FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

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

For the quarterly period ended September 25, 1994

[] 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 1-10542

UNIFI, INC.
(Exact name of registrant as specified its charter)

New York	11-2165495
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

P.O. Box 19109 - 7201 West Friendly Road	
Greensboro, NC	27419
(Address of principal executive offices)	(Zip Code)

(910) 294-4410
(Registrant's telephone number, including area code)
Same
(Former name, former address and former fiscal year, if changed since last 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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's class of common stock, as of the latest practicable date.

Class	Outstanding at September 25, 1994
Common Stock, par value $.10 per share	70,462,217 Shares

UNIFI, INC.

Condensed Consolidated Balance Sheets

	September 25, 1994 (Unaudited)	June 26, 1994 (Audited)
	(Amounts in Thousands)	
ASSETS		

Current Assets:		
Cash and Cash Equivalents	$107,165	$80,653
Short-Term Investments	69,629	71,483
Accounts Receivable, Net	190,174	200,537
Inventories		
Raw Materials and Supplies	$43,818	$29,797
Work in Process	13,323	12,937
Finished Goods	56,379	57,545
	$113,520	$100,279
Other Current Assets	3,754	3,605
Total Current Assets	$484,242	$456,557
Property, Plant and Equipment	$860,336	$848,637
Less: Accumulated Depreciation	349,461	336,375
	$510,875	$512,262
Investments in Affiliates	$10,815	$10,626
Other Assets	$26,559	$23,807
Total Assets	$1,032,491	$1,003,252
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Notes Payable	$--	$137
Accounts Payable	95,186	83,831
Accrued Expenses	43,541	56,183
Income Taxes	20,735	12,132
Total Current Liabilities	$159,462	$152,283
Long-Term Debt	$230,000	$230,000
Deferred Income Taxes	$32,964	$32,447
Shareholders' Equity		
Common Stock	$7,046	$7,043
Capital in Excess of Par	201,833	199,959
Retained Earnings	401,116	385,472
Cumulative Translation Adjustment	911	(3,060)
Reserve for Investments	(841)	(892)
Total Shareholders' Equity	$610,065	$588,522
Total Liabilities and Shareholders' Equity	$1,032,491	$1,003,252

See Accompanying Notes to Condensed Consolidated Financial Statements.

UNIFI, INC.

Condensed Consolidated Statements of Income

(Unaudited)

	For the Quarters Ended September 25, 1994	September 26, 1993
	(Amounts in Thousands Except Per Share Data)	
Net Sales	$359,194	$325,355
Costs and Expenses:		
Cost of Goods Sold	$310,860	$279,630
Selling, General & Administrative Expense	9,674	9,573
Interest Expense	3,938	5,093
Interest Income	(2,652)	(2,713)
Other (Income) Expense	(579)	204

	$321,241	$291,787
Income Before Income Taxes	$37,953	$33,568
Income Taxes	15,264	13,756
Net Income	$22,689	$19,812
Earnings Per Share: Primary	$.32	$.28
Fully Diluted	$.32	$.28
Cash Dividends Per Share	$.10	$.14
Average Shares Outstanding: Primary	70,952	71,090
Fully Diluted	78,705	78,843

See Accompanying Notes to Condensed Consolidated Financial Statements.

UNIFI, INC.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	For the Quarters Ended September 25, 1994	September 26, 1993
	(Amounts in Thousands)	
Cash and Cash Equivalents Provided by Operating Activities	$41,568	$18,441
Investing Activities:		
Capital Expenditures	$(23,736)	$(44,250)
Sale of Capital Assets	308	--
Notes Receivable	(306)	915
Sale of Subsidiary - Note (e)	13,798	--
Sale of Investments	1,580	4,598
Net Investing Activities	$(8,356)	$(38,737)
Financing Activities:		
Issuance of Common Stock	$299	$17
Borrowing of Debt	--	7,453
Repayment of Debt	(25)	(24,563)
Cash Dividend	(7,045)	(9,463)
Net Financing Activities	$(6,771)	$(26,556)
Currency Translation Adjustment	$71	$(75)
Increase (Decrease) in Cash	$26,512	$(46,927)
Cash and Cash Equivalents - Beginning	80,653	76,093
Cash and Cash Equivalents - Ending	$107,165	$29,166

See Accompanying Notes to Condensed Consolidated Financial Statements.

UNIFI, INC.
Notes to Condensed Consolidated Financial Statements

(a) Basis of Presentation

The information furnished is unaudited and reflects all adjustments which are, in the opinion of Management, necessary to present fairly the financial position at September 25, 1994 and the results of operations and cash flows for the quarters ended September 25, 1994 and September 26, 1993. Such adjustments consisted of normal recurring items. Interim results are not necessarily indicative of results for a full year. It is suggested that the condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's latest annual report on Form 10-K.

(b) Income Taxes

Deferred income taxes arise primarily from temporary differences between financial and tax basis of assets and liabilities, principally property and equipment.

The difference between the statutory federal income tax rate and the effective tax rate is primarily due to results of foreign subsidiaries which are taxed at rates below those of U.S. operations. Neither quarters' operating results were significantly impacted by foreign operations; therefore, the rate for both periods approximates the statutory rate.

Per Share Information (c)

Earnings per common share are computed on the basis of the number of shares outstanding, adjusted for the dilutive effect of stock options outstanding.

The Convertible Notes do not meet the test of a common stock equivalent, accordingly, conversion of these notes is only assumed for the calculation of fully diluted earnings per share.

Computation of average shares outstanding (in 000's):

	Quarters Ended	
	September 25, 1994	September 26, 1993
Average Shares Outstanding	70,449	70,340
Add: Dilutive Options	503	750
Primary Average Shares	70,952	71,090
Incremental Shares Arising from Full Dilution Assumption	7,753	7,753
Average Shares Assuming Full Dilution	78,705	78,843

Computation of net income for per share data (in 000's):

	Quarters Ended September 25, 1994	September 26, 1993
Net Income - Primary	$22,689	$19,812
Add: Convertible Subordinated Interest Net of Tax	2,169	2,103
Net Income Assuming Full Dilution	$24,858	$21,915

(d) Common Stock

On October 20, 1994 the Company's Board of Directors declared a cash dividend of 10 cents per share payable on November 10, 1994 to shareholders of record on November 3, 1994.

(e) Sale of Subsidiary

During the current quarter the Company completed the sale of its wholly-owned French subsidiary, Unifi Texturing, S.A. (UTSA). Net cash proceeds from the sale totaled $13.8 million, excluding $4.1 million of cash remitted to the Parent from UTSA in conjunction with the sale. The transaction had no significant impact on current quarter earnings. The results of operations of UTSA were not significant to the consolidated Company for either period presented.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is Management's discussion and analysis of certain significant factors that have affected the Company's operations and material changes in financial condition during the periods included in the accompanying Condensed Consolidated Financial Statements.

Results of Operations

Net sales increased 10.4% in the quarter from $325.4 million to $359.2 million. Volume increased 17.5% for the quarter while average unit price, based on overall product mix, decreased 6.0% during this period.

Our domestic polyester operations performed well in the first quarter. Volume increases were experienced in both the dyed and undyed portions of the business. Dyed yarn prices were increased at the beginning of the quarter while prices for our natural yarns will be increasing in the second quarter. Demand for our polyester yarn remains strong in the automotive, home furnishings and export areas in addition to solid demand for our warped and twisted yarns. Domestic nylon and covered yarn volume declined slightly from the corresponding period of the prior year together with a decrease in average unit price. We anticipate good business in the sock grouping and a more steady demand in women's hosiery and legwear in the upcoming months. Volume for our spun division increased for the quarter while average per unit price declined due to pressures on selling prices. If demand remains good, we would anticipate improved margins in our spun business in the second half of Fiscal 1995 as old sales contracts begin to expire at the end of our second quarter. Volume for our European polyester business remains good although we face rising raw material prices. In anticipation of further raw material price increases we are pushing our selling prices upward and repositioning our product mix to help margin improvement.

Cost of sales increased from $279.6 million in last year's first quarter to

$310.9 million in this year's first quarter or 11.2%. Cost of sales as a percentage of net sales for the quarter increased slightly from 85.9% last year to 86.6% this year. This is mainly the result of the decline in average unit sales price discussed above as sales volume has increased significantly and components of cost of sales have improved on a per unit basis. Average raw material costs per unit, based on overall product mix, have declined approximately 2.5%. Manufacturing costs have also experienced a decline during this time period on a per unit basis as was the case for depreciation. These improvements in cost per unit primarily resulted from increased volume in our polyester and spun yarn businesses. Our gross margins have declined approximately 0.6% from last year's first quarter to the current quarter due to lower average net sales prices based on our overall product mix.

Selling, general and administrative expenses as a percentage of net sales decreased from 2.9% to 2.7% in the current quarter. During the quarter actual expense increased from $9.6 million to $9.7 million. The improvement in selling, general and administrative expenses as a percentage of sales is attributable to increased sales volume.

Interest expense decreased from $5.1 million in the prior fiscal year first quarter to $3.9 million in the current quarter. During the first quarter of the prior year, the Company paid off approximately $24.6 million of debt acquired through merged companies and borrowed $7.5 million of additional debt. The combination of the interest expense on the newly acquired debt and the interest charged on the debt extinguished through the pay-off date resulted in higher interest expense in the September 1993 quarter than in the current quarter. Interest income has remained relatively constant during the quarter compared to the corresponding period of the prior year.

Other (income) expense reflects an improvement of $783 thousand over the first quarter of the prior fiscal year. In the current quarter, the Company recognized gains on the sale of investments and property, plant and equipment. Currency exchange gains and income from an equity investment in the current quarter also contributed to the increase.

Our effective tax rate was 40.2% in the current quarter as compared with 41.0% in the prior quarter. The lower rate in the current period is due to taxable earnings of foreign subsidiaries representing a larger contribution of total consolidated pretax income. Taxes on foreign earnings are normally at rates lower than US rates.

Quarterly earnings per share increased from $.28 to $.32.

Liquidity and Capital Resources

The primary source of cash funds for the Company during the current quarter was from operating activities that contributed $41.6 million in cash and cash equivalents. Net income and noncash expenses comprised $40.9 million of this amount. The Company substantially completed the sale of its European nylon operations in the current quarter. This generated approximately $13.8 million in net cash proceeds, excluding $4.1 million of cash remitted to the Parent from UTSA in conjunction with the sale. The primary uses of funds during this period were capital expenditures of $23.7 million and the payment of cash dividends of $7.0 million.

The Company ended the current quarter with working capital of $324.8 million of which $176.8 million represents cash and short-term investments. This compares with working capital of $304.3 million and cash reserves of $152.1 million at year-end. Management believes that the current financial position of the Company in addition to its operations and access to debt and equity markets is sufficient to meet anticipated capital expenditure, strategic acquisition, working capital and other financial needs.

UNIFI, INC.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Part I Exhibit

(27) Financial Data Schedule

(b) No reports on Form 8-K have been filed during the quarter ended September 25, 1994.

UNIFI, INC.

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.

UNIFI, INC.

Date: 11/09/94

ROBERT A. WARD
Robert A. Ward
Executive Vice President-
Financial and Administration (Mr. Ward is the Principal Financial and Accounting Officer and has been duly authorized to sign on behalf of the Registrant.)

Date: 11/09/94

NORMA R. NIXON
Norma R. Nixon
Corporate Controller

<ARTICLE> 5
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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
COMPANY'S QUARTERLY REPORT FOR THE QUARTER ENDED SEPTEMBER 25, 1994, AND
IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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AND RESERVE FOR INVESTMENTS OF $(841).
</FN>