

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 20, 2005

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.)
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7201 West Friendly Avenue
Greensboro, North Carolina 27410
(Address of principal executive offices)

(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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ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On October 20, 2005, Unifi, Inc. (the "Company") issued a press release announcing the financial results for its first quarter of fiscal year 2006 ending September 25, 2005. A copy of the press release is furnished as Exhibit 99.1 to this report and is incorporated by reference herein.

The information included herein, as well as Exhibit 99.1 referenced herein, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

ITEM 8.01. OTHER EVENTS

On October 20, 2005, the Company issued a press release announcing that it will be considering strategic alternatives to improve shareholder value, a copy of which is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

EXHIBIT NO.	DESCRIPTION OF EXHIBIT
99.1	News Release disseminated on October 20, 2005 by Unifi, Inc. announcing the financial results for its first quarter of fiscal year 2006 ending September 25, 2005.
99.2	News Release disseminated on October 20, 2005 by Unifi, Inc. announcing that it will be considering strategic alternatives to improve shareholder value.

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/ CHARLES F. MCCOY
Charles F. McCoy
Vice President, Secretary and General Counsel

Dated: October 20, 2005

INDEX TO EXHIBITS

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For more information, contact:
William M. Lowe, Jr.
Vice President
Chief Operating Officer
Chief Financial Officer
(336) 316-5664

Unifi Announces First Quarter Results

GREENSBORO, N.C. - October 20, 2005 - Unifi, Inc. (NYSE:UFI) today released operating results for its first quarter ending September 25, 2005.

Net income for the current quarter, including discontinued operations, was a net loss of \$3.1 million or \$0.06 per share compared to a net loss of \$22.6 million or \$0.43 per share for the prior September quarter. Included in the current September quarter is a \$2.8 million gain from the sale of the Company's property located in Ireland.

Net income from continuing operations for the current quarter was a net loss of \$5.7 million or \$0.11 per share compared to a net loss of \$1.2 million or \$0.02 per share for the prior September quarter. Net income from continuing operations for the current quarter was negatively impacted by a pre-tax impairment charge of \$1.5 million associated with Company properties located in Mayodan, N.C., and \$1.4 million in pre-tax losses from the winding down of Unimatrix Americas, the Company's external sourcing business.

Net sales from continuing operations for the current September quarter of \$185.4 million were up \$5.8 million or 3.2% compared to net sales of \$179.6 million for the prior year September quarter.

"We faced many challenges this quarter, including certain key customers adjusting inventory during the summer months and the unexpected interruption of our supply chain of raw materials from the impact of both Hurricane Katrina and Rita, which has continued into October," said Bill Lowe, Chief Operating Officer and Chief Financial Officer for Unifi. "Although we are still assessing the long-term effect of polyester

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ingredient supply and the increases in raw material and energy costs on the profitability of our business for the remainder of the fiscal year, we have taken certain measures to guarantee continuity of production to assure our customers of a supply of product."

Cash-on-hand at the end of the current September quarter was \$90.7 million, up from the \$45.7 million cash-on-hand at the end of the prior year September quarter.

Brian Parke, Chairman and CEO of Unifi, said, "After two months of operations, Yihua Unifi, our joint venture in China, is making progress in improving operational quality and manufacturing expertise. We will be introducing four of our branded performance yarns to the China market at a key industry trade show at the end of October."

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: Sorbtek[®], A.M.Y.[®], Mynx[®] UV, 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 www.unifi.com.

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Financial Statements to Follow

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UNIFI, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED) (In Thousands Except Per Share Data)

	For the Quarters Ended	
	September 25, 2005	September 26, 2004
Net sales	\$ 185,441	\$ 179,590
Cost of sales	177,919	168,854
Selling, general & administrative expenses	10,981	9,505
Provisions for bad debts	527	820
Interest expense	4,777	4,665
Interest income	(1,277)	(373)
Other (income) expense, net	(851)	(274)
Equity in earnings of unconsolidated affiliates	(1,824)	(1,154)
Minority interest income	-	(188)
Restructuring charges	29	-
Writedown of long-lived assets	<u>1,500</u>	<u>-</u>
Income (loss) from continuing operations before income taxes and extraordinary item	(6,340)	(2,265)
Benefit for income taxes	<u>(681)</u>	<u>(1,105)</u>
Income (loss) from continuing operations before discontinued operations and extraordinary item	(5,659)	(1,160)
Gain (loss) from discontinued operations, net of tax	2,781	(21,395)
Extraordinary loss - net of taxes of \$0	<u>(208)</u>	<u>-</u>
Net loss	<u>\$ (3,086)</u>	<u>\$ (22,555)</u>
Earnings (losses) per common share:		
Net income (loss) - continuing operations	\$ (0.11)	\$ (0.02)
Net income (loss) - discontinued operations	0.05	(0.41)
Extraordinary loss - net of \$0 tax	-	-
Net loss	<u>\$ (0.06)</u>	<u>\$ (0.43)</u>
Average basic and diluted shares outstanding	52,127	52,077

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UNIFI, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED) (In Thousands)

	September 25, 2005	June 26, 2005
Assets		
Cash and cash equivalents	\$ 90,744	\$ 105,621
Receivables, net	98,895	106,437
Inventories	114,179	110,827
Deferred income taxes	12,217	14,578
Assets held for sale	-	10,694
Restricted cash	-	2,766
Other current assets	<u>13,109</u>	<u>15,590</u>
Total current assets	329,144	366,513
Property, plant and equipment	290,599	301,574
Investment in unconsolidated affiliates	177,981	160,675
Other noncurrent assets	<u>14,309</u>	<u>16,613</u>
	<u>\$ 812,033</u>	<u>\$ 845,375</u>
Liabilities and Shareholders' Equity		
Accounts payable	\$ 58,401	\$ 62,666
Accrued expenses	36,694	45,618
Income taxes payable	3,189	2,292
Current maturities of long-term debt and other current liabilities	<u>11,383</u>	<u>35,339</u>
Total current liabilities	109,667	145,915
Long-term debt and other liabilities	258,731	259,790
Deferred income taxes	51,754	55,913

Minority interests	-	182
Shareholders' equity	<u>391,881</u>	<u>383,575</u>
	<u>\$ 812,033</u>	<u>\$ 845,375</u>

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UNIFI, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) (In Thousands)

	For the Three Months Ended	
	September 25, 2005	September 26, 2004
Cash and cash equivalents at beginning of year	\$ 105,621	\$ 65,221
Operating activities:		
Net loss from continuing operations	(5,659)	(1,160)
Adjustments to reconcile net loss to net cash provided by continuing operating activities:		
Net income of unconsolidated equity affiliates, net of distributions	(694)	(1,154)
Depreciation	12,409	12,675
Amortization	321	343
Net gain on asset sales	(319)	(325)
Non-cash portion restructuring charges	29	-
Non-cash write down of long-lived assets	1,500	-
Deferred income tax	(1,729)	(5,406)
Provision for bad debts and quality claims	527	820
Other noncurrent assets	-	4,109
Other	1,406	(274)
Change in assets and liabilities, excluding effects of acquisitions and foreign currency adjustments	<u>(6,240)</u>	<u>(6,664)</u>
Net cash provided by continuing operating activities	<u>1,551</u>	<u>2,964</u>
Investing activities:		
Capital expenditures	(4,029)	(1,620)
Acquisition	-	(900)
Investment in equity affiliate	(15,331)	(245)
Investment of foreign restricted assets	167	(173)
Collection of notes receivable	110	101
Increase in notes receivable	-	(139)
Proceeds from sale of capital assets	2,239	356
Decrease in restricted cash	2,766	-
Other	(108)	(9)
Net cash used in investing activities	<u>(14,186)</u>	<u>(2,629)</u>
Financing activities:		
Payment of long-term debt	(24,407)	-
Other	461	(80)
Net cash used in financing activities	<u>(23,946)</u>	<u>(80)</u>
Discontinued operations and net changes in assets held for sale	<u>20,814</u>	<u>(20,580)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>890</u>	<u>830</u>
Net decrease in cash and cash equivalents	<u>(14,877)</u>	<u>(19,495)</u>
Cash and cash equivalents at end of period	<u>\$ 90,744</u>	<u>\$ 45,726</u>

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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, management's beliefs and assumptions made by management. 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 or governmental investigations or proceedings (including environmental related claims), 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, the continuation and magnitude of the Company's common stock repurchase program 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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For more information, contact:

William M. Lowe, Jr.
Vice President
Chief Operating Officer
Chief Financial Officer
(336) 316-5664

Unifi to Consider Strategic Alternatives

GREENSBORO, N.C. - October 20, 2005 - Unifi, Inc. (NYSE:UFI) today announced that its Board of Directors is exploring strategic alternatives to improve shareholder value based upon its view of existing and future market conditions.

In support of this initiative, the Board has instructed management to study a broad array of alternatives that would include growing the business by expanding within the textile industry, including into low-cost locations around the world, expanding in non-textile related businesses, the potential merger or sale of the Company, and the restructuring of the Company's outstanding indebtedness, all in an effort to take advantage of the further consolidation and integration of the textile industry.

There can be no assurance that the Company will enter into or consummate any transaction or as to the terms or timing thereof.

The Company stated it does not expect to update its progress or disclose developments with respect to the exploration of strategic alternatives unless the Board of Directors has approved a definitive transaction.

The Company had cash-on-hand at the end of the current September quarter ended September 25, 2005 of \$90.7 million.

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Unifi to Consider Strategic Alternatives - page 2

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