

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED FEBRUARY 28, 1997

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 0-209

BASSETT FURNITURE INDUSTRIES, INCORPORATED  
(Exact name of Registrant as specified in its charter)

Virginia  
-----  
(State or other jurisdiction  
of incorporation or organization)

54-0135270  
-----  
(I.R.S. Employer  
Identification No.)

Bassett, Virginia 24055  
-----  
(Address of principal executive offices)  
(Zip Code)

(703) 629-6000  
(Registrant's telephone number, including area code)

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, and (2) has been subject to such filing requirements for the past 90 days. Yes X No .

At February 28, 1997, 13,075,595 shares of common stock of the Registrant were outstanding.



PART I - FINANCIAL INFORMATION - CONTINUED  
 BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE SHEET - UNAUDITED

ASSETS -----	FEBRUARY 28, 1997 -----	NOVEMBER 30, 1996 -----
Current Assets		
Cash and cash equivalents	\$ 55,451,598	\$ 57,285,005
Trade accounts receivable, less allowances for doubtful accounts	65,684,671	65,416,910
Inventories:		
Finished goods	43,466,506	42,593,966
Work in process	14,334,690	14,008,754
Raw materials and supplies	38,249,563	38,275,770
	-----	-----
Less LIFO adjustment	96,050,759	94,878,490
	28,146,000	27,796,000
	-----	-----
Prepaid expenses	67,904,759	67,082,490
Prepaid income taxes	1,377,343	1,492,506
Deferred income taxes	-0-	844,737
	2,669,000	2,597,000
	-----	-----
Property, Plant and Equipment	193,087,371	194,718,648
Cost	222,044,788	218,528,425
Less allowances for depreciation	163,227,357	162,149,761
	-----	-----
Other Assets	58,817,431	56,378,664
Investment in securities	31,442,195	29,625,435
Investment in affiliated companies	46,684,463	45,820,750
Other	9,711,002	8,621,947
	-----	-----
	87,837,660	84,068,132
	-----	-----
	\$339,742,462	\$335,165,444
	=====	=====
 LIABILITIES AND STOCKHOLDERS' EQUITY -----		
Current Liabilities		
Accounts payable	\$ 19,695,625	\$ 20,541,014
Accrued compensation	2,809,230	3,716,206
Dividends payable	5,230,238	-0-
Other accrued liabilities	6,996,118	6,088,381
Income taxes	166,202	-0-
	-----	-----
	34,897,413	30,345,601
Deferrals		
Deferred liabilities	10,767,720	10,834,741
Deferred income taxes	3,279,000	2,504,000
	-----	-----
	14,046,720	13,338,741
Stockholders' Equity		
Common stock	65,377,975	65,377,975
Retained earnings	220,620,354	222,417,127
Unrealized holding gains, net of tax	4,800,000	3,686,000
	-----	-----
	290,798,329	291,481,102
	-----	-----
	\$339,742,462	\$335,165,444
	=====	=====

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 The accompanying note is an integral part of the condensed financial statements.

PART I - FINANCIAL INFORMATION - CONTINUED  
 BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED

	THREE MONTHS ENDED FEBRUARY 28 (29),	
	1997	1996
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,884,683	\$11,231,680
INVESTING ACTIVITIES		
Net change in cost of investment securities	(20,760)	7,886,426
Purchases of property, plant and equipment	(4,314,417)	(799,458)
Proceeds from sale of property, plant and equipment	332,552	70,635
Dividend from affiliated company	272,376	-0-
Other	12,159	162,144
	-----	-----
	(3,718,090)	7,319,747
FINANCING ACTIVITIES		
Cash dividends paid	-0-	(2,716,550)
Purchase and retirement of common stock	-0-	(1,821,896)
	-----	-----
	-0-	(4,538,446)
	-----	-----
CHANGE IN CASH AND CASH EQUIVALENTS	(1,833,407)	14,012,981
CASH AND CASH EQUIVALENTS - beginning of period	57,285,005	51,331,119
	-----	-----
CASH AND CASH EQUIVALENTS - end of period	\$55,451,598	\$65,344,100
	=====	=====

NOTE TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- I. Per share amounts are based on 13,075,595 and 13,614,639 weighted average number of shares outstanding at February 28 (29), 1997 and 1996, respectively.

PART I - FINANCIAL INFORMATION - CONTINUED  
 BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES

**BASIS OF PRESENTATION**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**RESULTS OF OPERATIONS:**

Major components of net income expressed as a percentage of net sales:

	First Quarter Ending February		
	1997	1996	1995
	----	----	----
Cost of sales	83.40%	84.13%	83.31%
Gross profit	16.60	15.87	16.69
SG&A expenses	14.43	13.83	12.96
Income from operations	2.17	2.04	3.73
Other income, net	1.89	3.61	1.87
Income before income taxes	4.06	5.65	5.60
Income taxes	.94	1.44	1.64
Net income	3.12	4.21	3.96

**NET SALES**

Net sales for the 1997 first quarter compared to prior years:

	1997	1996	1995
	----	----	----
Net sales (thousands)	\$109,806	\$111,951	\$123,551
Percentage change from prior year	(1.92)%	(9.4)%	1.6%

Shipments increased in the Case and Table Divisions in 1997 over 1996 and declined in the Upholstery Divisions.

**COSTS AND EXPENSES**

Cost of sales improved 73 basis points in the 1997 first quarter over 1996 and approximates 1995 levels. The most significant improvement is in the material component. The increase in the labor component reflects the initiative to improve production employees' compensation rates. A comparison of the components is shown below:

	First Quarter Ending February		
	1997	1996	1995
	----	----	----
Materials	48.49%	50.04%	49.39%
Labor	22.47	21.29	21.54
Overhead	12.44	12.80	12.38
	-----	-----	-----
	83.40%	84.13%	83.31%

Selling, general and administrative expenses increased 60 basis points in 1997 over 1996. The cost increases were in categories associated with product promotion and the focus on customer service.

PART I - FINANCIAL INFORMATION - CONTINUED  
 BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - CONTINUED

RESULTS OF OPERATIONS - CONTINUED:

OTHER INCOME, NET

Components of other income (thousands):

	First Quarter Ending February		
	1997	1996	1995
	-----	-----	-----
Equity in unremitted income of affiliated cos.	\$1,136	\$1,101	\$1,021
Dividends	352	438	543
Interest (principally tax exempt)	620	573	550
Gains from sales of investment securities	-0-	2,115	(30)
Other	(29)	(184)	229
	-----	-----	-----
	\$2,079	\$4,043	\$2,313
	=====	=====	=====

INCOME TAXES

The effective income tax rate is less than the statutory rates because of the effect of non-taxable income in each period presented.

	First Quarter Ending February		
	1997	1996	1995
	-----	-----	-----
Effective Income Tax Rate	23.1%	25.5%	29.2%

LIQUIDITY AND CAPITAL RESOURCES:

Cash provided by operating activities:

	First Quarter Ending February		
	1997	1996	1995
	-----	-----	-----
Cash provided by operating activities (thousands)	\$1,885	\$11,232	\$5,875

The current ratio was 5.53 to 1 at February 28, 1997 and 6.42 to 1 at November 30, 1996. Working capital was \$158 million at February 28, 1997, compared to \$164 million at November 30, 1996.

Cash provided by operating activities is expected to be adequate for normal future operating requirements.

There were no material commitments for capital expenditures at February 28, 1997. Capital expenditures that will be made in the future for normal expansion or other operating purposes will be made from funds on hand or those generated from operations.

PART II - OTHER INFORMATION  
BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- a. Exhibits
  - (27) Financial Data Schedule

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.

BASSETT FURNITURE INDUSTRIES, INCORPORATED

-----  
 Robert H. Spilman, Chairman of the Board and Chief Executive Officer

Date: -----

-----  
 Philip E. Booker, Vice President, Controller (Chief Accounting Officer)

Date: -----

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT

For the quarter ended  
February 28, 1997

Commission File Number  
0-209

BASSETT FURNITURE INDUSTRIES, INCORPORATED

EXHIBIT INDEX

Exhibit No. -----	Exhibit Description -----	Page No. -----
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3-MOS

	NOV-30-1997	
	DEC-01-1996	
	FEB-28-1997	
		55,452
		31,442
		65,685
		0
		67,905
	193,087	
		222,045
	163,227	
	339,742	
34,897		0
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339,742		225,420
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	111,885	
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