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 December 26, 1999

[ ] 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)

(336) 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 January 30, 2000
Common stock, par value $.10 per share	59,102,293 shares

Part I. Financial Information

UNIFI, INC.
Condensed Consolidated Balance Sheets

	December 26, 1999	June 27, 1999
	(Unaudited)	(Note)
	(Amounts in Thousands)	
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 34,347	$ 44,433
Receivables	188,243	185,784
Inventories:		
Raw materials and supplies	48,895	45,584
Work in process	17,270	14,584
Finished goods	78,932	69,749
Other current assets	1,254	2,015
Total current assets	368,941	362,149
Property, plant and equipment	1,239,996	1,231,013
Less: accumulated depreciation	567,341	541,275
	672,655	689,738
Equity investments in unconsolidated affiliates	209,889	207,142
Other noncurrent assets	106,385	106,811
Total assets	$ 1,357,870	$ 1,365,840
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	$ 78,954	$ 68,716
Accrued expenses	45,631	52,889
Income taxes payable	9,355	7,392
Current maturities of long-term debt and other current liabilities	5,581	16,255
Total current liabilities	139,521	145,252
Long-term debt and other liabilities	467,089	478,898
Deferred income taxes	84,343	78,369
Minority interests	18,131	17,183
Shareholders' equity:		
Common stock	5,915	5,955
Capital in excess of par value	51	13
Retained earnings	668,210	658,353
Accumulated other comprehensive loss	(25,390)	(18,183)
Total shareholders' equity	648,786	646,138
Total liabilities and shareholders' equity	$ 1,357,870	$ 1,365,840

Note: The balance sheet at June 27, 1999, has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

See Accompanying Notes to Condensed Consolidated Financial Statements.

UNIFI, INC.
Condensed Consolidated Statement of Income
(Unaudited)

	For the Quarters Ended		For the Six Months Ended	
	Dec. 26, 1999	Dec. 27, 1998	Dec. 26, 1999	Dec. 27, 1998
	(Amounts in Thousands Except Per Share Data)			
Net sales	$317,589	$ 319,854	$622,303	$ 648,669
Cost of goods sold	275,847	269,394	546,302	550,732
Selling, general & admin. expense	14,004	11,419	28,426	22,982
Interest expense	7,507	6,553	14,952	13,139
Interest income	848	716	1,532	1,192
Other (income) expense	1,197	741	865	1,292
Equity in (earnings) losses of unconsolidated affiliates	864	(2,545)	5,228	(6,639)
Minority interests	2,410	2,450	4,804	4,800
Income before income taxes	16,608	32,558	23,258	63,555
Provision for income taxes	6,435	10,060	9,753	20,027
Income before cumulative effect of accounting change	10,173	22,498	13,505	43,528
Cumulative effect of accounting change, net of tax	--	--	--	2,768
Net income	$ 10,173	$ 22,498	$ 13,505	$ 40,760
Earnings per common share - basic:				
Income before cumulative effect of accounting change	$ .17	$ .37	$ .23	$ .71
Cumulative effect of accounting change, net of tax	--	--	--	.04
Net income per common share	$ .17	$ .37	$ .23	$ .67
Earnings per common share - assuming dilution:				
Income before cumulative effect of accounting change	$ .17	$ .37	$ .23	$ .71
Cumulative effect of accounting change, net of tax	--	--	--	.04
Net income per common share - assuming dilution	$ .17	$ .37	$ .23	$ .67

See Accompanying Notes to Condensed Consolidated Financial Statements.

UNIFI, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the Six Months Ended	
	December 26, 1999	December 27, 1998
	(Amounts in Thousands)	
Cash and cash equivalents provided by operating activities	$ 58,744	$ 130,204
Investing activities:		
Capital expenditures	(30,874)	(74,431)
Investments in unconsolidated equity affiliates	(17,976)	(10,000)
Sale of capital assets	867	456
Other	687	1,059
Net investing activities	(47,296)	(82,916)
Financing activities:		
Borrowing of long-term debt	10,000	33,357
Repayment of long-term debt	(20,132)	(25,119)
Issuance of Company common stock	14	641
Purchase and retirement of Company common stock	(3,708)	(24,847)
Distributions to minority interest shareholders	(6,000)	(3,000)
Other	(3,040)	393
Net financing activities	(22,866)	(18,575)
Currency translation adjustment	1,332	276
Net increase (decrease) in cash and cash equivalents	(10,086)	28,989
Cash and cash equivalents - beginning	44,433	8,372
Cash and cash equivalents - ending	$ 34,347	$ 37,361

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 December 26, 1999, and the results of operations and cash flows for the periods ended December 26, 1999, and December 27, 1998. Such adjustments consisted of normal recurring items in the current year. Interim results are not necessarily indicative of results for a full year. It is suggested that the condensed consolidated 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. The Company has reclassified the presentation of certain prior year information to conform with the current presentation format.

(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 to the losses of foreign subsidiaries for which no significant tax benefit was recognized thereby distorting the effective rate for our consolidated operations.

(c) Earnings per Share

The following table sets forth the reconciliation of the numerators and denominators of the basic and diluted earnings per share computations (amounts in thousands):

	For the Quarters Ended		For the Six Months Ended	
	Dec. 26, 1999	Dec. 27, 1998	Dec. 26, 1999	Dec. 27, 1998
Numerator:				
Income before cumulative effect of accounting change	$10,173	$22,498	$13,505	$43,528
Cumulative effect of accounting change, net of tax	--	--	--	2,768
Net income	$10,173	$22,498	$13,505	$40,760

	For the Quarters Ended		For the Six Months Ended	
	Dec. 26, 1999	Dec. 27, 1998	Dec. 26, 1999	Dec. 27, 1998
Denominator:				
Denominator for basic earnings per share - Weighted average shares	59,266	60,935	59,407	61,168
Effect of dilutive securities:				
Stock options	49	--	25	3
Restricted stock awards	3	--	1	--
Dilutive potential common shares denominator for diluted earnings per share-Adjusted weighted average shares and assumed conversions	59,318	60,935	59,433	61,171

(d) Comprehensive Income

Comprehensive income (loss) amounted to $7.1 million for the second quarter of fiscal 2000 and $21.8 million for the second quarter of fiscal 1999, and was comprised of net income and foreign currency translation adjustments. For the respective year-to-date periods, comprehensive income totaled $6.3 million and $46.3 million and was comprised of net income and foreign currency translation adjustments. The Company does not provide income taxes on the impact of currency translations as earnings from foreign subsidiaries are deemed to be permanently invested.

(e) Cumulative Effect of Accounting Change

In April 1998, the AICPA issued SOP 98-5, "Reporting on the Costs of Start-Up Activities," (SOP 98-5) which requires start-up costs, as defined, to be expensed as incurred. In accordance with this SOP, any previously capitalized start-up costs are required to be written-off as a cumulative effect of a change in accounting principle. The Company, upon adoption of this SOP in the first quarter of fiscal 1999, wrote off the unamortized balance of such previously capitalized start-up costs as of June 29, 1998, of $4.5 million ($2.8 million after tax) or $.04 per diluted share as a cumulative catch-up adjustment.

(f) Segment Disclosures

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information," (SFAS 131) which the Company adopted in the fourth quarter of fiscal 1999. SFAS 131 establishes standards for public companies for the reporting of financial information from operating segments in annual and interim financial statements as well as establishes standards for related disclosures about products and services, geographic areas and major customers. Operating segments are defined in SFAS 131 as components of an enterprise about which separate financial information is available to the chief operating decision-maker for purposes of assessing performance and allocating resources. The adoption of SFAS 131 did not effect consolidated results of operations or financial position. Following is the Company's selected segment information for the quarter and year-to-date periods ended December 26, 1999, and December 27, 1998 (amounts in thousands):

	Polyester	Nylon	All Other	Total
Quarter ended December 26, 1999:				
Net sales to external customers	$208,684	$104,049	$ 4,856	$ 317,589
Intersegment net sales	1	182	3,003	3,186
Operating income	17,512	12,369	299	30,180
Depreciation and amortization	13,425	5,443	224	19,092
Total assets	694,083	354,622	15,609	1,064,314
Quarter ended December 27, 1998:				
Net sales to external customers	$208,950	$110,904	$ --	$ 319,854
Intersegment net sales	5,800	950	--	6,750
Operating income	22,160	12,769	--	34,929
Depreciation and amortization	14,570	5,440	--	20,010
Total assets	692,201	225,392	--	917,593

	For the Quarters Ended December 26, 1999	For the Quarters Ended December 27, 1998
Operating income:		
Reportable segments operating income	$ 30,180	$34,929
Net standard cost adjustment to LIFO	(1,346)	2,953
Unallocated operating expense	(1,096)	1,159
Consolidated operating income	$ 27,738	$39,041

	Polyester	Nylon	All Other	Total
Six months ended December 26, 1999:				
Net sales to external customers	$ 401,795	$ 210,707	$ 9,801	$ 622,303
Intersegment net sales	4	291	6,012	6,307
Operating income	28,076	22,327	780	51,183
Depreciation and amortization	28,100	10,792	380	39,272

	Polyester	Nylon	All Other	Total
Six months ended December 27, 1998:				
Net sales to external customers	$ 421,204	$ 227,465	$ --	$ 648,669
Intersegment net sales	14,027	2,362	--	16,389
Operating income	45,028	27,075	--	72,103
Depreciation and amortization	29,002	10,508	--	39,510

	For the Six Months Ended	
	December 26, 1999	December 27, 1998
Operating income:		
Reportable segments operating income	$ 51,183	$ 72,103
Net standard cost adjustment to LIFO	(2,346)	4,770
Unallocated operating expense	(1,262)	(1,918)
Consolidated operating income	$ 47,575	$ 74,955

Certain indirect manufacturing and selling, general and administrative costs are allocated to the operating segments based on activity drivers relevant to the respective costs. The primary differences between the segmented financial information of the operating segments, as reported to management, and the Company's consolidated reporting relates to intersegment transfer of yarn, fiber costing and capitalization of property, plant and equipment costs. Prior to the current fiscal year, substantially all intersegment transfers of yarn were treated as internal sales at a selling price which approximated cost plus a normalized profit margin. In the current quarter and for the year to date, intersegment transfers of yarn were treated as inventory transfers, and profit margins recorded only on intersegment transfers from our Unifi Textured Polyester joint venture. Domestic operating divisions' fiber costs are valued on a standard cost basis, which approximates first-in, first-out accounting. Subsequently, for those components of inventory valued utilizing the last-in, first-out method, an adjustment is made at the corporate level. For significant capital projects, capitalization is delayed for management segment reporting until the facility is substantially complete. However, for consolidated management financial reporting, assets are capitalized into construction in progress as costs are incurred or carried as unallocated corporate fixed assets if they have been placed in service but have not as yet been moved for management reporting.

The increase in Nylon total assets is attributable to the reclassification of property, plant and equipment from unallocated corporate fixed assets. This reclassification primarily relates to a new facility that had become substantially completed. The change in total assets for the "All Other" segment primarily reflects the establishment of the Company's majority owned subsidiary, Unifi Technology Group in May 1999. Unifi Technology Group is a domestic automation solutions provider.

(g) Early Retirement and Termination Charge

During the third quarter of fiscal 1999, the Company recognized a $14.8 million charge associated with the early retirement and termination of 114 salaried employees. The charge was recorded as a component of selling, general and administrative expenses in the amount of $8.2 million and cost of goods sold in the amount of $6.6 million. Substantially all employees were terminated effective March 31, 1999, with cash payments expected to be spread over a period not to exceed three years. At December 26, 1999 there remained a reserve of $8.9 million that is expected to equal the future cash expenditures to such terminated employees.

(h) Recent Accounting Pronouncements

In March 1998, the AICPA issued SOP 98-1, "Accounting for the Cost of Computer Software Developed for or Obtained for Internal-Use," (SOP 98-1). This SOP became effective for the Company in the first quarter of fiscal year 2000. SOP 98-1 provides guidance on accounting for costs of developing or obtaining computer software for internal use. In summary, costs incurred in the preliminary project stage (formulation, evaluation and selection of alternatives and assessment of existence of required technology) or post-implementation stage (training and maintenance) should be expensed as incurred while application development costs should be capitalized or expensed depending on their nature. Application development costs include external direct costs of materials and services. Examples of application development costs are designing the chosen path, coding, testing and installing the software product to hardware. The Company previously expensed certain of these internal costs when incurred. The adoption of this standard did not have, nor is it expected to have, a material effect on the Company's results of operations or financial position.

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," (SFAS 133) and in June 1999, the FASB issued Statement of Financial Accounting Standards No. 137 "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133," which delayed the effective date the Company is required to adopt SFAS 133 until its fiscal year 2001. SFAS 133 permits early adoption as of the beginning of any fiscal quarter after its issuance. SFAS 133 will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Company has not yet determined what the effect of Statement 133 will be on the earnings and financial position of the Company.

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

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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

General

Consolidated net sales decreased slightly for the quarter from $319.9 million to $317.6 million. Unit volume for the quarter increased 9.6% while average unit sales prices, based on product mix, declined 9.4%. For the year-to-date period, net sales declined $26.4 million to $622.3 million, or 4.1%. Unit volume for the year-to-date period increased 6.6% while average unit sales prices declined approximately 10.0%. Unit volumes are up for both current year periods due primarily to the Brazilian acquisition in April, 1999. Overall pricing has continued to be adversely impacted by Asian imports of fiber, fabric and apparel. However, several favorable trends developed in the second quarter. One positive factor was our ability to pass along raw material price increases to our customers for our polyester and some of our nylon products. In addition, a more profitable mix of products was sold strengthening our margins. These favorable developments were offset, in part, by volumes lost due to the price increases which the Company will attempt to recover.

Domestically, polyester and nylon yarn net sales declined 3.1% for the quarter due primarily to reductions in unit price, based on product mix. Price increases were instituted at the beginning of the quarter for our polyester products and some of our nylon yarns. Volumes domestically experienced moderate growth for the quarter over the prior year. For the year to date, net sales declined 7.1% as a result of both lower volume and reduced unit prices. Internationally, sales in local currency of our Irish operation decreased 20.1% for the quarter and 23.3% for the year to date due to both lower unit volume and sales prices. The currency exchange rate change from the prior year to the current year adversely effected current quarter and year-to-date sales translated to U.S. dollars for this operation. U.S. dollar net sales were $3.8 million and $5.4 million less than what sales would have been reported using prior year translation rates for the quarter and year to date, respectively.

Gross profit decreased by $8.7 million to $41.7 million for the quarter while gross margin (gross profit as a percentage of net sales) declined from 15.8% in the prior year quarter to 13.1%. For the year-to-date period, gross profit declined $21.9 million, while gross margin declined from 15.1% to 12.2%. Reduced volume and sales prices in the European market have adversely impacted our Irish operations and margins in our Brazilian operations, while improving, have not reached acceptable levels. Domestically, our margins have improved over the September 1999 quarter and over year ago levels.

Selling, general and administrative expenses as a percentage of net sales increased from 3.6% in last year's quarter to 4.4% this quarter. On a dollar basis, selling, general and administrative expense increased $2.6 million to $14.0. For the year to date, selling general and administrative expenses as a percentage of net sales increased from 3.5% to 4.6%. On a dollar basis, selling general and administrative expense increased $5.4 million to $28.4 million. Higher selling, general and administrative expenses for the current year are primarily the result of our new business venture in Brazil, acquired in April 1999, and the formation of Unifi Technology Group in May 1999.

Segment Information

Net sales to external customers for our Polyester segment have remained virtually unchanged for the quarter compared to year ago levels as our acquisition in Brazil has resulted in higher volume offsetting decreased unit prices. Gross profit has declined as reduced sales prices and higher raw material prices have more than offset lower manufacturing and fixed charges. For the year-to-date period the results have been consistent with the quarter. Selling general and administrative expenses for this segment have increased primarily due to our acquisition in Brazil.

Net sales to external customers for our Nylon segment were 6.2% lower in the current quarter versus the prior year quarter and 7.4% for the year to date as a result of both lower volume and sales prices, based on product mix. Gross margin declines for this segment reflects lower sales prices and higher production costs. Selling, general and administrative costs have also increased over the prior year amounts negatively impacting operating margins.

Corporate

Interest expense increased $1.0 million to $7.5 million in the current quarter and $1.8 million to $15.0 million for the year to date. The increase in interest expense reflects higher levels of outstanding debt at higher average interest rates and the reduction of interest capitalized for major construction projects. The weighted average interest rate on outstanding debt at December 26, 1999, was 6.3%.

Other income and expense was negatively impacted in the current year by a $2.6 million write-off of fixed assets related to the abandonment of certain equipment associated with domestic plant consolidations. The asset write-off was offset, in part, by a $0.6 million gain recognize for insurance proceeds recovered for a claim filed for property damage sustained by a tornado.

Equity in the earnings (losses) of our unconsolidated affiliates, Parkdale America, LLC ("the LLC") and Micell Technologies, Inc., ("Micell") amounted to a $0.9 million loss in the second quarter of fiscal 2000 compared with $2.5 million profit for the corresponding prior year quarter. For the respective year-to-date period, the loss in the current year was $5.2 million compared to a $6.6 million profit in the prior year, or an unfavorable change of $11.9 million. The declines are attributable to the reduced earnings from the LLC and higher start-up costs associated with Micell. The cotton spinning operations of the LLC have been negatively impacted by lower volumes and excess capacity in the spun cotton markets. Operating results for the LLC did, however, improve considerably in the second quarter of the current year over the first quarter largely as a result of the re-institution of the U.S.D.A. cotton rebate program near the beginning of the second quarter. We are expecting continuing improvements in the LLC operations over the remainder of the fiscal year.

In the current year fiscal quarter and corresponding prior year period the minority interest charge amounted to $2.4 million. For both of the respective year to date periods, the minority interest charge was $4.8 million.

The effective income tax rate has increased from 30.9% to 38.7% in the current quarter and from 31.5% to 41.9% for the year to date period. The increases for the current periods reflect the reduction in earnings of our Irish operations, which are taxed at a 10.0% effective tax rate, and losses in our Brazilian operations for which no tax benefit has been recognized.

In April 1998, the AICPA issued SOP 98-5, "Reporting on the Costs of Start-Up Activities," (SOP 98-5) which requires start-up costs, as defined, to be expensed as incurred. In accordance with this SOP, any previously capitalized start-up costs are required to be written-off as a cumulative effect of a change in accounting principle. The Company, upon adopting this SOP in the first quarter of fiscal 1999, wrote off the unamortized balance of such previously capitalized start-up costs as of June 29, 1998, of $4.5 million ($2.8 million after tax) or $.04 per diluted share as a cumulative catch-up adjustment.

As a result of the above, the Company realized during the current quarter net income of $10.2 million, or diluted earnings per share of $.17, compared to $22.5 million, or $.37 per share, for the corresponding quarter of the prior year. For the year-to-date period, the Company realized net income of $13.5 million, or $.23 per share on a diluted basis compared to $40.8 million or $.67 per share in the prior year. For the prior year to date, income before the cumulative effect of the accounting change was $43.5 million, or $.71 per diluted share, respectively.

In March 1998, the AICPA issued SOP 98-1, "Accounting for the Cost of Computer Software Developed for or Obtained for Internal-Use," (SOP 98-1). This SOP became effective for the Company in the first quarter of fiscal year 2000. SOP 98-1 provides guidance on accounting for costs of developing or obtaining computer software for internal use. In summary, costs incurred in the preliminary project stage (formulation, evaluation and selection of alternatives and assessment of existence of required technology) or post-implementation stage (training and maintenance) should be expensed as incurred while application development costs should be capitalized or expensed depending on their nature. Application development costs include external direct costs of materials and services. Examples of application development costs are designing the chosen path, coding, testing and installing the software product to hardware. The Company previously expensed certain of these internal costs when incurred. The adoption of this standard did not have, nor is it expected to have, a material effect on the Company's results of operations or financial position.

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," (SFAS 133) and in June 1999, the FASB issued Statement of Financial Accounting Standards No. 137 "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB

Statement No. 133," which delayed the effective date the Company is required to adopt SFAS 133 until its fiscal year 2001. SFAS 133 permits early adoption as of the beginning of any fiscal quarter after its issuance. SFAS 133 will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Company has not yet determined what the effect of Statement 133 will be on the earnings and financial position of the Company.

Liquidity and Capital Resources

Cash provided by operations continues to be a primary source of funds to finance operating needs and capital expenditures. Cash generated from operations was $58.7 million for the year-to-date period ended December 26, 1999, compared to $130.2 million for the prior year corresponding period. The primary sources of cash from operations, other than net income, was an increase in accounts payable, accruals and income taxes of $11.9 million and non-cash adjustments aggregating $57.0 million. Depreciation and amortization of $43.3 million, the deferred income tax provision of $6.0 million, the undistributed losses of unconsolidated affiliates of $5.2 million and the loss on the sale of assets of $2.5 million were the components of the non-cash adjustments to cash provided by operations. Offsetting these sources were increases in accounts receivable and inventory of $3.5 million and $18.4 million, respectively. All working capital changes have been adjusted to exclude the effects of currency translation.

Working capital levels are more than adequate to meet the operating requirements of the Company. The Company ended the current quarter with working capital of $229.4 million, which included cash and cash equivalents of $34.3 million.

The Company utilized $47.3 million for net investing activities and $22.9 million for net financing activities during the current quarter. Significant expenditures during this period included $30.9 million for capital expenditures consisting of initial construction costs for the Company's Unifi Technical Fabrics nonwoven facility and installment payments for related equipment and for upgrading other machinery and facilities. Additionally, $18.0 million was expended for investments in equity affiliates, $6.0 million for distributions to minority interest shareholders, $10.1 million for net payments under long-term debt agreements and $3.7 for repurchases of the Company's common stock.

At December 26, 1999, the Company has committed approximately $40.6 million for costs related to the construction of its nonwoven facility and related equipment and the purchase and upgrade of equipment at other locations. The majority of these committed costs are scheduled to be expended during the remainder of fiscal year 2000.

The Board of Directors, effective July 16, 1998, increased the remaining authorization pursuant to a resolution originally adopted on October 21, 1993, to purchase 10 million shares of Unifi's common stock. There remains an authorization to repurchase approximately 7.5 million shares. The Company will continue to operate its stock buy-back program from time to time as it deems appropriate, based on prevailing financial and market conditions.

The Company's $400.0 million revolving credit facility is scheduled to mature on April 15, 2001. At December 26, 1999 the outstanding balance under this credit facility was $207.0 million. The Company is currently in the process of evaluating its options regarding the refinancing of the revolving credit facility.

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.

Year 2000 Compliance Status

The Company did not experience any interruption in its business operations as a result of problems associated with the year 2000 for either its information technology systems or non-information technology systems (i.e., embedded technology). In addition, no disruption in business was experienced between the Company and its customers or vendors as a consequence of the year 2000 issue.

Costs incurred for the Company's year 2000 compliance efforts were expensed as incurred and were funded by cash flows from operations. Expenditures related to year 2000 compliance readiness were approximately $0.2 million during the current fiscal year and $1.0 million in total.

Euro Conversion

The Company conducts business in multiple currencies, including the currencies of various European countries in the European Union which began participating in the single European currency by adopting the Euro as their common currency as of January 1, 1999. Additionally, the functional currency of our Irish operation and several sales office locations will change before January 1, 2002, from their historical currencies to the Euro. During the period January 1, 1999, to January 1, 2002, the existing currencies of the member countries will remain legal tender and customers and vendors of the Company may continue to use these currencies when conducting business. Currency rates during this period, however, will no longer be computed from one legacy currency to another but instead will first be converted into the Euro. The Company continues to evaluate the Euro conversion and the impact on its business, both strategically and operationally. At this time, the conversion to the Euro has not had, nor is expected to have, a material adverse effect on the financial condition or results of operations of the Company.

Forward Looking Statements

Certain statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations and other sections of this quarterly report contain forward-looking statements within the meaning of federal security laws about the Company's 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, technological advancements, employee relations, changes in construction spending and capital equipment expenditures (including those related to unforeseen acquisition opportunities), the timely completion of construction and expansion projects planned or in process, continued availability of financial resources through financing arrangements and operations, negotiations 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.

Part II. Other Information

UNIFI, INC.

Item 4. Submission of Matters to a Vote of Security Holders

The first item of business to come before the Shareholders of the Company at their annual Meeting held on the 21st day of October 1999, was to consider and vote upon the election of one (1) Class 3 Director, one (1) Class 1 Director and three (3) Class 2 Directors of the Company.

The Shareholders elected management's nominees for the one (1) Class 3 Director, one (1) Class 1 Director and three (3) Class 2 Directors of the Company to serve until the Annual Meeting of the Shareholders in 2000, 2001 and 2002, respectively or until their successors are elected and qualified, as follows:

Name of Director	Class of Director	Votes in Favor	Votes Against	Votes Abstaining
Brian R. Parke	3	50,585,278	0	963,665
Sir Richard Greenbury	1	50,518,146	0	1,030,797
Charles R. Carter	2	50,577,771	0	971,172
Jerry W. Eller	2	50,585,091	0	963,852
Kenneth G. Langone	2	50,572,726	0	976,217

The following persons will continue to serve on the Company's Board of Directors until the Annual Meeting of Shareholders in 2000 for Class 3 and 2001 for Class 1:

Class 3	Class 1
G. Allen Mebane, IV	Donald F. Orr
J.B. Davis	Robert A. Ward
R. Wiley Bourne, Jr.	G. Alfred Webster

The information set forth under the headings "Election of Directors," "Nominees for Election as Directors," and "Security Holding of Directors, Nominees, and Executive Officers" on Pages 3-5 of the Definitive Proxy Statement filed with the Commission since the close of the registrant's fiscal year ending June 27, 1999, is incorporated herein by reference.

The second item of business to come before the Shareholders of the Company at their Annual Meeting was to consider and vote upon the adoption of the 1999 Unifi, Inc. Long-Term Incentive Plan ("Plan"). The Plan reserves 6 million shares of the Company's stock for use in issuing restricted stock awards and granting stock options to key employees of the company, which provides an effective means of retaining, attracting, and motivating such key employees, as more particularly set forth as Proposal No. 2 on Pages 14-17 and on Exhibit "A" of the Definitive Proxy filed with the Commission since the close of the registrant's fiscal year ending June 27, 1999, which is incorporated herein by reference.

The Shareholders adopted the Plan, with the vote being as follows:

UNIFI, INC. LONG-TERM INCENTIVE PLAN

For Plan	Abstaining	Against Plan
34,366,194	10,112,952	1,853,307

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 December 26, 1999

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: February 9, 2000

/s/ Willis C. Moore, III

Willis C. Moore, III
Senior-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.)

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S QUARTERLY REPORT FOR THE SIX MONTH PERIOD ENDED DECEMBER 26, 1999, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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6-MOS
JUN-25-2000
DEC-26-1999
34,347
0
197,613
9,370
145,097
368,941
1,239,996
567,341
1,357,870
139,521
467,089
0
0
5,915
642,871
1,357,870
622,303
622,303
546,302
546,302
0
3,197
14,952
23,258
9,753
13,505
0
0
0
13,505
.23
.23

OTHER STOCKHOLDERS EQUITY OF $642,871 IS COMPRISED OF CAPITAL IN EXCESS OF PAR VALUE OF $51, RETAINED EARNINGS OF $668,210 AND ACCUMULATED OTHER COMPREHENSIVE LOSS OF $(25,390).