

ITEM 2.06 Material Impairments.

As previously announced, Unifi, Inc. (the "Company") notified SANS Fibres of South Africa ("SANS") that it was exercising its put right to sell its 50% ownership interest in Unifi-SANS Technical Fibers, LLC ("USTF") to SANS.

USTF is a producer of low-shrinkage high tenacity nylon 6.6 light denier industrial, or "LDI", yarns in North Carolina. In connection with a review of the value of USTF during negotiations related to the sale, the Company initiated a review of the carrying value of its investment in USTF, in accordance with APB Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock." As a result of this review, the Company determined on October 15, 2007 that the current \$13.4 million carrying value of the Company's investment in USTF exceeds its fair value. The pre-tax impairment charge will be recorded in the first quarter of the 2008 fiscal year and the Company estimates that the charge will be within a range of \$4.25 million to \$4.75 million. The Company does not anticipate that the impairment charge will result in any future cash expenditures.

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 18, 2007