$ 6,236
Long-Term Debt	<u>228,500</u>	<u>234,609</u>	<u>240,022</u>	<u>199,912</u>
Total Debt	<u>\$239,048</u>	<u>\$243,954</u>	<u>\$247,245</u>	<u>\$206,148</u>
Equity	\$299,244	\$304,954	\$373,687	\$362,006
Net Working Capital (1)	\$180,516	\$166,008	\$176,926	\$140,732
Days in receivable	47.9	46.2	47.2	40.9
Days in payables	26.9	29.6	27.4	30.7

(1) Includes only Accounts Receivable, Inventories and Accounts Payable; excludes discontinued operations

EBITDA Reconciliation
 to Pre-Tax Income
 (Amounts in thousands)

	For the Quarters Ended	
	September 2007	September 2006
Pre-tax loss from continuing operations	\$ (16,087)	(10,629)
Interest expense, net	5,886	5,621
Depreciation and amortization expense	10,470	11,124
Equity in (earnings) losses of unconsolidated affiliates	(178)	1,949
Cash distributions from equity affiliates	694	229
Non cash compensation, net of distributions	109	2,128
Gains/losses on sales of PP&E	(142)	240
Hedging (gains) losses	(115)	44
Write down of long-lived assets	533	1,200
Write down of investment in equity affiliate	4,505	—
Restructuring charges	2,632	—
SG&A severance related charges	2,368	—
Deposit write offs	1,248	—
Kinston site severance charges	822	—
EBITDA	<u>\$ 12,745</u>	<u>\$ 11,906</u>

September 2007 Depreciation and amortization includes \$9,599 of depreciation and \$871 in amortization related to the Dillon acquisition. All remaining amortization is debt related and is included in Interest expense, net.

Non-GAAP
Financial Measures

Non-GAAP Financial Measures

Included in this presentation are certain non-GAAP financial measures designed to complement the financial information presented in accordance with generally accepted accounting principles in the United States of America because management believes such measures are useful to investors.

EBITDA

EBITDA represents pre-tax income before interest expense, depreciation and amortization expense and loss or income from discontinued operations, adjusted to exclude restructuring charges, equity in earnings and losses of unconsolidated affiliates, impairment write-downs, non-cash compensation expense, gains and losses on sales of property, plant and equipment, hedging gains and losses, and deposit write offs, and to include cash distributions from equity affiliates. We present EBITDA as a supplemental measure of our performance and ability to service debt. We also present EBITDA because we believe such measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry and in measuring the ability of "high-yield" issuers to meet debt service obligations.

We believe EBITDA is an appropriate supplemental measure of debt service capacity, because cash expenditures on interest are, by definition, available to pay interest, and tax expense is inversely correlated to interest expense because tax expense goes down as deductible interest expense goes up; depreciation and amortization are non-cash charges. Equity in earnings and losses of unconsolidated affiliates is excluded because such earnings or losses do not have an impact on our ability to service our debt. Similarly, we include actual cash distributions from equity affiliates because such cash is available to service our debt. The other items excluded from EBITDA are excluded in order to better reflect our continuing operations.

In evaluating EBITDA, you should be aware that in the future we may incur expenses similar to the adjustments in this presentation. Our presentation of EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of our liquidity.

Non-GAAP
Financial Measures – Continued

Our EBITDA measure has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- it does not reflect our cash expenditures, future requirements for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, our working capital needs;
- it does not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and our EBITDA measure does not reflect any cash requirements for such replacements;
- it is not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows;
- it does not reflect the impact of earnings or charges resulting from matters we consider not be indicative of our ongoing operations;
- it does not reflect limitations on or costs related to transferring earnings from our subsidiaries to us; and
- other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business or as a measure of cash that will be available to us to meet our obligations, including those under the notes. You should compensate for these limitations by relying primarily on our GAAP results and using EBITDA only supplementally.

Investor Day Meetings

- Meetings scheduled:
 - New York, New York — November 12, 2007
 - Los Angeles, California — November 14, 2007
- Meeting locations and times will be announced at a later date
- If you are interested in attending either of these meetings, please contact Ms. Rebecca Landas, Investor Relations Coordinator, at rlandas@unifi.com or at (336) 316-5676