



**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.

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**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