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(Bassett, Va.) - June 24, 2004 - Bassett Furniture Industries Inc. (Nasdaq: BSET) announced today its earnings for its second fiscal quarter ended May 29, 2004.

Sales for the second quarter of 2004 were \$80.4 million, up 4.5% from second quarter 2003 levels. The growth in the Company's ongoing distribution channels, fueled by increased shipments to Bassett Furniture Direct stores (BFDs) and greater demand for juvenile products, accounted for the sales increase. Year-to-date shipments into the BFD channel were up 11% over 2003.

The Bassett Furniture Direct retail store program continues to grow with 104 stores currently in operation. The Company expects licensees to open six stores in the third quarter and eight in the fourth quarter ending fiscal year 2004 with 118 stores. Sales to BFD stores were 57% of total wholesale shipments in the first half of 2004 compared to 52% in the first half of 2003.

The Company reported net income for the quarter of \$1.9 million or \$.16 per share as compared to \$1.2 million or \$.10 per share for the second quarter of 2003. On a year-to-date basis, the Company recorded net income of \$4.2 million or \$.36 per share, after both realizing a \$3.9 million gain on the sale of its former California upholstery facility and recognizing a \$2.8 million restructuring and impaired asset charge in the first quarter of 2004, compared to a \$5.2 million net loss in the first half of 2003. Excluding the gain and charge, net income for the first six months was \$3.4 million or \$.30 per share compared to \$1.9 million or \$.17 per share in the first six months of 2003 (excluding restructuring and impaired asset charges and cumulative effect of accounting change).^{*} A reconciliation to the net income and earnings per share has been set forth below. The 2004 earnings improvement resulted from a combination of sales growth and a reduction in selling, general, and administrative expenses.

The approximately one and a half percentage point reduction in selling, general and administrative expenses for both the quarter and six month results as compared to 2003 was primarily due to actions taken in 2003 which lowered the expense structure of the Company-owned retail stores.

The Company generated \$1.9 million of operating cash flows during the first half of 2004 primarily through operating earnings. This cash flow along with the proceeds from the sale of the former California facility (received in the first quarter) and a dividend from an affiliate were used to fund capital spending, pay dividends, and purchase \$6.5 million of net investments. Real estate purchases in the quarter included assuming \$7.2 million of real estate debt on two BFD store properties.

"We are pleased with our year-over-year sales growth and improved operating earnings," said Robert H. Spilman Jr., president and chief executive officer. "However, we continue efforts to improve operating margins with a primary focus on the profitability of our Wood Division. Our Upholstery and Import Divisions both experienced encouraging results for the quarter. Additionally, our Company-owned retail stores in Texas (LRG) continued their positive results from the first quarter to the second quarter."

The recent U.S. Department of Commerce preliminary ruling imposing anti-dumping duties on imports of Chinese wood bedroom furniture would result in an assessment of duties in the range of 8 to 11% on product sourced by the Company from Chinese vendors. Mr. Spilman said, "We were fairly satisfied with the preliminary ruling by the Department of Commerce and do not believe this ruling will have a significant impact on our overall results. We do hope the ruling will help deter further price deflation in our industry."

Bassett also announced that its Board of Directors has declared a regular quarterly dividend of \$.20 per share payable on September 1, 2004, to shareholders of record on August 17, 2004.

Bassett Furniture Industries, Inc. is a leading manufacturer and marketer of high quality, mid-priced home furnishings. With over 100 Bassett Furniture Direct stores, Bassett has leveraged its strong brand name in furniture into a growing network of licensed stores that focus on providing consumers with a friendly environment for buying furniture and

accessories. While the Company continues to sell its products to other retailers, the most significant growth vehicle for Bassett continues to be the Company's dedicated retail store program. Bassett's retail strategy encompasses affordable custom-built furniture that is ready for delivery in the home within 30 days. The stores also feature the latest on-trend furniture styles, more than 1,000 upholstery fabrics, free in-home design visits, and coordinated decorating accessories. For more information, visit the Company's website at www.bassettfurniture.com.

*The Company has included the "as adjusted" information because it uses, and believes that others may use, such information in comparing the Company's operating results from period to period. However, the items excluded in determining the "as adjusted" information are significant components in understanding and assessing the Company's overall financial performance for the periods covered.

Certain of the statements in the immediately preceding paragraphs, particularly those preceded by, followed by or including the words "believes," "expects," "anticipates," "intends," "should," "estimates," or similar expressions, or those relating to or anticipating financial results for periods beyond the first quarter of fiscal year 2004, constitute "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended. For those statements, Bassett claims the protection of the safe harbor for forward looking statements contained in the Private Securities Litigation Reform Act of 1995. In many cases, Bassett cannot predict what factors would cause actual results to differ materially from those indicated in the forward looking statements. Expectations included in the forward-looking statements are based on preliminary information as well as certain assumptions which management believes to be reasonable at this time. The following important factors affect Bassett and could cause those results to differ materially from those expressed in the forward looking statements: economic, competitive, governmental and other factors identified in Bassett's filings with the Securities and Exchange Commission, and the effects of national and global economic or other conditions and future events on the retail demand for home furnishings.