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 March 30, 1997

[] 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 Avenue 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 May 4, 1997
Common Stock, par value $.10 per share	61,812,860 Shares

Part I. Financial Information

UNIFI, INC.

Condensed Consolidated Balance Sheets

	March 30, 1997 (Unaudited)	June 30, 1996 (Audited)
	(Amounts in Thousands)	
ASSETS:		
Current assets:		
Cash and cash equivalents	$22,951	$24,473
Receivables	221,799	199,361
Inventories:		
Raw materials and supplies	56,016	59,260
Work in process	14,103	13,294
Finished goods	56,553	60,392
Other current assets	4,420	5,095
Total current assets	375,842	361,875
Property, plant and equipment	1,117,599	1,027,128
Less: accumulated depreciation	531,353	477,752
	586,246	549,376
Other noncurrent assets	41,564	39,833
Total assets	$1,003,652	$951,084
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	$101,761	$110,107
Accrued expenses	38,914	39,895
Income taxes	19,056	15,651
Total current liabilities	159,731	165,653
Long-term debt	235,000	170,000
Deferred income taxes	44,156	32,225
Shareholders' equity:		

Common stock	6,228	6,483
Capital in excess of par value	--	62,255
Retained earnings	557,537	512,253
Cumulative translation adjustment	1,000	2,215
Total shareholders' equity	564,765	583,206
Total liabilities and shareholders' equity	$1,003,652	$951,084

See Accompanying Notes to Condensed Consolidated Financial Statements.

UNIFI, INC.

Condensed Consolidated Statements of Income

(Unaudited)

	For the Quarters Ended		For the Nine Months Ended	
	March 30, 1997	March 24, 1996	March 30, 1997	March 24, 1996
	(Amounts in Thousands Except Per Share Data)			
Net sales	$438,252	$375,509	$1,272,312	$1,164,315
Costs and expenses:				
Cost of sales	376,444	329,965	1,101,701	1,024,587
Selling, general & administrative expense	11,627	10,403	33,704	31,908
Interest expense	3,020	3,841	8,900	11,278
Interest income	(581)	(1,120)	(1,675)	(5,738)
Other (income) expense	844	(544)	1,779	(2,282)
Non-recurring charge (note e)	--	--	--	23,826
	391,354	342,545	1,144,409	1,083,579
Income before income taxes	46,898	32,964	127,903	80,736
Provision for income taxes	15,431	12,217	43,691	29,104
Net income	$31,467	$20,747	$84,212	$51,632
Earnings per share:				
Primary	$.50	$.32	$1.31	$.78
Fully diluted	$.50	$.32	$1.31	$.78
Cash dividends paid per share	$.11	$.13	$.33	$.39

See Accompanying Notes to Condensed Consolidated Financial Statements.

UNIFI, INC.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	For the Nine Months Ended	
	March 30, 1997	March 24, 1996
	(Amounts in Thousands)	
Cash and cash equivalents provided by operating activities, net of acquisition	$139,771	$144,673
Investing activities:		
Capital expenditures	(105,409)	(100,114)
Acquisitions	--	(48,444)
Proceeds from notes receivable	632	785
Proceeds from sale of subsidiary and equity investment	--	10,436
Purchase of short-term investments	--	(59,808)
Sale of short-term investments	--	91,072
Other	272	1,523
Net investing activities	(104,505)	(104,550)
Financing activities:		
Issuance of Company common stock	2,071	27
Purchase and retirement of Company common stock	(82,419)	(54,395)
Borrowing of long-term debt	115,000	--
Payments of long-term debt	(50,000)	--
Cash dividends paid	(21,090)	(25,758)
Net financing activities	(36,438)	(80,126)
Currency translation adjustment	(350)	(322)
Increase (decrease) in cash and cash equivalents	(1,522)	(40,325)
Cash and cash equivalents - beginning	24,473	60,350
Cash and cash equivalents - ending	$22,951	$20,025

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 March 30, 1997, and the results of operations and cash flows for the periods ended March 30, 1997, and March 24, 1996. Such adjustments consisted of normal recurring items for all periods presented and, for the prior year to date, the non-recurring charge described in Note (e). 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 have been provided for the temporary differences between financial statement carrying amounts and tax basis of existing assets and liabilities.

The difference between the statutory federal income tax rate and the effective tax rate is primarily due the realization of state and federal tax credits and the results of foreign subsidiaries which are taxed at rates below those of U.S. operations.

(c)Per Share Information

Earnings per common and common equivalent share are computed on the basis of the weighted average number of common shares outstanding, plus to the extent applicable, common stock equivalents.

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

	Quarters Ended		Nine Months Ended	
	March 30, 1997	March 24, 1996	March 30, 1997	March 24, 1996
Average Shares Outstanding	62,615	65,068	63,843	66,020
Add: Dilutive Options	616	436	675	454
Primary Average Shares	63,231	65,504	64,518	66,474
Incremental Shares Arising from Full Dilution Assumption	--		45	
Average Shares Assuming Full Dilution	63,231		64,563	

Conversion of the $230 million, 6% convertible subordinated notes which were outstanding at March 24, 1996, was not considered for the computation of fully diluted earnings per share because its effect was antidilutive for both prior year periods presented. Accordingly, fully diluted earnings per share for these periods have been reported consistent with the primary earnings per share result. These notes were redeemed in the fourth quarter of fiscal 1996.

(d)Common Stock

On April 17, 1997, the Company's Board of Directors declared a cash dividend of $.11 per share payable on May 9, 1997, to shareholders of record on May 2, 1997.

(e)Non-Recurring Charge

During the fiscal 1996 first quarter, the Company recognized a non-recurring charge to earnings of $23.8 million ($14.9 million after-tax or $0.22 per share) related to restructuring plans to further reduce the Company's cost structure and improve productivity through the consolidation of certain manufacturing operations and the disposition of underutilized assets. The restructuring plan focused on the consolidation of production facilities acquired via mergers during the preceding four years. As part of the restructuring action, the Company closed its spun cotton manufacturing facilities in Edenton and Mount Pleasant, North Carolina with the majority of the manufacturing production being transferred to other facilities. The significant components of the non-recurring charge include $2.4 million of severance and other employee-related costs from the termination of employees and a $21.4 million write-down to estimated fair value less the cost of disposal of underutilized assets and consolidated facilities to be disposed. Costs associated with the relocation of equipment or personnel are being expensed as incurred.

In connection with the plan of restructuring and corporate consolidation, the Company has incurred as of March 30, 1997, severance and other employee-related costs of $2.0 million associated with the termination of 574 employees. All aspects of the consolidation plan associated with the termination of employees has been accomplished. The remaining reserve of $0.4 million associated with severance and other employee related costs has been reclassified to the reserve for estimated losses from the disposal of assets and consolidated facilities. Through March 30, 1997, the Company has charged $17.1 million against the reserve established for anticipated losses from the disposal of underutilized assets and consolidated facilities. The remaining reserve at March 30, 1997, amounts to $4.7 million. The Company has completed the majority of these restructuring efforts and anticipates no material differences in actual charges compared to its original estimates.

(f)Stock-Based Compensation

In October 1995, the FASB issued Statement No. 123, "Stock-Based Compensation," (SFAS 123) which became effective beginning with the Company's quarter ended September 29, 1996. The Company has adopted SFAS 123 and will continue to measure compensation expense for its stock-based employee compensation plans using the intrinsic value method prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees." In addition, the Company will provide at fiscal year end pro forma disclosures of net income and earnings per share as if the fair value-based method prescribed by SFAS 123 had been applied in measuring compensation expense. The adoption of the pronouncement has not had and is not expected to have a material effect on the Company's financial position or results of operations.

(g)Recent Pronouncements

In June 1996, the FASB issued Statement of Financial Accounting Standards No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," (SFAS 125). SFAS 125 became effective for transfers and servicing of financial assets and extinguishments of liabilities beginning with the Company's third quarter of fiscal 1997. The adoption of this Standard did not and is not expected to impact the Company's consolidated results of operations, financial position or cash flows.

In February 1997, the FASB issued Statement of Financial Accounting Standards No. 128, "Earnings per share," (SFAS 128) which is required to be adopted in the December 1997 fiscal quarter. At that time, the Company will be required to change the method currently used to compute earnings per share and to restate all prior periods. Under the new requirements for calculating primary earnings per share, the dilutive effect of stock options will be excluded. The impact of SFAS 128 on the calculation of primary and fully diluted earning per share for the quarter ended March 30, 1997, and March 24, 1996, is not expected to be material.

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

Consolidated net sales increased 16.7% to $438.3 million in the third quarter of fiscal 1997 and for the nine month period, sales increased 9.3% to $1,272.3 million. Volume increases of 17.8% and 10.0% for the quarter and year to date, respectively, offset average unit price declines, based on overall product mix, of 0.8% and 0.6%, respectively. The current quarter was positively impacted by having one more operating week than the previous year's quarter due to the timing of the Company's routine holiday shut down.

Results for our domestic operations reflect sales growth of 16.9% for the quarter and 8.7% for the year to date as we experienced increases in unit sales in all yarn areas for both current year periods over year ago levels. Sales growth of 17.3% for the quarter and 16.3% for the year to date in our international operations reflects increased capacity due to expansion.

Gross margin as a percentage of net sales for the quarter increased 2.0% from 12.1% to 14.1%. For the respective year-to-date periods, gross margin as a percentage of net sales increased 1.4% from 12.0% to 13.4%. Increases for both periods reflect decreases in raw material and manufacturing costs, based on product mix, as a percentage of net sales.

Selling, general and administrative expenses as a percentage of net sales decreased from 2.8% in last year's quarter to 2.7% this quarter. On a year-to-date basis, selling, general and administration expense as a percentage of net sales decreased from 2.7% to 2.6%. On a dollar basis, selling, general and administrative expense increased $1.2 million to $11.6 million, or 11.8%, for the quarter and increased $1.8 million to $33.7 million, or 5.6%, for the year to date. Increased selling, general and administrative expenses are primarily attributable to higher professional fees and information systems' costs associated with various corporate reengineering and technology improvement efforts.

Interest expense decreased $0.8 million to $3.0 million in the current quarter and $2.4 million to $8.9 million for the year-to-date period. The decline in interest expense for both current year periods reflects a lower effective interest rate and lower levels of debt throughout the periods. Interest income has decreased from $1.1 million in last year's third quarter to $0.6 million in the current quarter. For the nine month period, interest income has decreased from $5.7 million last year to $1.7 million in the current period. The decline in interest income for the quarter and year-to-date periods reflects lower levels of invested funds due to the use of such funds for capital expenditures, long-term debt extinguishment and the purchase and retirement of Company common stock.

Net other income and expense moved unfavorably $1.4 million in the current quarter from $0.5 million of income in the prior year quarter to $0.8 million of expense in the current year quarter. For the year to date, net other income and expense reflects an unfavorable change of $4.1 million from $2.3 million of income in the prior year to $1.8 million of expense for the current year period. These unfavorable changes reflect currency transaction losses and other non-operating expenses incurred during the current year periods compared to gains on the sale of investments and equipment in the prior year periods.

In the first quarter of the prior fiscal year, the Company announced restructuring plans to further reduce the Company's cost structure and improve productivity through the consolidation of certain manufacturing operations and the disposition of underutilized assets. The estimated cost of restructuring resulted in a first quarter fiscal 1996 non-recurring charge to earnings of $23.8 million or an after-tax charge to earnings of $14.9 million ($.22 per share). The Company has completed the majority of these restructuring efforts and anticipates no material differences in actual charges compared to its original estimates.

The effective tax rate has decreased from 37.1% to 32.9% in the current quarter and from 36.0% to 34.2% for the year-to-date period. The improvement in the effective tax rates is primarily due to the realization of state tax credits during the current year and the operating results of foreign subsidiaries which are taxed at rates below those of U.S. operations.

As a result of the above, the Company realized during the current quarter net income of $31.5 million, or $.50 per primary share, compared to $20.7 million, or $.32 per primary share, during the corresponding quarter of the prior year. Net income and primary earnings per share for the current nine month year-to-date period amounted to $84.2 million, or $1.31 per share, compared to corresponding totals in the prior year-to-date period of $51.6 million, or $.78 per share. Earnings for the prior year-to-date period were adversely affected by the non-recurring charge to earnings of $23.8 million or an after tax charge to earnings of $14.9 million ($.22 per share).

Liquidity and Capital Resources

Cash provided by operations continues to be the Company's primary source of funds to finance operating needs and capital expenditures. Cash generated from operations was $139.8 million for the nine month period ended March 30, 1997, compared to $144.7 million for the corresponding period of the prior fiscal year. Increases in working capital reduced cash flow from operating activities by $21.0 million for the nine month period ended March 30, 1997. The primary components of this working capital increase, excluding the effects of currency translation, were an increase in accounts receivables of $22.8 million and a decline in accounts payable and accruals of $8.2 million. These amounts were partially offset by declines in inventory of $6.1 million and in other net current assets of $3.9 million. The increase in accounts receivable since the fiscal year ended June 30, 1996, is attributable to higher sales volume and, specifically, export sales which comprised a higher percentage of total sales throughout this period.

Working capital levels are more than adequate to meet the operating requirements of the Company. We ended the current quarter with working capital of $216.1 million which included cash and cash equivalents of $23.0 million.

The Company utilized $104.5 million and $36.4 million for net investing and financing activities, respectively, during the nine months ended March 30, 1997. Significant expenditures during this period included $105.4 million of capital expenditures for capacity expansions and upgrading of facilities, $21.1 million for the payment of the Company's cash dividends and $82.4 million for the purchase and retirement of Company common stock. The Company utilized proceeds from net borrowings under its long-term debt agreement of $65.0 million and $3.0 million from other sources to offset these cash expenditures.

At March 30, 1997, the Company has committed approximately $204.6 million for the purchase, construction and upgrade of equipment and facilities, which is scheduled to be expended during fiscal years 1997, 1998 and 1999. A significant component of these committed funds, as well as a major component of the year-to-date capital expenditures, is the continuing construction of a highly automated, state-of-the-art texturing facility in Yadkinville, North Carolina. We have reached approximately 83% of productive capacity in this texturing facility which is scheduled for completion in the first quarter of fiscal 1998. Estimated costs associated with the construction of our previously announced polyester fiber production facility are also included in the $204.6 million commitment. However, the costs of various construction and machinery phases of the polyester fiber production facility project are still under negotiation. In addition, the Company has begun construction of a new nylon texturing facility in Madison, North Carolina. This plant will replace capacity at an existing facility and allow for a modest expansion. Certain construction and auxiliary machinery components of this project are still being negotiated.

On October 21, 1993, the Board of Directors authorized Management to repurchase up to 15 million shares of Unifi's common stock from time to time at such prices as Management feels advisable and in the best interest of the Company. Through March 30, 1997, 8.5 million shares have been repurchased at a total cost of $223.6 million pursuant to this Board authorization.

Management believes the current financial position of the Company in connection with its operations and its access to debt and equity markets are sufficient to meet anticipated capital expenditure, strategic acquisition, working capital, Company common stock repurchases and other financial needs.

Forward-Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations and other sections of this Quarterly Report contain forward-looking statements about the Company's financial condition and results of operations that are based on 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 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 these forward-looking statements include availability, sourcing and pricing of raw materials, pressures on sales prices due to competition and economic conditions, reliance on and financial viability of significant customers, technological advancements, changes in construction spending and capital equipment expenditures (including those related to unforeseen acquisition opportunities), continued availability of financial resources through financing arrangements and operations, 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 including fluctuations in currency exchange, interest and inflation rates.

Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K

(27) Financial Data Schedule

(b) No reports on Form 8-K have been filed during the quarter ended March 30, 1997.

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: May 14, 1997

WILLIS C. MOORE, III
Willis C. Moore, III
Vice President and Chief
Financial Officer (Mr. Moore is
the Principal Financial and
Accounting Officer and has been
duly authorized to sign on behalf
of the Registrant.)

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
COMPANY'S QUARTERLY REPORT FOR THE NINE MONTH PERIOD ENDED MARCH 30, 1997,
AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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MAR-30-1997
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OTHER STOCKHOLDERS' EQUITY OF $558,537 IS COMPRISED OF RETAINED EARNINGS OF
$557,537 AND CUMULATIVE TRANSLATION ADJUSTMENT OF $1,000.