



## **Bassett Furniture Industries Inc. announced today the financial results for its second fiscal quarter ended May 31, 2003**

(Bassett, Va.) - June 25, 2003 - Bassett Furniture Industries Inc. announced today the financial results for its second fiscal quarter ended May 31, 2003.

Sales for the second quarter of 2003 were \$71.5 million, down 11.6% from second quarter 2002 levels. The decrease was due to industry-wide soft retail conditions as well as the previously disclosed significant sales decrease with JCPenney.

Sales for the first half of the year were \$144.8 million compared to \$165.7 million for the first half of 2002. Nearly half of the \$20.8 million decline was the sales decrease with JCPenney. The remaining decline was indicative of economic conditions as well as an extra week included in the first half of fiscal 2002 (27 weeks vs. 26 weeks).

The Bassett Furniture Direct (BFD) retail store program continues to grow with 93 stores currently in operation. Licensees opened five additional stores in the second quarter making a total of nine stores opened in the first half of fiscal 2003. The Company expects licensees to open eleven stores in the second half for a total of 20 new stores in fiscal 2003. Sales to BFD stores were 45% of total Company sales in 2002 and are planned to be approximately 55% of total Bassett sales in 2003.

The Company reported a modest operating loss for the quarter which was reflective of the sales environment and costs associated with consolidating its Dublin, Ga., wood manufacturing facility into its Bassett, Va., facility as previously announced. Management believes that the Company's wood division will be better positioned to produce higher operating earnings in domestic wood in subsequent quarters based on the restructuring efforts completed during the second quarter. Upholstery division gross margin for the quarter improved by 1.8 points over the gross margin from the previous year quarter, despite lower sales volume. Import division sales increased slightly with continued solid profit margins in this segment.

The Company reported net income for the quarter of \$1.2 million or \$.10 per diluted share compared to net income of \$2.9 million or \$.24 per diluted share for the second quarter of 2002. Earnings from investments were better than expected and better than in the second quarter of 2002. Net loss on a year to date basis was \$(.1) million or \$(.01) per share including a previously announced \$3.2 million charge related to closing its Dublin facility in the first quarter.

"Earnings continue to be a challenge in this tough economic and industry environment," said Robert H. Spilman Jr., president and chief executive officer. "We are pleased with the operating cash flow we generated during the quarter and our investment results. Additionally, we improved our overall cost structure. We continue to be encouraged by the new stores our licensees are opening, and the number of prospects we have who want to own and operate Bassett stores in the future. We remain committed to our goal of 150 BFDs by the end of our fiscal 2005."

During the second quarter the Company generated approximately \$6 million of positive operating cash flow as inventory and receivable levels decreased by \$2.5 million and \$1.3 million respectively and the Company received an income tax refund. These monies were used to fund capital spending and increase the Company's cash account balance.

Bassett has repurchased 69,278 of its shares at a cost of \$.9 million during the first half of 2003 and has \$10.3 million remaining on its share repurchase program. The Company's debt to capital ratio was 3.1% at May 31, 2003.

The Company's Board of Directors yesterday declared a regular quarterly dividend of \$.20 per share payable on September 2, 2003, to shareholders of record on August 15, 2003.

Bassett Furniture Industries Inc., based in Bassett, Va., is one of the world's leading manufacturers and marketers of branded home furnishings. Bassett's products, designed to provide quality, style and value, are sold through Bassett Furniture Direct™ stores, At Home with Bassett®, and other furniture and department stores. The Company's common stock is traded on the NASDAQ market under the symbol BSET. More information about Bassett is available on the Company's Internet site at [www.bassettfurniture.com](http://www.bassettfurniture.com).

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 second quarter of fiscal year 2003, 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: the effects of recent events and the effects of future governmental and military responses to such events on demand for furniture at the retail level, and the economic, competitive, governmental, technological and other factors identified in Bassett's filings with the Securities and Exchange Commission.