

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

Page 1 of 23

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the fiscal year ended November 30, 1995      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)

Registrant's telephone number, including area code      540/629-6000

Securities registered pursuant to Section 12(g) of the Act:

Title of each class:	Name of each exchange on which registered
Common Stock (\$5.00 par value)	NASDAQ

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 at least the past 90 days.

/X/ Yes   / / No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. / X /

State the aggregate market value of the voting stock held by non-affiliates of the registrant as of December 15, 1995.

Common Stock, \$5.00 par value -- \$274,095,000

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Common Stock, \$5.00 par value -- 13,658,953 at the close of  
the period covered by this report.

DOCUMENTS INCORPORATED BY REFERENCE

- (1) Portions of the Bassett Furniture Industries, Incorporated Annual Report to Stockholders for the year ended November 30, 1995 (the "Annual Report") are incorporated by reference into Parts I and II of this Form 10-K.
- (2) Portions of the Bassett Furniture Industries, Incorporated definitive Proxy Statement for its 1996 Annual Meeting of Stockholders held February 21, 1996, filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934 (the "Proxy Statement") are incorporated by reference into Part III of this Form 10-K.

## PART I

## ITEM 1. BUSINESS

## GENERAL DEVELOPMENT OF BUSINESS

Bassett Furniture Industries, Incorporated was incorporated under the laws of the Commonwealth of Virginia in 1930. The executive offices are located in Bassett, Virginia.

In 1995, four manufacturing plants were consolidated into two plants. The two closed plants will be sold. The closing of the two plants should have no material effect on the Company's net sales in the future but should reduce overhead costs related to the plants.

There have been no material changes in the mode of conducting business in the fiscal year beginning December 1, 1994.

## INDUSTRY SEGMENT

In accordance with the instructions for this item, Bassett Furniture Industries, Incorporated and its subsidiaries, all of which are wholly-owned (Company), is deemed to have been engaged in only one business segment, manufacture and sale of furniture, for the three years ended November 30, 1995.

## DESCRIPTION OF BUSINESS

The Company manufactures and sells a full line of furniture for the home: bedroom and dining suites and accent pieces; occasional tables, wall and entertainment units; home office systems and computer work stations; upholstered sofas, chairs and love seats (motion and stationary); recliners; and mattresses and box springs. The Company's products are distributed through a large number of retailers, principally in the United States. The retailers selling the Company's products include mass merchandisers, department stores, independent furniture stores, chain furniture stores, decorator showrooms, warehouse showrooms, specialty stores and rent-to-own stores.

Due to the dramatic changes that took place in the retail home furnishings distribution network, the Company developed the Bassett Gallery Program in the mid-1980's. In late 1995, an effort was undertaken to rejuvenate the Program with a "quick shipment" inventory stocking system, advertising media development and new gallery design concepts. In addition, gallery space requirements were expanded from 5,000 to 8,000 square feet in each store. The Company is currently reviewing all existing galleries to ensure that they meet the standards of the Program. This has led to the elimination of certain galleries and there is the possibility of further deletions in the future.

In 1994, the Company introduced the Bassett Direct Plus Program. A Bassett Direct Plus ("BDP") store is a free standing exclusive Bassett store that will encompass between 18,000 and 25,000 square feet of space in the current prototype. The stores display, in gallerized settings, selected offerings from all Bassett product groups. These stores are independently owned and operated retail operations, displaying a full range of home fashions and carry no other furniture manufacturer's products. Bassett supports its "BDP" stores with a greater, more extensive level of service and support which includes fully planned exterior and interior designs, special financing terms, inventory warehousing

commitment, priority on cuttings and shipping, and access to Bassett's EDI link and BassNet. Currently there are eight "BDP" stores in operation and fifteen are scheduled to be opened in 1996. "BDP" stores are targeted to become one of the Company's largest customer segments.

Raw materials used by the Company are generally available from numerous sources and are obtained principally from domestic sources. The cost pressures on raw materials continued to be experienced in 1995. Furthermore, it continued to be very difficult to pass through the incurred cost increases to retail dealers in the form of increased sales prices.

The Company's trademark "Bassett" and the names of its marketing divisions and product collections are significant to the conduct of its business. This importance is due to consumer recognition of the names and identification with the Company's broad range of products. The Company owns certain patents and licenses that are important in the conduct of the Company's business.

The furniture industry is not considered to be a seasonal industry.

There are no special practices in the furniture industry, or applicable to the Company, that would have a significant effect on working capital items.

The Company is not dependent upon a single customer, the loss of which would have a material adverse effect on the Company. Sales to one customer (J. C. Penney Company) amounted to approximately 14% of gross sales in 1995, 13% in 1994 and 12% in 1993.

The Company's backlog of orders believed to be firm was \$56,000,000 at November 30, 1995 and \$66,500,000 at November 30, 1994. It is expected that the November 30, 1995 backlog will be filled within the 1996 fiscal year.

None of the Company's business involves government contracts.

The furniture industry is very competitive as there are a large number of manufacturers both within the United States and offshore who compete in the marketplace on the basis of quality of the product, price, delivery and service. Based on annual sales revenue, the Company is one of the largest furniture manufacturers in the United States. The Company has been successful in this competitive environment because its products represent excellent values combining price and superior quality and styling; prompt delivery; and quality, courteous service. Competition from foreign manufacturers is not any more significant in the marketplace today than competition from domestic manufacturers.

The furniture industry is considered to be a "fashion" industry subject to constant change to meet the changing consumer preferences and tastes. As such, the Company is continuously involved in the development of new designs and products. Due to the nature of these efforts and the close relationship to the manufacturing operations, the costs thereof are considered normal operating costs and are not segregated.

The Company is not involved in "traditional" research and development activities. Neither are there any customer - sponsored research and development activities involving the Company.

In management's view, the Company has complied with all federal, state and local standards in the area of safety, health and pollution and environmental controls. Compliance with these standards has not had a material adverse effect on past earnings, capital expenditures or competitive position.

The Company anticipates increased regulation on the furniture industry from federal and state agencies particularly in the areas of emission of fumes from the furniture finishing processes and emission of particulates into the atmosphere (saw dust and boiler ash). The Company cannot at this time estimate the impact of compliance with these new, more stringent standards on the Company's operations or costs of compliance.

The Company had approximately 7,400 employees at November 30, 1995.

#### FOREIGN AND DOMESTIC OPERATIONS AND EXPORT SALES

The Company has no foreign operations, and its export sales are insignificant.

#### ITEM 2. PROPERTIES

The Company owns the following facilities:

Plant Name	Location	Construction
Bassett Furniture Company (A)	Bassett, VA	Brick, frame and concrete
J. D. Bassett Manufacturing Company	Bassett, VA (2 plants)	Brick, frame and concrete
Bassett Superior Lines	Bassett, VA	Brick, frame, concrete and steel
Bassett Chair Company	Bassett, VA	Brick, frame, concrete and steel
Bassett Table Company	Bassett, VA	Brick and frame
W. M. Bassett Furniture Company	Martinsville, VA	Brick, frame, concrete and steel
Bassett Fiberboard	Bassett, VA	Brick, concrete and steel
Bassett Upholstery Division	Newton, NC (4 plants)	Brick, concrete and steel
	Taylorville, NC	Brick, concrete and steel
	Dumas, AR	Brick, concrete and steel
Bassett Furniture Industries of North Carolina, Inc.	Statesville, NC	Brick, frame, concrete and steel
Bassett of NC - Dublin	Dublin, GA	Concrete block and steel
Bassett of NC - Macon	Macon, GA	Brick, concrete and steel
Bassett Wood Products	Dumas, AR	Brick, concrete and steel
Burkeville Veneer	Burkeville, VA	Brick and frame
National/Mt. Airy	Mt. Airy, NC	Brick, concrete and steel
Weiman Division (B)	Ramseur, NC	Concrete block and steel
	Christiansburg, VA	Metal frame

E. B. Malone Corporation	Lake Wales, FL (2 plants) Pottstown, PA West Palm Beach, FL Walworth, WI Fredericksburg, VA Chehalis, WA Los Angeles, CA Los Angeles, CA Tipton, MO	Concrete block and frame Metal frame Concrete block and steel Concrete block and steel Brick and frame Concrete block and metal frame Concrete block and metal frame Brick, concrete and steel Concrete block and steel
Impact Furniture (B)	Hickory, NC (2 plants and warehouse)	
Bassett Motion Division	Saltillo, MS Booneville, MS (2 plants)	Brick, concrete and steel Metal frame  Metal frame

The Company also owns its general office building in Bassett, Virginia (brick, concrete and steel), two warehouses in Bassett, Virginia (brick and concrete) and a showroom in High Point, North Carolina (brick, concrete and steel).

In general, these facilities are suitable and are considered to be adequate for the continuing operations involved. All facilities are in regular use, except the plants noted below.

- (A) Plant closed as part of the restructuring program announced in 1990.
- (B) The Weiman-Ramseur plant and a small Impact Furniture plant are the two aforementioned plants closed in 1995 and held-for-sale.

ITEM 3. LEGAL PROCEEDINGS

Not applicable

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The information contained in the Annual Report under the caption "Other Business Data" - "Market and Dividend Information" with respect to number of stockholders, market prices and dividends paid is incorporated herein by reference thereto.

ITEM 6. SELECTED FINANCIAL DATA

The information for the five years ended November 30, 1995, contained in the "Other Business Data" in the Annual Report is incorporated herein by reference thereto.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in "Other Business Data" in the Annual Report is incorporated herein by reference thereto.

The change in the level of the Company's net sales has historically been principally due to the change in the volume of units sold, as contrasted to changes in unit prices. The Company's net sales have fluctuated in recent years owing to the discretionary spending habits of consumers and the consumer confidence level.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements of the registrant and its subsidiaries, together with the independent auditors' report thereon of KPMG Peat Marwick LLP dated December 15, 1995, included in the annual report of the registrant to its stockholders for the year ended November 30, 1995 are incorporated herein by reference thereto:

Consolidated Balance Sheet--November 30, 1995 and 1994

Consolidated Statement of Income--Years Ended November 30, 1995, 1994 and 1993

Consolidated Statement of Stockholders' Equity--Years Ended November 30, 1995, 1994 and 1993

Consolidated Statement of Cash Flows--Years Ended November 30, 1995, 1994 and 1993

Notes to Consolidated Financial Statements

The information contained in "Other Business Data" for "Quarterly Results of Operations" in the Annual Report is incorporated herein by reference thereto.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS OF THE REGISTRANT

The information contained on pages 2 through 5 of the Proxy Statement under the captions "Principal Stockholders and Holdings of Management" and "Election of Directors" is incorporated herein by reference thereto.

ITEM 11. EXECUTIVE COMPENSATION

The information contained on pages 6 through 12 of the Proxy Statement under the captions "Organization and Compensation Committee Report", "Stockholder Return Performance Graph", "Executive Compensation", and "Supplemental Retirement Income Plan" is incorporated herein by reference thereto.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information contained on page 2 of the Proxy Statement under the heading "Principal Stockholders and Holdings of Management" is incorporated herein by reference thereto.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information contained on page 6 of the Proxy statement under the heading "Organization and Compensation Committee Interlocks and Insider Participation" is incorporated herein by reference thereto.

## PART IV

## ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE, AND REPORTS ON FORM 8-K

- (a)
- (1) The response to this portion of Item 14 is submitted as a separate section of this report.
  - (2) All financial statement schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.
  - (3) Listing of Exhibits
    3. Articles of Incorporation as amended and By Laws are incorporated herein by reference to Form 10-Q for the fiscal quarter ended February 28, 1994.
    13. The registrant's Annual Report to Stockholders for the year ended November 30, 1995.\*
    21. List of subsidiaries of the registrant
    23. Consent of experts and counsel
    27. Financial Data Schedule (EDGAR filing only)

\*With the exception of the information incorporated in this Form 10-K by reference thereto, the Annual Report shall not be deemed "filed" as a part of this Form 10-K.
- (b) No reports on Form 8-K have been filed during the last quarter of the registrant's 1995 fiscal year.
- (c) Exhibits: The response to this portion of Item 14. is submitted as a separate section of this report.
- (d) Financial Statement Schedules: All financial statement schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

ANNUAL REPORT ON FORM 10-K  
ITEM 14(a)(1) AND (c)

LIST OF FINANCIAL STATEMENTS

CERTAIN EXHIBITS

YEAR ENDED NOVEMBER 30, 1995

BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES

BASSETT, VIRGINIA



## ITEM 14(a)(1)

## LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

The following consolidated financial statements of the registrant and its subsidiaries, included in the annual report of the registrant to its stockholders for the year ended November 30, 1995 are incorporated herein by reference:

Consolidated Balance Sheet--November 30, 1995 and 1994

Consolidated Statement of Income--Years Ended November 30, 1995, 1994 and 1993

Consolidated Statement of Stockholders' Equity--Years Ended November 30, 1995, 1994 and 1993

Consolidated Statement of Cash Flows--Years Ended November 30, 1995, 1994 and 1993

Notes to Consolidated Financial Statements

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 (Registrant)

By: /s/ ROBERT H. SPILMAN	Date: February 21, 1996
-----	-----
Robert H. Spilman Chairman of the Board of Directors and Chief Executive Officer	

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ PETER W. BROWN	Date: February 21, 1996
-----	-----
Peter W. Brown Director	

By: /s/ THOMAS E. CAPPS	Date: February 21, 1996
-----	-----
Thomas E. Capps Director	

By: /s/ ALAN T. DICKSON	Date: February 21, 1996
-----	-----
Alan T. Dickson Director	

By: /s/ PAUL FULTON	Date: February 21, 1996
-----	-----
Paul Fulton Director	

By: /s/ WILLIAM H. GOODWIN, JR.	Date: February 21, 1996
-----	-----
William H. Goodwin, Jr. Director	

By: /s/ GLENN A. HUNSUCKER	Date: February 21, 1996
-----	-----
Glenn A. Hunsucker President and Chief Operating Officer and Director	

By: /s/ JAMES W. MCGLOTHLIN	Date: February 21, 1996
-----	-----
James W. McGlothlin Director	

SIGNATURES -- CONTINUED

By: /s/ THOMAS W. MOSS, JR. Date: February 21, 1996  
-----  
Thomas W. Moss, Jr.  
Director

By: /s/ ALBERT F. SLOAN Date: February 21, 1996  
-----  
Albert F. Sloan  
Director

By: /s/ JOHN W. SNOW Date: February 21, 1996  
-----  
John W. Snow  
Director

By: /s/ PHILIP E. BOOKER Date: February 21, 1996  
-----  
Philip E. Booker  
Vice President and Controller

## Index to Exhibits

Exhibit No. ----		Page No. -----
3.	Articles of Incorporation as amended and Bylaws - incorporated by reference to Form 10-Q for the fiscal quarter ended February 28, 1994	N/A
13.	Bassett Furniture Industries, Inc. Annual Report to Stockholders for the year ended November 30, 1995	13 - 21
21.	List of subsidiaries of registrant	22
23.	Consent of Independent Auditors	23
27.	Financial Data Schedule (EDGAR filing only)	

CONSOLIDATED BALANCE SHEET  
Bassett Furniture Industries, Incorporated and Subsidiaries

## ASSETS

	NOVEMBER 30,	
	1995	1994
<b>CURRENT ASSETS</b>		
Cash and cash equivalents . . . . .	\$ 51,331,119	\$ 42,314,957
Trade accounts receivable, less allowances for doubtful accounts (1995- \$1,470,000; 1994 - \$1,115,000) and discounts . . . . .	68,591,514	71,936,750
Inventories . . . . .	81,226,607	80,074,811
Prepaid expenses . . . . .	1,757,658	2,206,736
Prepaid income taxes . . . . .	-0-	274,675
Deferred income taxes . . . . .	2,008,000	1,823,000
	-----	-----
	204,914,898	198,630,929
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Buildings . . . . .	73,478,686	71,859,549
Machinery and equipment . . . . .	133,933,234	130,218,793
Other . . . . .	-0-	745,477
	-----	-----
	207,411,920	202,823,819
Less allowances for depreciation . . . . .	158,665,871	152,673,335
	-----	-----
	48,746,049	50,150,484
Land . . . . .	4,378,297	4,403,422
	-----	-----
	53,124,346	54,553,906
<b>OTHER ASSETS</b>		
Investment in securities . . . . .	39,055,319	43,638,983
Investment in affiliated companies . . . . .	40,398,574	35,080,525
Other . . . . .	9,227,317	8,593,887
	-----	-----
	88,681,210	87,313,395
	-----	-----
	\$346,720,454	\$340,498,230
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable . . . . .	\$ 29,710,299	\$ 29,786,395
Accrued compensation . . . . .	4,778,966	5,215,159
Income taxes . . . . .	902,476	-0-
	-----	-----
	35,391,741	35,001,554
<b>DEFERRALS</b>		
Deferred liabilities . . . . .	10,296,244	9,529,784
Deferred income taxes . . . . .	2,129,000	774,000
	-----	-----
	12,425,244	10,303,784
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, par value \$5 a share, 50,000,000 shares authorized . . . . .	68,294,765	70,434,075
Retained earnings . . . . .	225,718,704	221,949,817
Unrealized holding gains, net of tax . . . . .	4,890,000	2,809,000
	-----	-----
	298,903,469	295,192,892
	-----	-----
	\$346,720,454	\$340,498,230
	=====	=====

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF INCOME  
Bassett Furniture Industries, Incorporated and Subsidiaries

	YEAR ENDED NOVEMBER 30,		
	1995	1994	1993
NET SALES . . . . .	\$490,816,681	\$510,560,858	\$503,770,060
COSTS AND EXPENSES			
COST OF SALES . . . . .	407,749,396	419,393,531	413,055,371
SELLING, GENERAL AND ADMINISTRATIVE . . . . .	65,938,061	66,044,399	63,472,078
	473,687,457	485,437,930	476,527,449
	INCOME FROM OPERATIONS		
OTHER INCOME, NET . . . . .	17,129,224	25,122,928	27,242,611
	12,999,562	9,657,476	9,270,219
	Income before income taxes and cumulative effect of a change in accounting principle		
	30,128,786	34,780,404	36,512,830
INCOME TAXES			
FEDERAL . . . . .	6,455,000	8,521,000	9,223,000
STATE . . . . .	879,000	1,361,000	1,077,000
DEFERRED . . . . .	(108,000)	(78,000)	344,000
	7,226,000	9,804,000	10,644,000
	22,902,786	24,976,404	25,868,830
CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE . . . . .	-0-	(510,200)	-0-
	NET INCOME		
	\$ 22,902,786	\$ 24,466,204	\$ 25,868,830
	=====	=====	=====
EARNINGS PER SHARE:			
Income before cumulative effect of a change in accounting principle.	\$1.63	\$1.75	\$1.79
Cumulative effect of a change in accounting principle . . . . .	-0-	(.04)	-0-
	NET INCOME PER SHARE		
	\$1.63	\$1.71	\$1.79
	=====	=====	=====

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
Bassett Furniture Industries, Incorporated and Subsidiaries

	COMMON STOCK		ADDITIONAL CAPITAL	RETAINED EARNINGS	UNREALIZED HOLDING GAINS
	SHARES	AMOUNT			
BALANCE, DECEMBER 1, 1992 . . . . .	11,535,342	\$57,676,710	\$ -0-	\$216,144,734	\$ -0-
Net income . . . . .	-	-	-	25,868,830	-
Cash dividends . . . . .	-	-	-	(11,358,213)	-
Exercise of stock options . . . . .	24,124	120,620	422,784	-	-
5 for 4 stock split distributed May, 1993 . . . . .	2,888,735	14,443,675	-	(14,443,675)	-
BALANCE, NOVEMBER 30, 1993 . . . . .	14,448,201	72,241,005	422,784	216,211,676	-0-
Net income . . . . .	-	-	-	24,466,204	-
Cash dividends . . . . .	-	-	-	(11,411,357)	-
Purchase and retirement of common stock . . . . .	(361,386)	(1,806,930)	(422,784)	(7,316,706)	-
Initial recognition of unrealized holding gains . . . . .	-	-	-	-	2,809,000
BALANCE, NOVEMBER 30, 1994 . . . . .	14,086,815	70,434,075	-0-	221,949,817	2,809,000
Net income . . . . .	-	-	-	22,902,786	-
Cash dividends . . . . .	-	-	-	(11,196,755)	-
Purchase and retirement of common stock . . . . .	(429,701)	(2,148,505)	(39,538)	(7,937,144)	-
Issuance of Common Stock to non-employee directors . . . . .	1,839	9,195	39,538	-	-
Net change in unrealized holding gains . . . . .	-	-	-	-	2,081,000
BALANCE, NOVEMBER 30, 1995 . . . . .	13,658,953	\$68,294,765	\$ -0-	\$225,718,704	\$4,890,000
	=====	=====	=====	=====	=====

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS  
Bassett Furniture Industries, Incorporated and Subsidiaries

	YEAR ENDED NOVEMBER 30,		
	1995	1994	1993
<b>OPERATING ACTIVITIES</b>			
Net income	\$22,902,786	\$24,466,204	\$25,868,830
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	8,606,985	8,799,199	8,984,279
Equity in unremitted income of affiliated companies	(4,986,109)	(4,463,683)	(3,945,899)
Provision for losses on trade accounts receivable	606,616	844,483	434,450
Net gain from sales of investment securities	(4,141,605)	(518,851)	(695,247)
Net gain from sales of property, plant and equipment	(815)	(25,683)	(317,964)
Deferred income taxes	(108,000)	432,200	344,000
Changes in deferred liabilities	766,460	917,206	744,216
Changes in operating assets and liabilities:			
Trade accounts receivable	2,738,620	2,184,068	(1,041,227)
Other receivables	(31,192)	(362,506)	1,610,931
Inventories and prepaid expenses	(702,718)	(9,832,105)	(5,707,633)
Accounts payable and accrued compensation	(512,289)	2,872,754	(2,547,243)
Income taxes payable	1,177,151	(1,624,711)	(1,300,760)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>26,315,890</b>	<b>23,688,575</b>	<b>22,430,733</b>
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment	(7,226,110)	(9,999,040)	(6,235,233)
Proceeds from sales of property, plant and equipment	49,500	121,011	382,833
Purchases of investment securities	(4,072,445)	(9,893,116)	(9,866,962)
Proceeds from sales of investment securities	16,156,714	7,595,629	7,522,647
Dividends from affiliated company	1,089,505	1,089,505	272,376
Additional investment in affiliated company	(1,100,000)	-0-	-0-
Investment in corporate owned life insurance	(920,260)	(2,598,314)	(731,672)
Other	(3,423)	310,928	(187,425)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>3,973,481</b>	<b>(13,373,397)</b>	<b>(8,843,436)</b>
<b>FINANCING ACTIVITIES</b>			
Issuance of Common Stock	48,733	-0-	543,404
Purchase of common stock	(10,125,187)	(9,546,420)	-0-
Cash dividends	(11,196,755)	(11,411,357)	(11,358,213)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(21,273,209)</b>	<b>(20,957,777)</b>	<b>(10,814,809)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>9,016,162</b>	<b>(10,642,599)</b>	<b>2,772,488</b>
CASH AND CASH EQUIVALENTS-beginning of year	42,314,957	52,957,556	50,185,068
CASH AND CASH EQUIVALENTS-end of year	\$51,331,119	\$42,314,957	\$52,957,556
	=====	=====	=====
Income tax payments	\$ 6,156,849	\$11,506,711	\$11,600,760
	=====	=====	=====
Interest payments	\$ 3,135,841	\$ 648,923	\$ 599,313
	=====	=====	=====

The accompanying notes are an integral part of the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Bassett Furniture Industries, Incorporated and Subsidiaries

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. All significant intercompany balances and transactions are eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all temporary, highly liquid investments with a maturity of three months or less to be cash equivalents. The carrying amount approximates fair value because of the short maturity of these investments.

Trade Accounts Receivable

The Company has only one business segment, the manufacture and sale of household furniture. Substantially all of the Company's trade accounts receivable are due from retailers in this market. The Company performs on-going evaluations of its customers' credit worthiness and, generally, requires no collateral.

Inventories

All inventories are valued at last-in, first-out (LIFO) cost which is not in excess of market.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed generally by accelerated methods.

Investment in Securities

The Company classifies its investment in securities as available-for-sale, which are reported at fair value. The Company adopted the provisions of Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities (Statement 115) at December 1, 1993. Under Statement 115 unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from income and are reported as a separate component of stockholders' equity. Realized gains and losses from securities classified as available-for-sale are included in income and are determined using the specific identification method for ascertaining the cost of securities sold.

Investment in Affiliated Companies

The equity method of accounting is used for the investment in affiliated companies. The carrying amounts approximate the Company's equity in their underlying net assets.

Investment in Corporate Owned Life Insurance

Investment in corporate owned life insurance policies is recorded net of policy loans and is included in other assets. The net life insurance expense, which includes premiums and interest on cash surrender borrowings, net of increases in cash surrender values, is included in other income.

Revenue Recognition

Revenue from sales is recognized when the goods are shipped to the customer. Sales to one customer, as a percent of gross sales, amounted to 14% in 1995, 13% in 1994 and 12% in 1993.

Income Taxes

For 1995 and 1994, deferred income taxes were determined based on the difference between the financial statement and income tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company had previously determined income tax expense under the deferred method, whereby timing differences were recorded at the tax rates in effect for the year in which the differences arose and were not adjusted for tax rate changes.

Earnings Per Share

Earnings per share is calculated using the weighted average number of shares outstanding. All share and per share data has been adjusted to reflect the 5 for 4 stock split in 1993.



B. INVENTORIES (in millions)

	November 30,	
	1995	1994
Finished goods	\$ 46.5	\$ 45.2
Work in process	16.2	15.6
Raw materials and supplies	45.3	44.6
	-----	-----
Total inventories on FIFO cost method	108.0	105.4
LIFO adjustment	26.8	25.3
	-----	-----
	\$ 81.2	\$ 80.1
	=====	=====

C. INVESTMENT IN SECURITIES

Information on investment in securities by major security type: (in millions)

	November 30, 1995			
	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Equity securities	\$21.1	\$8.4	\$1.0	\$28.5
Mutual funds	3.9	0.4	-0-	4.3
Municipal securities	5.1	-0-	-0-	5.1
Other	1.1	0.1	-0-	1.2
	-----	-----	-----	-----
	\$31.2	\$8.9	\$1.0	\$39.1
	=====	=====	=====	=====

	November 30, 1994			
	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
Equity securities	\$26.5	\$6.6	\$2.2	\$30.9
Mutual funds	5.6	0.4	0.1	5.9
Municipal securities	5.0	-0-	0.1	4.9
Other	2.0	-0-	0.1	1.9
	-----	-----	-----	-----
	\$39.1	\$7.0	\$2.5	\$43.6
	=====	=====	=====	=====

Maturities of the municipal securities are within five years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
Bassett Furniture Industries, Incorporated and Subsidiaries

D. INVESTMENT IN AFFILIATED COMPANIES

The Company has an equity interest in a company which leases exhibition space to furniture and accessory manufacturers and an equity interest in a manufacturer of particleboard for use principally in the furniture industry. The Company's share of income from operations and net income from these affiliates is as follows: (in millions)

	1995	1994	1993
	----	----	----
Income from operations	\$8.3	\$7.3	\$7.0
Net income	5.0	4.5	3.9

E. INCOME TAXES

Effective December 1, 1993, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes, and has reported the cumulative effect of the change in the method of accounting for income taxes in the financial statements for 1994, in the amount of \$510,200. The principal cause of this adjustment was due to the basis difference of an acquisition made in prior years which was accounted for as a purchase transaction.

A reconciliation of the statutory federal income tax rate and the effective tax rate, as a percentage of pretax income, is as follows:

	1995	1994	1993
	----	----	----
Statutory federal income tax rate	35.0%	35.0%	35.0%
Dividends received exclusion	(1.7)	(1.6)	(1.5)
Tax exempt interest	(2.4)	(1.7)	(1.5)
Tax credits	(0.2)	(0.8)	(1.1)
Unremitted affiliate income	(4.5)	(3.4)	(2.9)
State income tax, net of federal benefit	1.9	2.5	2.0
Corporate owned life insurance	(2.7)	(1.3)	-0-
Other	(1.4)	(0.5)	(0.8)
	----	----	----
Effective tax rate	24.0%	28.2%	29.2%
	=====	=====	=====

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at November 30, are presented below: (in thousands)

	1995	1994
	----	----
Deferred tax assets:		
Accrued retirement benefits	\$3,901	\$3,584
Provision for doubtful accounts	596	518
Insurance claims and reserves	1,359	1,141
Excess of tax over financial statement basis of investment securities	603	647
Other	450	756
	-----	-----
Total gross deferred tax assets	6,909	6,646
Less valuation allowance	-0-	-0-
	-----	-----
Net deferred tax assets	6,909	6,646
	-----	-----
Deferred tax liabilities:		
Unremitted affiliate income	\$2,243	\$1,917
Excess of financial statement over tax basis of property, plant and equipment	1,508	1,534
Unrealized holding gains and losses	3,000	1,722
Other	279	424
	-----	-----
Total gross deferred tax liabilities	7,030	5,597
	-----	-----
Net deferred tax (liability) asset	\$ (121)	\$1,049
	=====	=====

Based upon the level of historical taxable income and projections for future taxable income over the periods which the deferred tax assets are deductible,

management believes it is more likely than not the Company will realize the benefits of the deferred tax assets.

The provision for deferred income taxes in 1993 is comprised of the following:  
(in thousands)

Special credits	\$190
Unremitted affiliate income	331
Accrued retirement benefits	(280)
Depreciation	(114)
Other	217
	-----
	\$344
	=====

#### F. RETIREMENT PLANS

The Company has a qualified defined contribution plan (Employee Savings/Retirement Plan) which covers all employees, with over one year service, who elect to participate and have fulfilled the necessary service requirements. Employee contributions to the Plan are matched by the Company at the rate of 115% of the first 2% through 5% of the employee's contribution, based on seniority. The Plan incorporates provisions of Section 401(k) of the Internal Revenue Code. The expense for the Plan for 1995, 1994 and 1993, amounted to approximately \$2,395,000, \$2,444,000 and \$2,337,000, respectively.

The Company has a supplemental retirement Income Plan that covers certain senior executives and provides additional retirement and death benefits. Also, the Company has a Deferred Compensation Plan for certain senior executives which provides for voluntary deferral of compensation, otherwise payable. The unfunded future liability of the Company under these Plans is included in deferred liabilities.

#### G. STOCK OPTION PLANS

In 1994, the stockholders approved the 1993 Long Term Incentive Plan for key employees of the Company. The Company has reserved for issuance 450,000 shares of common stock pursuant to the Plan. Options granted under the Plan may be for such terms and exercised at such times as determined at the time of grant by the Organization and Compensation Committee of the Board of Directors. No options to purchase shares of Common Stock were granted in 1995. Options to purchase 68,650 shares of Common Stock were granted in 1994 at \$26.25 per share, the fair market value at date of grant. No options were exercised in 1995 or 1994. Additionally, the Plan includes provisions for the granting of stock appreciation rights and certain restricted awards. No stock appreciation rights or restricted stock awards were granted in 1995 or 1994.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED  
 Bassett Furniture Industries, Incorporated and Subsidiaries

G. STOCK OPTION PLANS - CONTINUED

Also in 1994, the stockholders approved the 1993 Stock Plan for Non-Employee Directors. Pursuant to this Plan, 75,000 shares of Common Stock have been reserved. Under terms of the Plan, each non-employee director will automatically be granted an option to purchase 500 shares of Common Stock on April 1 of each year beginning on April 1, 1994. Options to purchase 4,500 shares of Common Stock were granted in 1995 and 1994 at \$26.50 and \$27.75 per share, respectively, the fair market value at date of grant. No options were exercised in 1995 or 1994.

The Company's 1982 Stock Option Plan terminated in 1993. Stock option activity during 1993, 1994 and 1995 follows: (adjusted for the stock split in 1993)

	Number of shares -----	Option price per share -----
Outstanding at December 1, 1992	165,937	\$28.00
Granted in 1993	174,063	\$37.40
Exercised in 1993	(51,783)	\$28.00
Cancelled in 1993	-0-	-
	-----	
Outstanding at November 30, 1993	288,217	\$28.00 - \$37.40
Granted in 1994	73,150	\$26.25 - \$27.75
Exercised in 1994	-0-	-
Cancelled in 1994	(16,150)	\$26.25 - \$37.40
	-----	
Outstanding at November 30, 1994	345,217	\$26.25 - \$37.40
Granted in 1995	4,500	\$26.50
Exercised in 1995	-0-	-
Cancelled in 1995	(17,292)	\$26.25 - \$37.40
	-----	
Outstanding at November 30, 1995	332,425	\$26.25 - \$37.40
	=====	
Exercisable at November 30, 1995	251,923	\$26.25 - \$37.40
Exercisable at November 30, 1994	200,128	\$26.25 - \$37.40
Exercisable at November 30, 1993	93,743	\$28.00 - \$37.40

H. OTHER INCOME, NET (in millions)

	1995 -----	1994 -----	1993 -----
Equity in unremitted income of affiliated companies	\$ 5.0	\$4.5	\$3.9
Dividends	2.2	2.3	2.2
Interest (principally tax exempt)	2.4	1.7	1.6
Net gain from sales of investment securities	4.1	0.5	0.7
Net gain from sales of property, plant and equipment	-0-	-0-	0.3
Corporate owned life insurance, net of interest expense	(1.7)	(0.2)	(0.4)
Contributions	(0.1)	(0.2)	(0.6)
Other	1.1	1.1	1.6
	-----	-----	-----
	\$13.0	\$9.7	\$9.3
	=====	=====	=====

Interest expense on corporate owned life insurance policy loans was \$3.9 million in 1995, \$1.4 million in 1994 and \$0.6 million in 1993.

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Bassett Furniture Industries, Incorporated

We have audited the accompanying consolidated balance sheets of Bassett Furniture Industries, Incorporated and subsidiaries as of November 30, 1995 and 1994, and the related consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended November 30, 1995. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bassett Furniture Industries, Incorporated and subsidiaries as of November 30, 1995 and 1994, and the results of their operations and their cash flows for each of the years in the three-year period ended November 30, 1995 in conformity with generally accepted accounting principles.

As discussed in notes A and E, the Company adopted the provisions of the Financial Accounting Standards Board Statement No. 109, "Accounting for Income Taxes," and Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities," in 1994.

/s/ KPMG PEAT MARWICK LLP

Greensboro, North Carolina  
December 15, 1995

OTHER BUSINESS DATA  
Bassett Furniture Industries, Incorporated and Subsidiaries

## SELECTED FINANCIAL DATA

	1995	1994	1993	1992	1991
Net Sales . . . . .	\$490,816,681	\$510,560,858	\$503,770,060	\$473,401,341	\$401,616,062
Cost of Sales . . . . .	407,749,396	419,393,531	413,055,371	385,294,583	331,139,815
Income Before Income Taxes . . . . .	30,128,786	34,780,404	36,512,830	39,266,698	26,873,028
Income Taxes . . . . .	7,226,000	9,804,000	10,644,000	11,774,000	7,030,000
Net Income . . . . .	22,902,786	24,466,204	25,868,830	27,492,698	19,843,028
Net Income Per Share . . . . .	1.63	1.71	1.79	1.91	1.37
Cash Dividends Declared . . . . .	11,196,755	11,411,357	11,358,213	9,205,978	7,705,563
Cash Dividends Per Share . . . . .	.80	.80	.78	.64	.53
Total Assets . . . . .	346,720,454	340,498,230	330,677,879	318,583,145	291,259,296
Current Ratio . . . . .	5.79 to 1	5.67 to 1	6.07 to 1	5.22 to 1	6.95 to 1
Book Value Per Share . . . . .	21.88	20.96	19.99	18.99	17.72
Weighted Average Number of Shares . . . . .	14,052,794	14,294,803	14,440,341	14,416,534	14,450,385

## QUARTERLY RESULTS OF OPERATIONS

	1995			
	FIRST	SECOND	THIRD	FOURTH
Net Sales . . . . .	\$123,550,551	\$119,018,005	\$119,183,765	\$129,064,360
Gross Profit . . . . .	20,621,989	19,321,610	20,711,678	22,412,008
Net Income . . . . .	4,896,346	4,976,750	5,781,291	7,248,399
Per Share . . . . .	.35	.35	.41	.52

	1994			
	FIRST	SECOND	THIRD	FOURTH
Net Sales . . . . .	\$121,664,291	\$134,639,355	\$124,967,415	\$129,289,797
Gross Profit . . . . .	19,836,837	25,797,650	21,507,700	24,025,140
Income Before Cumulative Effect of Accounting Change . . . . .	4,730,413	7,679,398	4,589,051	7,977,542
Net Income . . . . .	4,220,213	7,679,398	4,589,051	7,977,542
Per Share . . . . .				
Before Cumulative Effect of Accounting Change . . . . .	.33	.53	.32	.57
Net Income . . . . .	.29	.53	.32	.57

## MARKET AND DIVIDEND INFORMATION

The Company's common stock is traded on the over-the-counter market and is listed on the NASDAQ National Market System. The Company had approximately 2,200 stockholders at November 30, 1995. The range of high and low market prices and dividends declared for the last two fiscal years are listed below:

QUARTER	Market Prices of Common Stock				Dividends Declared	
	1995		1994		1995	1994
	HIGH	LOW	HIGH	LOW		
First	\$30.25	\$27.25	\$36.75	\$28.75	\$.20	\$.20
Second	29.25	25.50	29.50	25.50	.20	.20
Third	29.25	24.00	29.75	26.63	.20	.20
Fourth	25.75	20.13	30.25	26.06	.20	.20

(All market information and per share data has been restated to reflect the 5 for 4 stock split in 1993 and the 3 for 2 stock split in 1992)

## OTHER BUSINESS DATA - CONTINUED

Bassett Furniture Industries, Incorporated and Subsidiaries

## 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 were as follows:

	1995	1994	1993
	----	----	----
Cost of sales	83.1%	82.2%	82.0%
Gross profit	16.9	17.8	18.0
S G & A expenses	13.4	12.9	12.6
Income from operations	3.5	4.9	5.4
Other income, net	2.6	1.9	1.8
Income before income taxes	6.1	6.8	7.2
Income taxes	1.4	1.9	2.1
Accounting change	-0-	0.1	-0-
Net income	4.7	4.8	5.1

## NET SALES

Net sales for 1995 compared to 1994 and 1993 were as follows:

	1995	1994	1993
	----	----	----
Net sales (in millions)	\$490.8	\$510.6	\$503.8
Percentage change from prior year	(3.9)%	1.3%	6.4%

Net sales increased at the Bedding Division in 1995 over 1994 levels, however this increase was offset by decreased sales in the Motion, National/Mt. Airy and Impact Divisions. The other Divisions remained level with 1994. The majority of the sales increase from 1993 to 1994 came from the Table Division with other Divisions reporting flat sales. The increase from 1992 to 1993 was evenly spread throughout all Divisions.

## COSTS AND EXPENSES

Cost of sales increased approximately 90 basis points in 1995 over 1994 primarily because of increases in the cost of raw materials which could not be passed through to the retail sector by increasing selling prices. Cost of sales remained level in 1994 and 1993. During each of the three years ending in 1995, the relationship of each cost component comprising cost of sales remained relatively constant: materials (50% - 1995; 49% - 1994 and 1993); labor (21%); production overhead (12%).

Selling, general and administrative costs increased approximately 50 basis point in 1995 over 1994 principally due to increased costs associated with the efforts to gain market share (marketing and merchandising costs in general, and expenses incurred in Bassett Direct Plus and our Bassett Gallery Program). These costs remained largely steady during 1994 and 1993.

## OTHER INCOME, NET

Note H in the Notes to Consolidated Financial Statements discloses the components of other income.

## INCOME TAXES

The effective tax rate for 1995 was 24.0%, down from 28.2% and 29.2% in 1994 and 1993, respectively. The Company adopted the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," in 1994 and reported the cumulative effect of the change in accounting for income taxes in the amount of \$510,200 in the 1994 financial statements. Note E in the Notes to Consolidated Financial Statements contains complete disclosure of the Company's income tax status.

## LIQUIDITY AND CAPITAL RESOURCES:

Cash provided by operating activities has increased in the last three years (\$26.3 million in 1995, \$23.7 million in 1994 and \$22.4 million in 1993). The growth in inventories in 1994 and 1993 barred additional generation of cash. The increase in inventory levels is closely monitored and controlled by senior management.

Traditionally, the Company has purchased (rather than leased) its capital equipment requirements. During 1995, \$7.2 million was expended for new

equipment and facilities. A comparison of purchases of property, plant and equipment and depreciation charges follows:

	1995	1994	1993
	----	----	----
Purchases of property, plant and equipment (in millions)	\$7.2	\$10.0	\$6.2
Depreciation charges (in millions)	8.6	8.8	9.0

The Company continued to repurchase its Common Stock in 1995, purchasing 429,701 shares at an average cost of \$23.56 or a total expenditure of \$10.1 million. This follows the repurchase of 361,386 shares in 1994 at an average cost of \$26.42 or a total expenditure of \$9.5 million.

The current ratio was 5.79 to 1 and 5.67 to 1 at November 30, 1995 and 1994, respectively. Working capital was \$170 million and \$164 million at November 30, 1995 and 1994, respectively.

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

There were no material commitments for capital expenditures at November 30, 1995. Capital expenditures made in the future for normal expansion are anticipated to be made from funds generated by operating activities.

The Company has never used the debt or equity markets as sources of funds or capital.

The Company's consolidated financial statements are prepared on the basis of historical dollars and are not intended to show the impact of inflation or changing prices. Neither inflation nor changing prices has had a material effect on the Company's consolidated financial position and results of operations in prior years.



## EXHIBIT 21 - LIST OF SUBSIDIARIES

- (a) Bassett Furniture Industries of North Carolina Inc.  
(North Carolina corporation)
- (b) E.B. Malone Corporation (Delaware corporation)

## Exhibit 23

## CONSENT OF INDEPENDENT AUDITORS

Board of Directors  
Bassett Furniture Industries, Incorporated  
Bassett, Virginia

We consent to incorporation by reference in the Registration Statements (Nos. 33-52405 and 33-52407) on Form ES-8 of Bassett Furniture Industries, Incorporated and subsidiaries of our report dated December 15, 1995, relating to the consolidated balance sheets of Bassett Furniture Industries, Incorporated and subsidiaries as of November 30, 1995 and 1994 and the related consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended November 30, 1995 which report is incorporated by reference in the November 30, 1995 annual report on the Form 10-K of Bassett Furniture Industries, Incorporated and subsidiaries.

As discussed in notes A and E to the consolidated financial statements, the Company adopted the provisions of the Financial Accounting Standards Board Statement No. 109, Accounting for Income Taxes, and Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities, in 1994.

KPMG Peat Marwick LLP

Greensboro, North Carolina  
February 21, 1996

YEAR

	NOV-30-1995	
	DEC-01-1994	
	NOV-30-1995	51,331
		39,055
		70,062
		1,470
		81,227
	204,915	
		211,790
	158,666	
	346,720	
35,392		0
0		0
		68,295
		230,609
346,720		
		490,817
	503,816	
		407,749
	473,687	
	0	
	607	
	3,900	
	30,129	
	7,226	
22,903		0
	0	
		0
	22,903	
	1.63	
	0	