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(Bassett, Va.) - March 24, 2005 - Bassett Furniture Industries Inc. (Nasdaq:BSET) announced today its earnings for its fiscal quarter ended February 26, 2005.

Sales for the first quarter of 2005 were \$80.8 million, up 5% from first quarter 2004 levels, fueled by a \$9 million or 22% increase in shipments to Bassett Furniture Direct (BFD) stores and greater demand for juvenile products. Offsetting this increase was an approximate \$5 million expected sales decrease with traditional furniture stores.

The Bassett Furniture Direct retail store program continues to grow with 120 stores in operation at the end of the first quarter. Licensees opened seven stores during the quarter (three were closed) and the Company continues to expect a total of 20 to 25 new BFD stores will be opened in fiscal 2005.

Margins were up slightly due to an increased sales mix of both upholstery and imported products. SG&A expenses were up slightly due to increases in marketing spending primarily related to the introduction of the John Elway Home Collection.

The Company reported net income for the quarter of \$2.4 million or \$.20 per share which compares to net income of \$2.3 million or .20 per share in the first quarter of 2004. On an adjusted basis, 2004's net income for the first quarter was \$1.6 million or \$.13 per share (excluding an unusual gain and restructuring and impaired asset charges in 2004)*. A reconciliation to the net income and earnings per share calculations has been set forth below.

"We are pleased with our year-over-year sales improvement as our Bassett Furniture Direct growth is now outpacing the expected attrition in our other distribution channels," said Robert H. Spilman Jr., president and chief executive officer. "Our import and upholstery divisions continue to post strong sales and earnings improvement and our investment portfolio had another strong quarter. Even though February was a strong month for us, business conditions continue to be fairly tough at retail, especially in certain parts of the country including Texas. Our primary focus in 2005 continues to be improving every aspect of the BFD store program."

The Company borrowed \$5 million during the quarter primarily to fund increases in accounts receivable and inventories. The Company also received a dividend from its investment in an affiliate (IHFC) during the quarter and paid its regular quarterly dividend to shareholders during the quarter.

Bassett also announced that its Board of Directors has declared a regular quarterly dividend of \$.20 per share payable on June 1, 2005, to shareholders of record on May 16, 2005.

Bassett Furniture Industries, Inc. is a leading manufacturer and marketer of high quality, mid-priced home furnishings. With over 120 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.

* 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 the first quarter of 2005, 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.