

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 AUGUST 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 August 31, 1996, 13,142,895 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

	NINE MONTHS ENDED AUGUST 31,		THREE MONTHS ENDED AUGUST 31,	
	1996	1995	1996	1995
	----	----	----	----
Net sales	\$332,231,880	\$361,752,321	\$109,007,706	\$ 119,183,765
Costs and expenses				
Cost of sales	278,966,630	301,097,044	91,225,424	98,472,087
Selling, general and administrative	46,139,446	48,839,196	14,816,183	16,332,759
	-----	-----	-----	-----
	325,106,076	349,936,240	106,041,607	114,804,846
	-----	-----	-----	-----
Income from operations	7,125,804	11,816,081	2,966,099	4,378,919
Other income, net	11,546,097	10,295,806	3,224,632	3,796,872
	-----	-----	-----	-----
Income before income taxes	18,671,901	22,111,887	6,190,731	8,175,791
Income taxes	(4,140,000)	(6,457,500)	(1,365,000)	(2,394,500)
	-----	-----	-----	-----
NET INCOME	14,531,901	15,654,387	4,825,731	5,781,291
Retained earnings - beginning of period	225,718,704	221,949,817	223,672,342	226,188,020
	-----	-----	-----	-----
Cash dividends	240,250,605	237,604,204	228,498,073	231,969,311
Purchase and retirement of common stock	(8,021,311)	(8,444,424)	(2,626,753)	(2,809,531)
	-----	-----	-----	-----
Purchase and retirement of common stock	(10,005,208)	(777,743)	(3,647,234)	(777,743)
	-----	-----	-----	-----
Retained earnings - end of period	\$222,224,086	\$228,382,037	\$ 222,224,086	\$ 228,382,037
	=====	=====	=====	=====
NET INCOME PER SHARE	\$ 1.08	\$ 1.11	\$.36	\$.41
	=====	=====	=====	=====
DIVIDENDS PER SHARE	\$.60	\$.60	\$.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	AUGUST 31, 1996	NOVEMBER 30, 1995
Current Assets		
Cash and cash equivalents	\$ 58,380,561	\$ 51,331,119
Trade accounts receivable, less allowance for doubtful accounts	64,375,558	68,591,514
Inventories:		
Finished goods	46,689,718	46,490,589
Work in process	15,321,383	16,231,269
Raw materials and supplies	38,540,788	45,305,749
	-----	-----
Less LIFO adjustment	100,551,889	108,027,607
	28,001,000	26,801,000
	-----	-----
Prepaid expenses	72,550,889	81,226,607
Deferred income taxes	2,184,567	1,757,658
	1,988,000	2,008,000
	-----	-----
	199,479,575	204,914,898
Property, Plant and Equipment		
Cost	217,630,416	211,790,217
Less allowances for depreciation	164,801,755	158,665,871
	-----	-----
	52,828,661	53,124,346
Other Assets		
Investment in securities	27,487,801	39,055,319
Investment in affiliated companies	44,173,184	40,398,574
Other	11,139,533	9,227,317
	-----	-----
	82,800,518	88,681,210
	-----	-----
	\$335,108,754	\$346,720,454
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

Current Liabilities		
Accounts payable	\$ 28,491,559	\$ 29,710,299
Accrued compensation	3,717,724	4,778,966
Income taxes	789,703	902,476
	-----	-----
	32,998,986	35,391,741
Deferrals		
Deferred liabilities	10,669,207	10,296,244
Deferred income taxes	1,082,000	2,129,000
	-----	-----
	11,751,207	12,425,244
Stockholders' Equity		
Common stock	65,714,475	68,294,765
Retained earnings	222,224,086	225,718,704
Unrealized holding gains, net of tax	2,420,000	4,890,000
	-----	-----
	290,358,561	298,903,469
	-----	-----
	\$335,108,754	\$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

	NINE MONTHS ENDED AUGUST 31,	
	1996	1995
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$22,858,665	\$25,808,844
INVESTING ACTIVITIES		
Net change in cost of investment securities	12,952,008	7,155,646
Purchases of property, plant and equipment	(6,192,249)	(6,523,427)
Proceeds from sale of property, plant and equipment	83,635	59,000
Dividends from affiliated company	-0-	817,129
Increase in cash surrender value of life insurance	(1,915,038)	(2,838,284)
Other	(130,770)	131,616
	-----	-----
	4,797,586	(1,198,320)
FINANCING ACTIVITIES		
Issuance of common stock	25,364	48,733
Purchase and retirement of common stock	(12,610,862)	(1,022,286)
Cash dividends	(8,021,311)	(8,444,424)
	-----	-----
	(20,606,809)	(9,417,977)
	-----	-----
CHANGE IN CASH AND CASH EQUIVALENTS	7,049,442	15,192,547
CASH AND CASH EQUIVALENTS - beginning of period	51,331,119	42,314,957
	-----	-----
CASH AND CASH EQUIVALENTS - end of period	\$58,380,561	\$57,507,504
	=====	=====

NOTE TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Per share amounts are based on 13,431,163 and 14,082,213 weighted average number of shares outstanding at August 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:

	Nine Months Ended August 31,			Three Months Ended August 31,		
	1996	1995	1994	1996	1995	1994
Cost of sales	83.97%	83.23%	82.39%	83.69%	82.62%	82.79%
Selling, general and admin.	13.89	13.50	12.95	13.59	13.70	13.39
Income from operations	2.14	3.27	4.66	2.72	3.68	3.82
Other income, net	3.48	2.84	1.74	2.96	3.18	1.57
Income before income taxes	5.62	6.11	6.40	5.68	6.86	5.39
Income taxes	1.25	1.78	1.94	1.25	2.01	1.72
Accounting change	-0-	-0-	.13	-0-	-0-	-0-
Net income	4.37	4.33	4.33	4.43	4.85	3.67

NET SALES

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

	Nine Months Ended August 31,			Three Months Ended August 31,		
	1996	1995	1994	1996	1995	1994
Net sales (thousands)	\$332,232	\$361,752	\$381,271	\$109,008	\$119,184	\$124,968
% change from prior year	(8.2)%	(5.1)%	2.9%	(8.5)%	(4.6)%	3.1%

Net sales in the Casegoods Division in the third quarter reflect an increase over the same quarter in 1995; other Divisions were flat or down in comparison to the prior year. For the nine month period, the Motion and Upholstery Divisions accounted for the majority of decreased sales.

COSTS AND EXPENSES

Cost of sales for the 1996 third quarter (83.69%) improved over the second (84.08%) and first (84.13%) quarters. The gross profit margin for the nine month period has fallen 74 basis points compared to 1995. The decrease in gross profit margin follows a decrease of approximately 90 basis points for the full fiscal year 1995 from 1994. This decline in margins is the result of the continuing inability to increase sales prices 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:

	Nine Months Ended August 31,			Three Months Ended August 31,		
	1996	1995	1994	1996	1995	1994
Materials	49.96%	49.51%	48.81%	50.22%	49.82%	49.36%
Labor	21.23	21.33	21.57	20.96	20.83	21.49
Overhead	12.78	12.39	12.01	12.51	11.97	11.94
	83.97%	83.23%	82.39%	83.69%	82.62%	82.79%

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 \$2.4 million in the 1996 nine month period and \$625 thousand in the 1996 third quarter, compared to 1995 periods.

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 cost components of SG&A also declined during the periods reported.

OTHER INCOME, NET

Components of other income (in thousands):

	Nine Months Ended August 31,			Three Months Ended August 31,		
	1996	1995	1994	1996	1995	1994
Equity in unremitted income of affiliated companies	\$3,775	\$3,566	\$3,078	\$1,256	\$1,125	\$1,011
Interest (principally tax exempt)	1,755	1,756	1,231	637	633	419
Dividends	1,219	1,736	1,700	318	526	533
Gains from sales of investment securities	5,370	2,676	357	1,221	1,312	(5)
Other	(573)	562	241	(207)	201	5
	-----	-----	-----	-----	-----	-----
	\$11,546	\$10,296	\$6,607	\$3,225	\$3,797	\$1,963

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:

	Nine Months Ended August 31,		
	1996	1995	1994
Cash provided by operating activities (thousands)	\$22,859	\$25,809	\$12,268

The Company continued to purchase and retire its Common Stock during the first nine months of 1996, acquiring 517,043 shares at an average cost of \$24.39, for a total expenditure of \$12,611,000. 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 6.05 to 1 at August 31, 1996 and 5.79 to 1 at November 30, 1995. Working capital was \$166 million at August 31, 1996, compared to \$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 August 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

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

DATE: -----

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

DATE: -----

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
QUARTERLY REPORT

For the quarter ended
August 31, 1996

Commission File Number
0-209

BASSETT FURNITURE INDUSTRIES, INCORPORATED
EXHIBIT INDEX

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

