

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 MAY 31, 1996

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

54-0135270

(State or other jurisdiction
of incorporation or organization)

(I.R.S. Employer
Identification No.)

Bassett, Virginia 24055

(Address of principal executive offices)
(Zip Code)

(540) 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 May 31, 1996, 13,337,538 shares of common stock of the Registrant were
outstanding.

PART I - FINANCIAL INFORMATION
 BASSETT FURNITURE INDUSTRIES, INCORPORATED
 AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF INCOME AND
 RETAINED EARNINGS - UNAUDITED

	SIX MONTHS ENDED MAY 31,		THREE MONTHS ENDED MAY 31,	
	1996	1995	1996	1995
Net sales	\$223,224,174	\$242,568,556	\$111,273,154	\$119,018,005
Costs and expenses				
Cost of sales	187,741,206	202,624,957	93,558,086	99,696,395
Selling, general and administrative	31,323,263	32,506,437	15,836,130	16,490,093
	219,064,469	235,131,394	109,394,216	116,186,488
	-----	-----	-----	-----
Other income, net	4,159,705	7,437,162	1,878,938	2,831,517
	8,321,465	6,498,934	4,278,271	4,185,733
	-----	-----	-----	-----
Income taxes	12,481,170	13,936,096	6,157,209	7,017,250
	(2,775,000)	(4,063,000)	(1,165,000)	(2,040,500)
	-----	-----	-----	-----
NET INCOME	9,706,170	9,873,096	4,992,209	4,976,750
Retained earnings - beginning of period	225,718,704	221,949,817	226,287,719	224,028,800
	235,424,874	231,822,913	231,279,928	229,005,550
Cash dividends	(5,394,558)	(5,634,893)	(2,678,008)	(2,817,530)
Purchase and retirement of common stock	(6,357,974)	-0-	(4,929,578)	-0-
	-----	-----	-----	-----
Retained earnings - end of period	\$223,672,342	\$226,188,020	\$223,672,342	\$226,188,020
	=====	=====	=====	=====
NET INCOME PER SHARE	\$.72	\$.70	\$.37	\$.35
	=====	=====	=====	=====
DIVIDENDS PER SHARE	\$.40	\$.40	\$.20	\$.20
	=====	=====	=====	=====

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

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

ASSETS	MAY 31, 1996	NOVEMBER 30, 1995
Current Assets		
Cash and cash equivalents	\$ 69,686,579	\$ 51,331,119
Trade accounts receivable, less allowances for doubtful accounts	58,376,422	68,591,514
Inventories:		
Finished goods	47,808,655	46,490,589
Work in process	14,831,977	16,231,269
Raw materials and supplies	39,188,822	45,305,749
	101,829,454	108,027,607
Less LIFO adjustment	27,601,000	26,801,000
	74,228,454	81,226,607
Prepaid expenses	508,243	1,757,658
Deferred income taxes	1,804,000	2,008,000
	204,603,698	204,914,898
Property, Plant and Equipment		
Cost	214,581,336	211,790,217
Less allowances for depreciation	162,724,380	158,665,871
	51,856,956	53,124,346
Other Assets		
Investment in securities	28,939,889	39,055,319
Investment in affiliated companies	42,917,981	40,398,574
Other	8,206,292	9,227,317
	80,064,162	88,681,210
	\$336,524,816	\$346,720,454
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 26,239,086	\$ 29,710,299
Accrued compensation	4,509,949	4,778,966
Income taxes	64,247	902,476
	30,813,282	35,391,741
Deferrals		
Deferred liabilities	10,591,502	10,296,244
Deferred income taxes	1,509,000	2,129,000
	12,100,502	12,425,244
Stockholders' Equity		
Common stock	66,687,690	68,294,765
Retained earnings	223,672,342	225,718,704
Unrealized holding gains, net of tax	3,251,000	4,890,000
	293,611,032	298,903,469
	\$336,524,816	\$346,720,454

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

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

	SIX MONTHS ENDED MAY 31,	
	1996	1995
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$22,885,290	\$16,920,923
INVESTING ACTIVITIES		
Net change in cost of investment securities	11,618,801	1,010,153
Purchases of property, plant and equipment	(3,084,172)	(5,323,407)
Proceeds from sale of property, plant and equipment	76,635	50,000
Dividends from affiliated company	-0-	544,753
Other	218,513	450,592
	-----	-----
	8,829,777	(3,267,909)
FINANCING ACTIVITIES		
Issuance of common stock	25,364	48,733
Purchase and retirement of common stock	(7,990,413)	(26,000)
Cash dividends	(5,394,558)	(5,634,893)
	-----	-----
	(13,359,607)	(5,612,160)
	-----	-----
CHANGE IN CASH AND CASH EQUIVALENTS	18,355,460	8,040,854
CASH AND CASH EQUIVALENTS - beginning of period	51,331,119	42,314,957
	-----	-----
CASH AND CASH EQUIVALENTS - end of period	\$69,686,579	\$50,355,811
	=====	=====

NOTE TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- I. Per share amounts are based on 13,519,393 and 14,087,540 weighted average number of shares outstanding at May 31, 1996 and 1995, 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:

	Six Months Ended May 31,			Three Months Ended May 31,		
	1996	1995	1994	1996	1995	1994
Cost of sales	84.11%	83.53%	82.20%	84.08%	83.76%	80.84%
Selling, general and admin.	14.03	13.40	12.73	14.23	13.86	12.74
Income from operations	1.86	3.07	5.07	1.69	2.38	6.42
Other income, net	3.73	2.67	1.81	3.84	3.51	1.72
Income before income taxes	5.59	5.74	6.88	5.53	5.89	8.14
Income taxes	1.24	1.67	2.04	1.05	1.71	2.44
Accounting change	-0-	-0-	.20	-0-	-0-	-0-
Net income	4.35	4.07	4.64	4.48	4.18	5.70

NET SALES

Net sales for the current two periods compared to prior years:

	Six Months Ended May 31,			Three Months Ended May 31,		
	1996	1995	1994	1996	1995	1994
Net sales (thousands)	\$223,224	\$242,569	\$256,304	\$111,273	\$119,018	\$134,639
% change from prior year	(8.0)%	(5.4)%	2.9%	(6.5)%	(11.6)%	4.5%

In the 1996 six month period, net sales increased in the Bedding Division, but were flat or decreased at other Divisions of the Company. The percentage change in net sales for the Company in the second quarter of 1996 ((6.5%)) improved over the change in the first quarter ((9.4%)).

COSTS AND EXPENSES

Cost of sales for the second quarter (84.08%) remained even with the 1996 first quarter (84.13%), however this is still up from the 1995 second quarter (83.76%). The gross profit margin for the six month period has fallen 58 basis points compared to 1995. The decrease in gross profit margins follows a decrease of approximately 90 basis points for the full fiscal year 1995 from 1994. The decline in margins has been caused primarily by the inability to increase sales prices across all product lines to compensate for incurred raw material cost increases. This is shown by a comparison of the cost components comprising cost of sales as a percentage of net sales:

	Six Months Ended May 31,			Three Months Ended May 31,		
	1996	1995	1994	1996	1995	1994
Materials	49.83%	49.36%	48.55%	49.61%	49.34%	47.54%
Labor	21.36	21.57	21.60	21.44	21.59	21.78
Overhead	12.92	12.60	12.05	13.03	12.83	11.52
	84.11%	83.53%	82.20%	84.08%	83.76%	80.84%

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

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

COSTS AND EXPENSES - continued

The increase in the overhead component percentage is a result of decreased sales volume. Total overhead costs declined approximately \$2 million in the 1996 six month period from 1995.

The increase in SG&A expenses as a percentage of net sales is also a result of the decline in net sales. Total dollars, including variable costs (primarily sales commissions), decreased in each period; and, in addition, the fixed costs also declined during the periods reported.

OTHER INCOME, NET

Components of other income (in thousands):

	Six Months Ended May 31,			Three Months Ended May 31,		
	1996	1995	1994	1996	1995	1994
Equity in unremitted income of affiliated companies	\$2,519	\$2,441	\$2,067	\$1,418	\$1,420	\$1,114
Interest (principally tax exempt)	1,118	1,123	812	545	573	395
Dividends	901	1,210	1,167	463	667	624
Gains from sales of investment securities	4,149	1,364	362	2,034	1,394	203
Other	(366)	361	236	(182)	132	(19)
	<u>\$8,321</u>	<u>\$6,499</u>	<u>\$4,644</u>	<u>\$4,278</u>	<u>\$4,186</u>	<u>\$2,317</u>

INCOME TAXES

The effective income tax rate has declined in 1996 due to the decline in operating income and the increase in tax-exempt other income.

LIQUIDITY AND CAPITAL RESOURCES:

Cash provided by operating activities:

	Six Months Ended May 31,		
	1996	1995	1994
Cash provided by operating activities (thousands)	\$22,885	\$16,921	\$6,624

The increase in 1996 was due to the decline in net current assets, exclusive of cash and cash equivalents.

The Company continued to purchase and retire its Common Stock in the first six months of 1996, acquiring 322,400 shares at an average cost of \$24.78, for a total expenditure of \$7,990,000. In fiscal years 1995 and 1994, 429,701 shares and 361,386 shares were acquired for a total cost of \$10,125,000 and \$9,546,000 respectively.

The current ratio was 6.64 to 1 at May 31, 1996 and 5.79 to 1 at November 30, 1995. Working capital increased to \$174 million at May 31, 1996, up from \$170 million at November 30, 1995.

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

There were no material commitments for capital expenditures at May 31, 1996. 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

/s/ ROBERT H. SPILMAN

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

DATE: 7/3/96

/s/ PHILIP E. BOOKER

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

DATE: 7/3/96

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
QUARTERLY REPORT

For the quarter ended
May 31, 1996

Commission File Number
0-209

BASSETT FURNITURE INDUSTRIES, INCORPORATED
EXHIBIT INDEX

Exhibit No. -----	Exhibit Description -----	Page No. -----
27	Financial Data Schedule	

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6-MOS

	NOV-30-1996	
	DEC-01-1995	
	MAY-31-1996	
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		28,940
		58,376
		0
		74,228
	204,604	
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	162,724	
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		0
		66,688
336,525		226,923
		223,224
	231,546	
		187,741
	219,064	
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	330	
2,900		
	12,481	
	2,775	
9,706		0
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	9,706	
	.72	
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