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(Bassett, Va.) - March 25, 2004 - Bassett Furniture Industries Inc. (Nasdaq:BSET) announced today its earnings for its fiscal quarter ended February 28, 2004.

Sales for the first quarter of 2004 were \$76.6 million, down 1.3% from first quarter 2003 levels. The net growth in the Company's ongoing distribution channels, fueled by increased shipments to Bassett Furniture Direct stores (BFDs) and greater demand for juvenile products, offset most of the expected \$3.8 million sales decrease with JCPenney. Shipments into the BFD channel were up 11% over 2003 but were below what the Company anticipated due to lower than expected written retail business in January. February and March written retail sales have rebounded to expected levels.

The Company reported net income for the quarter of \$2.3 million or \$.20 per share after 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. The Company continues to transition its business, examine its domestic manufacturing cost structure and focus on its core assets and competencies. These efforts resulted in the impaired asset and restructuring charge which included closing the Company's Hiddenite, N.C., upholstery manufacturing facility, restructuring its Macon, Ga., wood manufacturing facility and plans to sell certain non-core assets. Excluding the gain and charge, net income was \$1.6 million or \$.13 per share compared to \$.8 million or \$.06 per share in the first quarter of 2003 (excluding restructuring and impaired asset charges and cumulative effect of accounting change). A reconciliation to the net income and earnings per share calculations has been set forth below.

The two percentage point reduction in selling, general and administrative expenses year-over-year was primarily the result of actions taken in 2003 which lowered the expense structure in an effort to improve the profitability of the Company-owned retail stores.

The Company generated \$2.7 million of operating cash flows during the first quarter of 2004 through a combination of earnings and inventory reduction. Cash flows from operations improved by \$8.4 million in 2004 as compared to 2003. The proceeds from the sale of the California facility were also received in the quarter. Cash flow generated during the quarter was used primarily to fund capital spending, pay a quarterly dividend, and purchase investments.

"We are pleased with our year-over-year earnings improvement and our continued positive cash flow," said Robert H. Spilman Jr., president and chief executive officer. "However, we are not satisfied with our current level of earnings. Our focus continues to be on better execution at the store level and the profitability of our Wood Division. Our Upholstery Division continued its solid performance even as we consolidated two plants into one facility, and we were pleased that our Company-owned stores in Texas (LRG) posted positive earnings for the quarter."

Bassett also announced that its Board of Directors has declared a regular quarterly dividend of \$.20 per share payable on June 1, 2004, to shareholders of record on May 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](http://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 end 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: 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.