UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

FORM 10-K/A

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

For the fiscal year ended November 25, 2000 Commission File No. 0-209

BASSETT FURNITURE INDUSTRIES, INCORPORATED

(Exact name of registrant as specified in its charter)

VIRGINIA	54-0135270
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3525 FAIRYSTONE PARK HIGHWAY BASSETT, VIRGINIA	24055
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code	540/629-6000

Securities registered pursuant to Section 12(g) of the Act:

Title of each class:	Name of each exchange on which registered
Common Stock ($5.00 par value)	NASDAQ

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 at least the past 90 days.

[ ] Yes [X] No

Form 10-K/A Amendment No. 1 for the year ended November 25, 2000 is filed May 25, 2001, subsequent to the March 31, 2001 filing date.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of February 20, 2001 was $168,658,727.

The number of shares of the Registrant's common stock outstanding on February 20, 2001 was 11,732,781.

DOCUMENTS INCORPORATED BY REFERENCE

(1) Portions of the Bassett Furniture Industries, Incorporated Annual Report to Stockholders for the year ended November 25, 2000 (the "Annual Report") are incorporated by reference into Parts I and II of this Form 10-K.

(2) Portions of the Bassett Furniture Industries, Incorporated definitive Proxy Statement for its 2001 Annual Meeting of Stockholders to be held March 27, 2001, filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 (the "Proxy Statement") are incorporated by reference into Part III of this Form 10-K.

Explanatory Comment:

This Amendment No. 1 on Form 10-K/A is being filed to file the Financial Statements of a significant affiliate of the Company. The Financial Statements of the Bassett Furniture Industries Alternative Asset Fund, L.P. which has a fiscal year end of December 31, which is different than the Company's fiscal year end, are included herein on pages F-27 to F-38. No other changes are being made to the Annual Report on Form 10-K by this Amendment No. 1.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) The following consolidated financial statements of the registrant and its subsidiaries, included in the Annual Report are incorporated herein by reference thereto:

Consolidated Balance Sheets--November 25, 2000 and November 27, 1999

Consolidated Statements of Income--Years Ended November 25, 2000, November 27, 1999 and November 28, 1998

Consolidated Statements of Stockholders' Equity--Years Ended November 25, 2000, November 27, 1999 and November 28, 1998

Consolidated Statements of Cash Flows-- Years Ended November 25, 2000, November 27, 1999 and November 28, 1998

Notes to Consolidated Financial Statements

Report of Independent Public Accountants

International Home Furnishings Center, Inc. Financial Statements are included herein on pages F-1 to F-13.

LRG Furniture, LLC Financial Statements are included herein on pages F-14 to F-24.

Bassett Industries Alternative Asset Fund, L.P. Financial Statements as of December 31, 2000 and 1999 are included herein on pages F-27 to F-38

(2) Financial Statement Schedule:
Schedule II - Analysis of Valuation and Qualifying Accounts for the years ended November 25, 2000, November 27, 1999, and November 28, 1998

(3) Listing of Exhibits

3A. Articles of Incorporation as amended are incorporated herein by reference to Form 10-Q for the fiscal quarter ended February 28, 1994.

3B. By-laws as amended are incorporated herein by reference to the Form 10-K for the fiscal year ended November 27, 1999.

4. $70 million Credit Agreement with a Bank Group dated October 25, 2000, is filed herewith.

** 10A. Bassett 1993 Long Term Incentive Stock Option Plan is incorporated herein by reference to the Registrant's Registration Statement on Form S-8 (no.33-52405) filed on February 25, 1994.

** 10B. Bassett Executive Deferred Compensation Plan is incorporated herein by reference to Form 10-K for the fiscal year ended November 30, 1997.

** 10C. Bassett Supplemental Retirement Income Plan is incorporated herein by reference to Form 10-K for the fiscal year ended November 30, 1997.

** 10D. Bassett 1993 Stock Plan for Non-Employee Directors as amended is filed herewith.

** 10E. Bassett 1997 Employee Stock Plan is incorporated herein by reference to the Registrant's Registration Statement on Form S-8 (no. 333-60327) filed on July 31, 1998.

13. Portions of the Registrant's Annual Report to Stockholders for the year ended November 25, 2000.

21. List of subsidiaries of the Registrant is filed herewith.

23A. Consent of Independent Public Accountants is filed herewith.

23B. Consent of Independent Auditors is filed herewith.

**Management contract or compensatory plan or arrangement of the Company.

(b) No reports on Form 8-K were filed during the last quarter of the Registrant's 2000 fiscal year.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 2 on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized.

By: /s/ BARRY C. SAFRIT Date: 5/25/01

Barry C. Safrit
Vice President and Chief Financial Officer
(Principal Financial Officer)

ANNUAL REPORT ON FORM 10-K
ITEM 14(a)(1)

CERTAIN EXHIBITS

YEAR ENDED NOVEMBER 25, 2000

BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES

BASSETT, VIRGINIA

INDEX TO EXHIBITS

INTERNATIONAL HOME FURNISHINGS CENTER, INC.

FINANCIAL STATEMENTS

YEARS ENDED OCTOBER 31, 2000, 1999 AND 1998

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
International Home Furnishings Center, Inc.
High Point, North Carolina

We have audited the accompanying balance sheets of International Home Furnishings Center, Inc. as of October 31, 2000 and 1999 and the related statements of income, stockholders' equity (deficit), and cash flows for each of the three years in the period ended October 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Home Furnishings Center, Inc. at October 31, 2000 and 1999 and the results of its operations and its cash flows for each of the three years in the period ended October 31, 2000 in conformity with generally accepted accounting principles.

/s/ DIXON ODOM PLLC

High Point, North Carolina
November 29, 2000

INTERNATIONAL HOME FURNISHINGS CENTER, INC.
BALANCE SHEETS
OCTOBER 31, 2000 AND 1999

ASSETS	2000	1999
CURRENT ASSETS		
Cash and cash equivalents	$ 4,859,447	$ 8,004,521
Restricted cash (Note C)	2,275,974	2,275,974
Short-term investments	94,489	90,778
Receivables		
Trade	2,646,756	2,253,583
Interest	9,279	14,627
Deferred income tax asset	600,000	610,000
Prepaid expenses	717,172	806,229
TOTAL CURRENT ASSETS	11,203,117	14,055,712
PROPERTY AND EQUIPMENT, at cost		
Land and land improvements	3,293,772	3,293,772
Buildings, exclusive of theater complex	75,391,981	75,439,170
Furniture and equipment	3,717,945	3,631,421
Construction in progress	11,569,301	-
	93,972,999	82,364,363
Accumulated depreciation	(46,022,092)	(43,926,570)
	47,950,907	38,437,793
OTHER ASSETS		
Theater complex, at cost less amortization (Note G)	933,599	976,854
Deferred financing costs, net of accumulated amortization of $187,943 and $104,413 at October 31, 2000 and 1999, respectively	396,766	480,296
	1,330,365	1,457,150
TOTAL ASSETS	$ 60,484,389	$ 53,950,655
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable, trade	$ 3,994,972	$ 780,010
Accrued property taxes	1,702,341	1,667,283
Other accrued expenses	693,418	811,121
Rents received in advance	1,502,952	1,613,689
Current maturities of long-term debt	9,995,880	9,295,564
TOTAL CURRENT LIABILITIES	17,889,563	14,167,667
LONG-TERM DEBT	45,658,704	55,654,584
OTHER LONG-TERM LIABILITIES		
Supplemental retirement benefits	1,745,023	1,504,227
Deferred income tax liability	1,090,000	1,454,000
	2,835,023	2,958,227
COMMITMENTS (Notes G and L)		
STOCKHOLDERS' DEFICIT		
Common stock, $5 par value, 1,000,000 shares authorized, 527,638 shares issued and outstanding in 2000 and 1999	2,638,190	2,638,190
Additional paid-in capital	169,360	169,360
Accumulated deficit	(8,706,451)	(21,637,373)
	(5,898,901)	(18,829,823)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 60,484,389	$ 53,950,655

See accompanying notes to financial statements.

INTERNATIONAL HOME FURNISHINGS CENTER, INC.
STATEMENTS OF INCOME
YEARS ENDED OCTOBER 31, 2000, 1999 AND 1998

	2000	1999	1998
OPERATING REVENUES			
Rental income	$ 31,620,514	$ 31,684,174	$ 31,046,712
Other revenues	6,922,474	6,472,825	6,333,233
TOTAL OPERATING REVENUES	38,542,988	38,156,999	37,379,945
OPERATING EXPENSES			
Compensation and benefits	4,242,802	4,084,283	3,648,331
Market and promotional	2,593,966	2,558,772	2,554,960
Maintenance and building costs	858,194	862,804	743,347
Depreciation expense	2,179,109	2,202,723	2,187,359
Rent	152,234	152,234	138,835
Property taxes and insurance	1,997,121	1,987,898	2,012,249
Utilities	1,655,730	1,652,068	1,769,612
Other operating costs	535,776	617,201	472,929
TOTAL OPERATING EXPENSES	14,214,932	14,117,983	13,527,622
INCOME FROM OPERATIONS	24,328,056	24,039,016	23,852,323
NONOPERATING INCOME			
Interest income	808,703	929,317	802,224
Dividend income	4,652	3,692	4,188
TOTAL NONOPERATING INCOME	813,355	933,009	806,412
NONOPERATING EXPENSES			
Interest expense	4,109,489	4,936,077	1,517,248
TOTAL NONOPERATING EXPENSES	4,109,489	4,936,077	1,517,248
INCOME BEFORE INCOME TAXES	21,031,922	20,035,948	23,141,487
PROVISION FOR INCOME TAXES	8,101,000	7,770,000	9,103,000
NET INCOME	$ 12,930,922	$ 12,265,948	$ 14,038,487
BASIC EARNINGS PER COMMON SHARE	$ 24.51	$ 23.25	$ 26.61
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	527,638	527,638	527,638

See accompanying notes to financial statements.

INTERNATIONAL HOME FURNISHINGS CENTER, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
YEARS ENDED OCTOBER 31, 2000, 1999 AND 1998

	Common Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total
BALANCE, NOVEMBER 1, 1997	$ 2,638,190	$ 169,360	$ 41,566,702	$ 44,374,252
Net income	-	-	14,038,487	14,038,487
Dividends paid ($144.64 per common share)	-	-	(76,317,560)	(76,317,560)
BALANCE (DEFICIT), OCTOBER 31, 1998	2,638,190	169,360	(20,712,371)	(17,904,821)
Net income	-	-	12,265,948	12,265,948
Dividends paid ($25.00 per common share)	-	-	(13,190,950)	(13,190,950)
BALANCE (DEFICIT), OCTOBER 31, 1999	2,638,190	169,360	(21,637,373)	(18,829,823)
Net income	-	-	12,930,922	12,930,922
BALANCE (DEFICIT), OCTOBER 31, 2000	$ 2,638,190	$ 169,360	$ (8,706,451)	$ (5,898,901)

See accompanying notes to financial statements.

INTERNATIONAL HOME FURNISHINGS CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31, 2000, 1999 AND 1998

	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 12,930,922	$ 12,265,948	$ 14,038,487
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,301,760	2,325,374	2,247,363
Provision for losses on accounts receivable	6,341	1,360	5,286
Gain on disposal of assets	(3,134)	-	(1,000)
Deferred income taxes	(354,000)	(500,000)	(77,000)
Change in assets and liabilities			
Increase in trade and interest receivables	(394,166)	(68,728)	(290,003)
(Increase) decrease in prepaid expenses	89,057	(750,264)	227,098
Increase (decrease) in accounts payable and accrued expenses	207,521	(139,200)	582,272
Increase (decrease) in rents received in advance	(110,737)	134,806	(19,689)
Increase in supplemental retirement benefits	240,796	541,136	159,350
NET CASH PROVIDED BY OPERATING ACTIVITIES	14,914,360	13,810,432	16,872,164
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in restricted cash	-	-	(2,275,974)
Purchase and construction of property and equipment	(8,764,159)	(337,457)	(484,257)
Proceeds from sale of property and equipment	4,000	-	1,000
Purchase of short-term investments	(3,711)	(7,135)	(5,199)
NET CASH USED BY INVESTING ACTIVITIES	(8,763,870)	(344,592)	(2,764,430)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term debt	-	-	75,000,000
Principal payments on long-term debt	(9,295,564)	(8,667,074)	(1,382,778)
Payment of deferred financing costs	-	-	(584,709)
Dividends paid	-	(13,190,950)	(76,317,560)
NET CASH USED BY FINANCING ACTIVITIES	(9,295,564)	(21,858,024)	(3,285,047)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,145,074)	(8,392,184)	10,822,687
CASH AND CASH EQUIVALENTS, BEGINNING	8,004,521	16,396,705	5,574,018
CASH AND CASH EQUIVALENTS, ENDING	$ 4,859,447	$ 8,004,521	$ 16,396,705
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid during the year for:			
Income taxes	$ 8,357,298	$ 9,049,420	$ 8,965,827
Interest, net of amount capitalized	$ 4,166,000	$ 4,988,768	$ 1,069,696
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING AND INVESTING ACTIVITIES			
Accounts payable incurred for acquisition of property and equipment	$ 2,924,796	$ -	$ -

See accompanying notes to financial statements.

INTERNATIONAL HOME FURNISHINGS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2000, 1999 AND 1998

NOTE A - DESCRIPTION OF BUSINESS

The Company is the lessor of permanent exhibition space to furniture and accessory manufacturers which are headquartered throughout the United States and in many foreign countries. This exhibition space, located in High Point, North Carolina, is used by the Home Furnishings Industry to showcase its products at the International Home Furnishings Market held each April and October. The details of the operating leases with the Company's tenants are described in Note I.

The Company has been in business since June 27, 1919, and operates under the trade name of "International Home Furnishings Center."

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies relative to the carrying values of property and equipment and theater complex are indicated in the captions on the balance sheets. Other significant accounting policies are as follows:

Rental Income

Income from rental of exhibition space is recognized under the operating method. Aggregate rentals are reported as income on the straight-line basis over the lives of the leases, and expenses are charged as incurred against such income. Future rentals under existing leases are not recorded as assets in the accompanying balance sheets.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Investment Securities

The Company has investments in debt and marketable equity securities. Debt securities consist of obligations of state and local governments and U. S. corporations. Marketable equity securities consist primarily of investments in mutual funds.

Management determines the appropriate classification of securities at the date individual investment securities are acquired, and the appropriateness of such classification is reassessed at each balance sheet date. Since the Company neither buys investment securities in anticipation of short-term fluctuations in market prices or commits to holding debt securities to their maturities, investments in debt and marketable equity securities have been classified as available-for-sale. Available-for-sale securities are stated at fair value, and unrealized holding gains and losses, if significant, net of the related deferred tax effect, are reported as a separate component of accumulated other comprehensive income in stockholders' equity. Premiums and discounts on investments in debt securities are amortized over their contractual lives. Interest on debt securities is recognized in income as accrued, and dividends on marketable equity securities are recognized in income when declared. Realized gains and losses are included in income and are determined on the basis of the specific securities sold.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Equipment and Depreciation

Additions and major improvements to property and equipment are recorded at cost. Expenditures for maintenance, repairs, and minor renewals are charged to expense as incurred. Depreciation is provided primarily on the straight-line method over the following estimated useful lives:

Land improvements	10 years
Building structures	20 to 50 years
Building components	5 to 20 years
Furniture and equipment	3 to 10 years

In accordance with the provisions of Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," the Company periodically reviews long-lived assets when indicators of impairment exist, and if the value of the assets is impaired, an impairment loss would be recognized.

Deferred Financing Costs

Costs associated with obtaining the term loan disclosed in Note E have been deferred and are being amortized on the straight-line method over the term of the related debt. Amortization expense charged to operations during the years ended October 31, 2000, 1999 and 1998 was $83,530, $83,530 and $20,883, respectively.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related to temporary differences between the reported amounts of assets and liabilities and their tax bases. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Earnings Per Common Share

The Company follows the provisions of Statement of Financial Accounting Standards No. 128, "Earnings Per Share," which specifies the computation, presentation and disclosure requirements for earnings per share ("EPS"). Basic EPS excludes all dilution and has been computed using the weighted average number of common shares outstanding during the year. Diluted EPS would reflect the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock. The Company has no dilutive potential common shares.

INTERNATIONAL HOME FURNISHINGS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2000, 1999 AND 1998

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plans

The Company maintains a 401(k) qualified retirement plan covering eligible employees under which participants may contribute up to 25% of their compensation subject to maximum allowable contributions. The Company is obligated to contribute, on a matching basis, 50% of the first 6% of compensation voluntarily contributed by participants. The Company may also make additional contributions to the plan if it so elects.

In 1991, the Company adopted a nonqualified supplemental retirement benefits plan for key management employees. Benefits payable under the plan are based upon the participant's average compensation during his last five years of employment and are reduced by benefits payable under the Company's qualified retirement plan and by one-half of the participant's social security benefits. Benefits under the plan do not vest until the attainment of normal retirement age; however, a reduced benefit is payable if employment terminates prior to normal retirement age because of death or disability. The Company has no obligation to fund this supplemental plan.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C - RESTRICTED CASH

Restricted cash consists of an interest-bearing debt service account. The Company is required to make semi-annual escrow deposits each May and November in amounts sufficient to provide interest and principal payments on the Company's term debt for the ensuing six months.

NOTE D - INVESTMENT IN DEBT AND MARKETABLE EQUITY SECURITIES

The following is a summary of the Company's investment in available-for-sale securities as of October 31, 2000 and 1999:

	2000			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities				
State and local governments	$ 3,825,717	$ -	$ -	$ 3,825,717
Equity securities	94,489	-	-	94,489
	$ 3,920,206	$ -	$ -	$ 3,920,206

NOTE D - INVESTMENT IN DEBT AND MARKETABLE EQUITY SECURITIES (CONTINUED)

	1999			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities				
State and local governments	$ 5,103,547	$ -	$ -	$ 5,103,547
U. S. corporations	1,000,000	-	-	1,000,000
Equity securities	90,778	-	-	90,778
	$ 6,194,325	$ -	$ -	$ 6,194,325

Available-for-sale securities are classified in the following balance sheet captions as of October 31, 2000 and 1999:

	2000	1999
Cash and cash equivalents	$ 3,825,717	$ 6,103,547
Short-term investments	94,489	90,778
	$ 3,920,206	$ 6,194,325

All the Company's debt securities mature within three months.

NOTE E - LONG-TERM DEBT

Long-term debt consists of the following at October 31, 2000 and 1999:

	2000	1999
Term note payable, principal and interest are due in monthly installments of $1,137,987 through August 1, 2005, with interest included at 7.06%, collateralized by land and buildings with a carrying value of $47,584,004 at October 31, 2000	$ 55,654,584	$ 64,950,148
Less current maturities	9,995,880	9,295,564
	$ 45,658,704	$ 55,654,584

INTERNATIONAL HOME FURNISHINGS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2000, 1999 AND 1998

NOTE E - LONG-TERM DEBT (CONTINUED)

The aggregate maturities of long-term debt are due as follows:

Year Ending October 31,	
2001	$ 9,995,880
2002	10,735,336
2003	11,529,494
2004	12,378,440
2005	11,015,434
	$ 55,654,584

Total interest cost incurred for the years ended October 31, 2000, 1999 and 1998 was $4,303,766, $4,936,077 and $1,517,248, respectively. Of the interest cost for the year ended October 31, 2000, $194,277 was capitalized as part of the building construction costs. There was no interest capitalized in the years ended October 31, 1999 and 1998.

NOTE F - INCOME TAXES

The provision for income taxes consists of the following for the years ended October 31, 2000, 1999 and 1998:

	2000	1999	1998
Federal:			
Current	$ 6,975,000	$ 6,765,000	$ 7,450,000
Deferred	(287,000)	(395,000)	(62,000)
	6,688,000	6,370,000	7,388,000
State:			
Current	1,480,000	1,505,000	1,730,000
Deferred	(67,000)	(105,000)	(15,000)
	1,413,000	1,400,000	1,715,000
TOTAL	$ 8,101,000	$ 7,770,000	$ 9,103,000

NOTE F - INCOME TAXES (CONTINUED)

A reconciliation of the income tax provision at the federal statutory rate to the income tax provision at the effective tax rate is as follows:

	2000	1999	1998
Income taxes computed at the federal statutory rate	$ 7,360,000	$ 7,013,000	$ 8,100,000
State taxes, net of federal benefit	918,000	910,000	1,115,000
Nontaxable investment income	(112,000)	(180,000)	(196,000)
Other, net	(65,000)	27,000	84,000
	$ 8,101,000	$ 7,770,000	$ 9,103,000

The components of deferred income taxes consist of the following:

	2000	1999	1998
Deferred income tax assets:			
Rents received in advance	$ 600,000	$ 610,000	$ 592,000
Supplemental retirement benefits	700,000	602,000	384,000
TOTAL DEFERRED TAX ASSETS	1,300,000	1,212,000	976,000
Deferred income tax liabilities:			
Depreciation	(1,790,000)	(2,056,000)	(2,320,000)
TOTAL NET DEFERRED TAX LIABILITIES	$ (490,000)	$ (844,000)	$ (1,344,000)

NOTE G - LAND LEASE COMMITMENT

During 1975, the Company completed construction of an eleven-story exhibition building. The building is constructed on land leased from the City of High Point, North Carolina under a noncancelable lease. The lease is for an initial term of fifty years with three options to renew for periods of ten years each and a final renewal option for nineteen years. Annual rental under the lease is $152,234 as of October 31, 2000 and is subject to adjustment at the end of each five-year period, such adjustment being computed as defined in the lease agreement. As part of the lease agreement, the Company constructed a theater complex for public use and office space for use by the City of High Point on the lower levels of the building. Annual rental cash payments over the initial fifty-year lease term are being reduced by $39,121 which represents amortization of the cost of the theater and office complex constructed for the City of High Point. At the termination of the lease, the building becomes the property of the City of High Point. Under the terms of the lease, the Company is responsible for all expenses applicable to the exhibition portion of the building. The City of High Point is responsible for all expenses applicable to the theater complex and office space constructed for use by the City.

NOTE H - RETIREMENT EXPENSE

Amounts expensed under the Company's retirement plans amounted to $394,166, $691,698 and $268,856 for the years ended October 31, 2000, 1999 and 1998, respectively, including $240,796, $541,136 and $159,350 under the supplemental retirement benefits plan for the years ended October 31, 2000, 1999 and 1998, respectively.

NOTE I - RENTALS UNDER OPERATING LEASES

The Company's leasing operations consist principally of leasing exhibition space. Property on operating leases consists of substantially all of the asset "buildings, exclusive of theater complex" included on the balance sheets. Accumulated depreciation on this property amounted to $42,943,916 and $40,937,431 at October 31, 2000 and 1999, respectively. Leases are typically for five-year periods and contain provisions to escalate rentals based upon either the increase in the consumer price index or increases in ad valorem taxes, utility rates and charges, minimum wage imposed by federal and state governments, maintenance contracts for elevators and air conditioning, maintenance of common areas, social security payments, increases resulting from collective bargaining contracts, if any, and such other similar charges and rates required in operating the Company. Tenants normally renew their leases.

The following is a schedule of minimum future rentals under noncancelable operating leases as of October 31, 2000, exclusive of amounts due under escalation provisions of lease agreements:

Year Ending October 31,	
2001	$ 28,398,012
2002	24,874,514
2003	20,149,245
2004	15,359,863
2005	3,960,572
Total minimum future rentals	$ 92,742,206

Rental income includes contingent rentals under escalation provisions of leases of $823,536, $1,322,521 and $1,401,867 for the years ended October 31, 2000, 1999 and 1998, respectively. Rental income from related parties amounted to $2,374,813, $1,980,775 and $1,894,219 for the years ended October 31, 2000, 1999 and 1998, respectively.

NOTE J - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits in excess of federally insured limits and trade accounts receivable from customers predominantly in the Home Furnishings Industry. As of October 31, 2000, the Company's bank balances exceeded federally insured limits by $1,105,376. The Company's trade accounts receivable are generally collateralized by merchandise in leased exhibition spaces which is in the Company's possession.

INTERNATIONAL HOME FURNISHINGS CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2000, 1999 AND 1998

NOTE K - STOCKHOLDERS' DEFICIT

During the year ended October 31, 1998, the Company paid dividends of $76,317,560 resulting in a deficit in stockholders' equity of $17,904,821 at October 31, 1998. During the year ended October 31, 1999, the deficit was increased because of the payment of dividends in excess of net income for the year. The 1998 dividends were financed, in part, with the proceeds of a $75,000,000 term loan. Although interest on this debt will negatively impact future earnings, management believes future earnings will provide adequate equity capital for the Company and that operating cash flows will be sufficient to provide for debt service and for the Company's other financing and investing needs.

NOTE L - CONSTRUCTION PLANS

At October 31, 2000, a project to add additional exhibition space to the existing facilities was in progress. Construction is expected to be completed in time for tenants to utilize the additional exhibition space for the April 2001 International Home Furnishings Market. The cost of the construction is estimated to approximate $14,217,000 and is being funded with operating cash flows. As of October 31, 2000, $11,569,301 of this amount had been incurred. The assessment of the cost and the timetable for completion are management's estimates, and it is reasonably possible that actual and estimated results will differ materially.

LRG FURNITURE, LLC

Financial Statements
As of November 30, 2000 and 1999
Together with Report of Independent Public Accountants

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Members of
LRG Furniture, LLC:

We have audited the accompanying balance sheets of LRG FURNITURE, LLC (a Virginia limited liability company) as of November 30, 2000 and 1999, and the related statements of operations and changes in members' equity (deficit) and cash flows for the year ended November 30, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LRG Furniture, LLC as of November 30, 2000 and 1999, and the results of its operations and its cash flows for the year ended November 30, 2000, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Greensboro, North Carolina
February 16, 2001

LRG FURNITURE, LLC

BALANCE SHEETS -- NOVEMBER 30, 2000 AND 1999 (NOTE 1)

ASSETS	2000	1999
CURRENT ASSETS:		
Cash	$ 4,191,154	$ 6,015,023
Accounts receivable, net of allowances of $104,000 and $458,000 in 2000 and 1999, respectively	681,167	753,085
Merchandise inventories	11,785,997	9,540,006
Prepaid expenses	106,310	161,115
Total current assets	16,764,628	16,469,229
PROPERTY AND EQUIPMENT:		
Computer equipment	343,577	166,986
Store fixtures	268,302	117,610
Office furniture, fixtures and equipment	1,222,508	982,226
Leasehold improvements	1,590,578	1,540,561
Vehicles	115,692	115,692
	3,540,657	2,923,075
Less - Accumulated depreciation	(345,033)	0
	3,195,624	2,923,075
OTHER ASSETS, NET (NOTE 2)	825,775	874,747
	$ 20,786,027	$ 20,267,051
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Current portion of long-term debt (Note 4)	$ 1,548,636	$ 0
Accounts payable	10,970,062	9,970,300
Customer deposits	2,983,731	4,493,651
Accrued liabilities	1,082,781	950,611
Total current liabilities	16,585,210	15,414,562
LONG-TERM DEBT (NOTE 4)	3,299,364	0
NOTES PAYABLE TO MEMBERS (NOTE 4)	7,808,000	2,175,000
COMMITMENTS AND CONTINGENCIES (NOTES 5, 6 AND 7)		
MEMBERS' (DEFICIT) EQUITY	(6,906,547)	2,677,489
	$ 20,786,027	$ 20,267,051

The accompanying notes to financial statements are an integral part of these balance sheets.

LRG FURNITURE, LLC

STATEMENT OF OPERATIONS AND CHANGES IN MEMBERS' EQUITY (DEFICIT)
FOR THE YEAR ENDED NOVEMBER 30, 2000 (NOTE 1)

SALES	$ 63,058,739
COST OF GOODS SOLD	34,849,470
Gross profit	28,209,269
OPERATING AND GENERAL EXPENSES	37,294,558
Loss from operations	(9,085,289)
OTHER EXPENSE - INTEREST, NET	498,747
NET LOSS	(9,584,036)
MEMBERS' EQUITY, BEGINNING OF YEAR	2,677,489
MEMBERS' DEFICIT, END OF YEAR	$ (6,906,547)

The accompanying notes to financial statements are an integral part of this statement.

LRG FURNITURE, LLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED NOVEMBER 30, 2000 (NOTE 1)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (9,584,036)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	345,033
Amortization	53,568
Changes in current assets and liabilities:	
Accounts receivable	71,918
Inventories	(2,245,991)
Prepaid expenses	54,805
Accounts payable and accrued liabilities	1,131,932
Customer deposits	(1,509,920)
Other	(4,596)
Net cash used in operating activities	(11,687,287)
CASH FLOWS USED IN INVESTING ACTIVITIES - Purchases of property and equipment	(617,582)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net proceeds from long-term debt	4,848,000
Net proceeds from notes payable to Members	5,633,000
Net cash provided by financing activities	10,481,000
NET DECREASE IN CASH	(1,823,869)
CASH, BEGINNING OF YEAR	6,015,023
CASH, END OF YEAR	$ 4,191,154
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION - CASH PAID DURING THE YEAR FOR INTEREST	$ 393,886

The accompanying notes to financial statements are an integral part of this statement.

LRG FURNITURE, LLC

NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2000 AND 1999

1. HISTORY AND ORGANIZATION

LRG Furniture, LLC (the Company) was formed as a limited liability company under the laws of Virginia on November 29, 1999. The Company was formed as a joint venture between Bassett Furniture Industries, Inc. (Bassett) and Bassett Direct Plus Texas, LLC (BDPT) (collectively referred to herein as the Members). Pursuant to the joint venture, Bassett contributed cash of $4,215,000, reimbursement for excessive customer deposit liability of $1,800,000 and other identifiable assets, at net book value of $8,593,000 offset by liabilities of $8,948,000. Concurrently, BDPT contributed, at net book value, other identifiable assets of $5,659,000 offset by liabilities of $8,642,000. As a result of these transactions, Bassett and BDPT were credited with 51% and 49%, respectively, of the resulting combined equity of $2,677,000.

The Company began operations on November 29, 1999, and had minimal activity between inception and November 30, 1999, its first fiscal year-end. As such, the financial statements for the period from November 29, 1999 (inception), to November 30, 1999, are not material for a fair presentation of the Company's results of operations and financial position and have not been presented herein.

2. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

The Company operates retail furniture stores in North Carolina, South Carolina, Tennessee, Virginia, Nevada and Texas. These stores operate under the "Bassett Furniture Direct" name and substantially all of their purchases are from Bassett and its affiliates.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH

Cash includes cash on hand and cash in banks.

REVENUE RECOGNITION AND CONCENTRATION OF CREDIT RISK

The Company recognizes revenue upon the delivery of products to its customers. In the current year, there is no concentration of credit risk to any one customer. Return allowances are provided for estimated losses associated with anticipated future returns of products sold by the Company. Actual returns could differ from management's estimates making it reasonably possible that a change in these estimates could occur in the near term.

MERCHANDISE INVENTORIES

Merchandise inventories are stated at the lower of first-in, first-out (FIFO) cost or market. Allowances are established to reduce the cost of excess and obsolete inventories to their estimated net realizable value.

PROPERTY AND EQUIPMENT

Property and equipment are carried at cost. Depreciation is provided using the straight-line method over the following estimated useful lives:

Computer equipment	3-5 years
Store fixtures	7 years
Office furniture, fixtures and equipment	7 years
Leasehold improvements	15-20 years
Vehicles	5 years

When property is sold or retired, the cost and accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized in the statement of operations and changes in members' equity. Expenditures for maintenance and repairs are charged to operations as incurred.

OTHER ASSETS

Other assets are substantially made up of refundable deposits with various utilities and property lessors and a lease contract that has terms that are favorable to its local market value. The deposits are refundable at the discretion of the utility or lessor as applicable and the favorable lease contract is amortized over the lease term, which is 15 years. Accumulated amortization related to this favorable lease contract was $53,568 and $0 in 2000 and 1999, respectively.

LONG-LIVED ASSETS

The Company applies Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," which requires that long-lived assets and certain identifiable intangible assets to be held and used or disposed of by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event assets are impaired, losses are recognized based on the excess carrying amounts over the estimated undiscounted cash flows for the asset. SFAS No. 121 also requires that assets to be disposed of be reported at the lower of the carrying amount or the fair market value less selling costs. At November 30, 2000, the Company noted an impairment loss related to one store for $97,000 (Note 10). No other impairment losses have been identified by the Company as of November 30, 2000.

PREOPENING EXPENSES

Preopening expenses, which consist primarily of payroll and occupancy costs, are expensed as incurred. Preopening expenses were $449,534 in 2000.

ADVERTISING COSTS

The Company expenses advertising costs as incurred. Advertising expense was $1,949,344 in 2000.

CUSTOMER DEPOSITS

Customer deposits relate to amounts paid by customers to the Company at the time they order goods. These deposits are applied to the ultimate sales price once goods are shipped to the customer, and are recognized as revenue at that time.

INCOME TAXES

The Company is treated as a pass-through entity for federal income tax purposes. As a result, the Company is not subject to income tax, but rather the liability for income taxes from the taxable income generated by the Company is the obligation of the owners of the Company. The Company is treated similarly for state income tax purposes and, under current law in the states in which the Company is conducting business, the Company is not subject to state income taxes. Accordingly, no provision or benefit for federal and state income taxes has been recorded in the accompanying financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2000, the Financial Accounting Standards Board issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." This statement amends the accounting and reporting standards of Statement No. 133 for certain derivative instruments and certain hedging activities. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The Company has adopted the provisions of this statement in 2001 and has determined that the impact of adopting the statement is immaterial.

3. CONTINUING OPERATIONS

The Company has experienced significant losses from operations during 2000. The Company incurred a net loss in 2000 of $9,584,000, and has Members' deficit of $6,907,000 as of November 30, 2000. Management has implemented a profit improvement program that includes evaluation and realignment of the Company's business to improve profitability. This program has resulted in significant operational changes, overall downsizing of the Company's administrative and operating overhead and disposals of selected stores (Note 10). As a result of these actions, the Company expects to reduce its losses substantially in 2001.

The Members have historically provided, and are currently providing, sufficient financial support to the Company to fund the Company's obligations and working capital requirements as those obligations become due. The Members loaned a total of $7,808,000 to the Company in 2000 (Note 4).

The accompanying financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business, rather than through a process of forced liquidation. Management of Bassett has committed to provide the necessary level of financial support to the Company to enable it to pay its obligations as they become due through November 30, 2002. Bassett, however, is not legally obligated to provide such support. Accordingly, the accompanying financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

4. LONG-TERM DEBT AND NOTES PAYABLE TO MEMBERS

Long-term debt and notes payable to Members at November 30, 2000, consists of the following:

Unsecured notes with a bank, payable in monthly installments as discussed below from January 2001 to September 2003, plus interest payable monthly at prime plus 0.5%, as defined in the agreement (10% at November 30, 2000)	$ 4,848,000
Unsecured notes payable to Bassett, interest at 8% per year, entire outstanding balance due November 1, 2004	6,000,000
Unsecured note payable to BDPT, interest payable quarterly at 8% per year, entire outstanding balance due November 30, 2003	1,808,000
Total long-term debt	12,656,000
Less - Current maturities of long-term debt	1,548,636
	$11,107,364

The aggregate future annual maturities of long-term debt are as follows:

2001	$ 1,548,636
2002	2,154,624
2003	2,952,740
2004	6,000,000
	$12,656,000

At various dates from March 16, 2000, to August 15, 2000, the Company entered into a total of eight unsecured notes with a bank for $606,000 each for a total of $4,848,000. Each note has deferred principal payments of $22,444 beginning 9 months from the close of each note and continuing for 27 months thereafter. The proceeds of these notes were used primarily to pay for new store opening inventory. Repayment of these loans is guaranteed by Bassett.

On June 1, 2000, and August 1, 2000, the Company entered into two unsecured notes with Bassett for $1,000,000 and $5,000,000, respectively. Both of these notes have the same terms and both have deferred principal and interest payments, all payable November 1, 2004.

On November 30, 2000, the Company entered into an unsecured note with BDPT for $1,808,000. This unsecured note contains various restrictive covenants, which include, among others, limitations on loans and contingent liabilities except in the normal course of business. As of November 30, 2000, the Company was in compliance with all of these covenants.

5. LEASE COMMITMENTS

The Company's administrative offices and retail locations are leased under noncancellable operating lease agreements that expire from 2001 to 2020. Most of these leases contain renewal options of 3 to 35 years. Certain of the lease agreements for retail locations require the payment of contingent rentals based on a percentage of sales above stipulated levels. No contingent rental expense was incurred during 2000. Certain of the lease agreements contain rent escalation clauses. Total rent expense for 2000 was $6,201,000. The Company leases certain of these locations from the Members. Rent expense related to locations owned or leased from the Members was $3,823,000 in 2000.

Future minimum lease commitments for the office and retail locations under operating leases having initial or remaining terms in excess of one year are as follows:

	MEMBERS	OPERATING	TOTAL
2001	$ 3,349,516	$ 2,251,090	$ 5,600,606
2002	3,386,603	2,259,449	5,646,052
2003	3,386,603	2,232,428	5,619,031
2004	3,386,603	1,606,085	4,992,688
2005	3,386,603	1,493,235	4,879,838
Thereafter	33,955,694	7,680,462	41,636,156
	$50,851,622	$17,522,749	$68,374,371

Subsequent to November 30, 2000, the Company entered into a lease agreement for one new store that was purchased by the Company from a third-party "Bassett Furniture Direct" licensee (Note 10). This lease is a month-to-month lease and as such does not appear in the future minimum lease commitments above.

Also subsequent to November 30, 2000, the Company sold three stores to third parties and these third parties assumed the leases related to these stores (Note 10). As such, the lease commitments related to these three stores are not included in the future minimum lease commitments above.

6. OTHER RELATED-PARTY TRANSACTIONS

Substantially all purchases of merchandise inventories are made from Bassett and its affiliates. These related entities sell products to the Company at prices equal to their normal selling prices to unrelated entities. Accounts payable due to these related parties was $10,534,450 and $2,462,152 in 2000 and 1999, respectively.

Interest expense on borrowings from related parties as described in Note 4 was $173,333 in 2000 and was accrued at November 30, 2000.

The Company paid salaries to related parties for administrative and executive services for $300,000 in 2000.

7. BENEFIT PLAN

EMPLOYEE SAVINGS PLAN

The Company maintains a qualified 401(k) employee savings plan covering substantially all full-time employees. Under the plan, employees may elect to contribute up to 15% of their compensation annually. Under the plan, the Company is not required to make contributions to the plan and no contributions were made in 2000.

8. COMMITMENTS AND CONTINGENCIES

EMPLOYMENT AGREEMENTS

The Company has certain obligations under various employment agreements through November 30, 2004, that stipulate, among other things, certain levels of compensation, bonus potential, other miscellaneous benefits and severance arrangements. Potential contingent liabilities under these arrangements approximate $450,000.

LITIGATION

The Company is involved in various legal proceedings encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material adverse effect on the Company's financial position or future results of operations.

9. MEMBERS' EQUITY (DEFICIT)

The Members' equity (deficit) account in the accompanying balance sheets reflects the initial capital contributed by the Members of $2,677,489 and all losses of the Company since inception. No distributions have been made to the Members since inception. Under the terms of the Limited Liability Company Agreement (the LLC Agreement), profits and losses and any distributions of the Company are allocated to its members based upon the Members' relative ownership interests in the Company and are made at the sole discretion of the Board of Managers. Both members have two positions each in the Board of Managers. There is a single class of members with the same rights, powers, duties, obligations, preferences and privileges. Each member's liability is limited to the sum of its capital contributions, its share of any undistributed assets of the Company, and any amounts previously distributed to it from the Company.

As stated in the Articles of Organization, the latest date on which the Company is to dissolve is November 30, 2019.

10. SUBSEQUENT EVENTS

In December 2000, the Company sold its retail store operation in Columbia, South Carolina, to a local furniture retailer. The transaction involved the sale of inventory, property, equipment and leasehold improvements. The buyer also assumed the customer deposit liability and the future lease commitments for the store facility. The Company incurred a loss of $97,000 primarily related to the disposal of property and equipment. As management made the decision to dispose of this store before year-end and had knowledge that the book value of the property exceeded fair value at year-end, management accrued for these impaired assets in the accompanying financial statements.

The Company sold its retail furniture store in Knoxville, Tennessee, in January 2001. Substantially all of the inventory in that location had been sold through a liquidation sale that began in September 2000. The lease for this location has been assumed by a third party, who will operate the store as a "Bassett Furniture Direct" store going forward. No significant gain or loss was realized due to this transaction.

On December 15, 2000, the Company purchased assets and assumed liabilities of a third party "Bassett Furniture Direct" licensee in Louisville, Kentucky. As part of the transaction, Bassett purchased the related building and is leasing it to the Company on a month-to-month basis. The Company will operate the facility as a retail furniture store on an ongoing basis.

INDEX TO FORM 10-K SCHEDULE

Report of Independent Public Accountants

To the Stockholders and Board of Directors of Bassett Furniture Industries, Incorporated:

We have audited in accordance with auditing standards generally accepted in the United States, the financial statements included in the Bassett Furniture Industries, Incorporated Annual Report to Stockholders incorporated by reference in this Form 10-K, and have issued our report thereon dated January 15, 2001. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedule on page F-26 is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ Arthur Andersen LLP

Greensboro, North Carolina,
January 15, 2001.

BASSETT FURNITURE INDUSTRIES, INC.

Schedule II

Analysis of Valuation and Qualifying Accounts For the
Years Ended November 25, 2000, November 27, 1999 and November 28, 1998
(in thousands)

	Balance Beginning Of Period	Additions Charged to Cost and Expenses	Deductions (1)	Other	Balance End Of Period
For the Year Ended November 28, 1998:					
Reserve deducted from assets to which it applies-					
Allowance for doubtful accounts	$1,984	$692	$(476)	---	$2,200
Restructuring reserve	$6,249	---	$(3,760)	---	$2,489
For the Year Ended November 27, 1999:					
Reserve deducted from assets to which it applies-					
Allowance for doubtful accounts	$2,200	$680	$(322)	---	$2,558
Restructuring reserve	$2,489	---	$(1,173)	---	$1,316
For the Year Ended November 25, 2000:					
Reserve deducted from assets to which it applies-					
Allowance for doubtful accounts	$2,558	$4,150	$(58)	---	$6,650
Restructuring reserve	$1,316	$880	$(853)	---	$1,343

(1) Deductions are for the purpose for which the reserve was created.

BASSETT INDUSTRIES ALTERNATIVE ASSET FUND, L.P.

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2000 AND 1999
TOGETHER WITH AUDITORS' REPORT

The Bassett Industries Alternative Asset Fund, L.P. has an exemption, pursuant to CFTC Regulation 4.7, from certain provisions of Part 4 of the CFTC Regulations.

BASSETT INDUSTRIES ALTERNATIVE ASSET FUND, L.P.

OATH
AS OF DECEMBER 31, 2000 AND 1999

To the best of the undersigned's knowledge and belief, the information contained in these financial statements is accurate and complete.

/s/ RAFAEL ASTRUC
- ---
Rafael Astruc, Partner
Private Advisors, L.L.C.
General Partner for
Bassett Industries Alternative Asset Fund, L.P.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Partners of
Bassett Industries Alternative Asset Fund, L.P.:

We have audited the accompanying statements of financial condition of the Bassett Industries Alternative Asset Fund, L.P. (a Delaware limited partnership) as of December 31, 2000 and 1999, and the related statements of operations, changes in partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the general partner. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bassett Industries Alternative Asset Fund, L.P. as of December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Richmond, Virginia
February 1, 2001

BASSETT INDUSTRIES ALTERNATIVE ASSET FUND, L.P.

TABLE OF CONTENTS

BASSETT INDUSTRIES ALTERNATIVE ASSET FUND, L.P.

STATEMENTS OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2000 AND 1999

	2000	1999
ASSETS:		
FUND INVESTMENTS (NOTE 4)	$ 57,257,422	$ 59,295,005
CASH AND CASH EQUIVALENTS	241,067	2,267
Total assets	$ 57,498,489	$ 59,297,272
LIABILITIES AND PARTNERS' CAPITAL		
LIABILITIES:		
Accrued expenses	$ 10,326	$ 10,107
PARTNERS' CAPITAL:		
General Partner	13,946	11,855
Limited Partner	57,474,217	59,275,310
Total partners' capital	57,488,163	59,287,165
Total liabilities and partners' capital	$ 57,498,489	$ 59,297,272

The accompanying notes are an integral part of these statements.

BASSETT INDUSTRIES ALTERNATIVE ASSET FUND, L.P.

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
REVENUES:		
Net gain on fund investments	$ 10,814,158	$ 8,631,151
Interest income	15,874	6,308
Total revenues	10,830,032	8,637,459
EXPENSES:		
Management fee	608,402	541,176
Other	20,632	16,584
Total expenses	629,034	557,760
NET INCOME	$ 10,200,998	$ 8,079,699

The accompanying notes are an integral part of these statements.

BASSETT INDUSTRIES ALTERNATIVE ASSET FUND, L.P.

STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	LIMITED PARTNER	GENERAL PARTNER	TOTAL
BALANCE, DECEMBER 31, 1998	$51,197,227	$10,239	$51,207,466
Net income	8,078,083	1,616	8,079,699
BALANCE, DECEMBER 31, 1999	59,275,310	11,855	59,287,165
Redemptions	(12,000,000)	--	(12,000,000)
Net income	10,198,907	2,091	10,200,998
BALANCE, DECEMBER 31, 2000	$57,474,217	$13,946	$57,488,163

The accompanying notes are an integral part of these statements.

BASSETT INDUSTRIES ALTERNATIVE ASSET FUND, L.P.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 10,200,998	$ 8,079,699
Adjustment to reconcile net income to net cash used in operating activities-		
Net gain on fund investments	(10,814,158)	(8,631,151)
Increase (decrease) in accrued expenses	219	(6,843)
Net cash used in operating activities	(612,941)	(558,295)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fund investments	(950,000)	--
Sales of fund investments	13,801,741	555,000
Net cash provided by investing activities	12,851,741	555,000
CASH FLOWS FROM FINANCING ACTIVITIES:		
Redemptions paid	(12,000,000)	--
Net increase (decrease) in cash and cash equivalents	238,800	(3,295)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2,267	5,562
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 241,067	$ 2,267

The accompanying notes are an integral part of these statements.

BASSETT INDUSTRIES ALTERNATIVE ASSET FUND, L.P.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

1. ORGANIZATION:

The Bassett Industries Alternative Asset Fund, L.P. (the Partnership) was organized under the Delaware Revised Uniform Limited Partnership Act and commenced operations on July 1, 1998. Private Advisors, L.L.C. is the general partner (the General Partner) of the Partnership. Harris Trust & Savings Bank is the asset custodian (the Custodian) for the Partnership. Bassett Furniture Industries, Inc. (the Limited Partner) and the General Partner are currently the only partners.

The objective of the Partnership is to invest with hedge funds and other experienced portfolio managers or otherwise utilize the services of investment advisors or investment managers in order to make investments in and to purchase, hold, trade and sell securities. The General Partner has discretion to make all investment and trading decisions, including the selection of investment managers.

2. PARTNERSHIP AGREEMENT:

The Partnership is governed by the terms of the limited partnership agreement (the Agreement). A general summary of salient points of the Agreement is provided below. Reference should be made to the Agreement to obtain a complete understanding of all pertinent information.

MANAGEMENT OF PARTNERSHIP AFFAIRS

Responsibility for managing the Partnership is vested solely with the General Partner. The General Partner's duties include the selection of investment managers, monitoring of the Partnership's investments, which includes the allocation of the Partnership's assets among the selected investment managers on an ongoing basis, and various administrative functions necessary to support the Partnership.

GENERAL PARTNER FEE

The General Partner receives a management fee from the Partnership, payable quarterly, based on an annual rate of 1 percent as applied to quarterly net assets, as defined.

CONTRIBUTION OF LIMITED PARTNER

The Limited Partner is required to make and maintain an investment in the Partnership of not less than $1,000,000. The Limited Partner may make a partial withdrawal of its investment as of the end of any fiscal year, as defined, but at all times its capital account must not be less than $1,000,000. The General Partner may, at its discretion, waive these minimum requirements. Additional investments are permitted at the discretion of the General Partner.

REDEMPTIONS

The Limited Partner may redeem part or all of its capital account as of the end of any calendar quarter upon 90 days written notice to the General Partner (or such lesser notice as may be acceptable to the General Partner). The General Partner may redeem part or all of its capital account as of any calendar year-end, as defined, upon 45 days notice to the Limited Partner. Redemptions shall be at net asset value, as defined.

ALLOCATIONS

Each partner has a capital account with an initial balance equal to the amount each individual partner contributed to the Partnership. At the end of each month and at the time of any event causing the capital account of any partner to change, profits and losses are allocated to the accounts of the partners in the ratio that each partner's capital account bears to the balance of all partners' accounts. A separate allocation is performed for Federal income tax purposes.

TERMINATION OF PARTNERSHIP

The Partnership shall terminate and be dissolved upon the occurrence of any of the following events:

- December 31, 2025;

- the withdrawal, dissolution, insolvency, or removal of the General Partner;

- the written consent of the General Partner and a majority-in-interest of the Limited Partners; or

- the election of a majority-in-interest of the Limited Partners, if the Limited Partners determine that the General Partner has materially breached any provision of the Agreement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

CASH AND CASH EQUIVALENTS

The Partnership considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

INTEREST INCOME

The Partnership receives interest monthly from the Custodian based on prevailing short-term money market rates applied to 100 percent of the Partnership's average daily cash balance above a specified reserve, as defined. Interest income is accrued when earned.

INCOME TAXES

A provision for income has not been provided, as partners are individually liable for taxes, if any, on their share of the Partnership's net income.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. FUND INVESTMENTS:

The funds in which the Partnership invests engage primarily in speculative trading of security interests and have the discretion to invest in any type of security interest. Risks to these funds arise from the possible adverse changes in the market value of such interests and the potential inability of counterparties to perform under the terms of the contracts. However, the risk to the Partnership is limited to the amount of the Partnership's investment in each of these funds. In general, the Partnership may redeem part or all of its investment in each of the funds as of the end of each quarter or calendar year, upon 45 to 180 days prior written notice, as specified in the various fund agreements.

Fund investments are valued on the basis of net asset value, with the resultant difference from the prior valuation included in the accompanying statements of operations. The net asset value is determined by the investee fund based on its underlying financial instruments. The Partnership's share of the revenues and expenses of each fund is based on the Partnership's proportionate share of amounts invested during the period and is included as net gain (loss) on fund investments in the accompanying statements of operations. The Partnership's proportionate share of the investee funds' operating expenses, including brokerage commissions and management and incentive fees, incurred directly by the funds is reflected as a component of the net gain (loss) on fund investments within the accompanying statements of operations.

The following table summarizes the Partnership's fund investments as of December 31, 2000 and for the year then ended. The management agreements of the investee funds provide for compensation to their managers in the form of fees ranging from 1 percent to 1.5 percent annually of net assets, and performance incentive fees equal to 20 percent of net trading profits earned. These fees have been included as a component of the net gain on fund investments in the accompanying statement of operations.

INVESTMENT	PERCENTAGE OF PARTNERSHIP'S NET ASSETS	FAIR VALUE	NET GAIN ON FUND INVESTMENTS	ANNUAL FEE PERCENTAGES* MANAGEMENT	INCENTIVE	REDEMPTIONS PERMITTED
Oz Domestic Partners, L.P.	23.0%	$ 13,246,885	$ 2,482,992	1.5%	20%	Annually
Styx Partners, L.P.	22.6%	13,003,415	1,378,087	1.0%	20%	Annually
HBK Fund, L.P.	21.4%	12,269,880	2,398,880	1.5%	20%	Quarterly
Farallon Capital Offshore Investors, Inc.	17.9%	10,301,906	1,364,376	1.0%	20%	Quarterly
Double Black Diamond, L.P.	14.7%	8,435,336	2,156,700	1.0%	20%	Quarterly
Palladin Enhanced Return Partners, L.P.	--	--	1,033,123	1.0%	20%	Quarterly
Total	99.6%	$ 57,257,422	$ 10,814,158			

* For the year ended December 31, 2000, the management and incentive fees allocated to Double Black Diamond, L.P. were $84,874 and $539,175, respectively, and the management and incentive fees allocated to Styx Partners, L.P. were $124,189 and $344,522, respectively. The General Partner is not able to obtain the specific fee amounts for the other investee funds.

5. OPERATING EXPENSES:

The Partnership pays its routine legal, accounting, audit, computer and other operating costs. The net assets of the Partnership reflect an accrual for such expenses incurred but not yet paid.

6. FINANCIAL INSTRUMENTS WITH MARKET AND CREDIT RISKS AND CONCENTRATIONS OF CREDIT RISK:

In the normal course of operations, the Partnership enters into various contractual commitments with elements of market risk in excess of the amounts recognized in the statements of financial condition. Contractual commitments that involve future settlement give rise to both market and credit risk. Market risk represents the potential loss that can be caused by a change in the market value of a particular financial instrument. The Partnership's exposure to market risk is determined by a number of factors, including the size, composition and diversification of positions held, volatility of interest, market currency rates and liquidity. With reference to the Partnership's credit and concentration of credit risks for investments in other security funds, the risk to the Partnership is limited to the Partnership's investment.

INDEX TO EXHIBITS

Exhibit No.	
4	$70 million Credit Agreement with a Bank Group dated October 25, 2000
10D	Bassett 1993 Stock Plan for Non-Employee Directors as amended.
13	Portions of the Bassett Furniture Industries, Incorporated Annual Report to Stockholders for the year ended November 25, 2000
21	List of subsidiaries of registrant
23A	Consent of Independent Public Accountants
23B	Consent of Independent Auditors

Exhibit 23A

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports dated January 15, 2001, February 1, 2001, and February 16, 2001 on the financial statements and schedule of Bassett Furniture Industries, Incorporated and Subsidiaries, the financial statements of Bassett Industries Alternative Asset Fund, LP, and the financial statements of LRG Furniture, LLC, respectively, included in and incorporated by reference in this Form 10-K/A, into the Company's previously filed Registration Statement File Nos. 33-52405, 33-52407, 333-60327, and 333-43188.

/s/ ARTHUR ANDERSEN LLP

Greensboro, North Carolina,
May 24, 2001.

EXHIBIT 23B

CONSENT OF INDEPENDENT AUDITORS

Board of Directors
Bassett Furniture Industries, Incorporated
Bassett, Virginia

We consent to incorporation by reference in the Registration Statements (Nos. 33-52405, 33-52407, 333-60327 and 333-43188) on Form S-8 of Bassett Furniture Industries, Incorporated and subsidiaries of our report dated November 29, 2000, relating to the balance sheets of International Home Furnishings Center, Inc. as of October 31, 2000 and 1999, and the related statements of income, stockholders' equity (deficit) and cash flows for each of the three years in the period ended October 31, 2000, which report is incorporated by reference in the November 25, 2000 annual report on Form 10-KA of Bassett Furniture Industries, Incorporated and subsidiaries.

/s/ DIXON ODOM PLLC

High Point, North Carolina
May 23, 2001