

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

Page 1 of 24

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

For the fiscal year ended November 30, 1994 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 703/629-6000

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 9, 1994.

Common Stock, \$5.00 par value -- \$361,360,000

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 -- 14,086,815 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, 1994 (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 1995 Annual Meeting of Stockholders held February 15, 1995, 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.

Capital expenditures totaled \$10 million in 1994. Major projects included new material handling systems in two Wood Products plants. These "rough-end" systems are designed to improve lumber yield and labor efficiency.

There have been no material changes in the mode of conducting business in the fiscal year beginning December 1, 1993.

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, 1994.

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; 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.

Because of the dramatic changes that have taken place in recent years in the retail home furnishings distribution network, including consolidation and elimination of many small retail stores, Bassett developed the Bassett Gallery Program. At November 30, 1994, 256 galleries are operational with 33 more being added.

In October of 1994, the Company announced a new program that was developed in conjunction with several of the Bassett Gallery retail dealers. The new concept is called The Bassett Direct Plus Dealership Program. A Bassett Direct Plus Dealership is a free standing exclusive Bassett store, between 15,000 and 20,000 square feet, which displays in gallerized settings all Bassett product groups. The cornerstone of this program is the alliance between Bassett and the retail dealer designed to create the closest possible working relationship between the two. This is accomplished by the use of the very latest computer technologies such as EDI and BassNet, which are part of a streamlined management system for the retail dealer.

In 1994, the Company became the first furniture manufacturer to take advantage of the "Information Superhighway" through the Company's new Electronic Showroom on CompuServe (the nation's largest computer information service). Consumers have the ability to tour the on-line showroom, learn about the

Company and its products and, at their request, be referred to the Bassett retail dealer nearest them.

In addition, in 1994 the Company signed three licensing agreements: Bassett Divisions for the "Bassett - J.G. Hook Home Fashions Collection"; National/Mt. Airy Division for the "Carson Prairie Collection"; and Weiman Division for designs by the Japanese designer, Yoshiharu Hatano.

Raw materials used by the Company are generally available from numerous sources and are obtained principally from domestic sources. The cost pressures on lumber and lumber related products (which increased significantly in 1993) eased off somewhat in 1994; however, cost increases in other raw materials were experienced in 1994. Further, 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 13% of gross sales in 1994, 12% in 1993 and 13% in 1992.

The Company's backlog of orders believed to be firm was \$66,500,000 at November 30, 1994 and \$67,400,000 at November 30, 1993. It is expected that the November 30, 1994 backlog will be filled within the 1995 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 products and designs. 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 7,800 employees at November 30, 1994.

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 (*)	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
	Taylorsville, 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	Ramseur, NC	Concrete block and steel
	Christiansburg, VA	Metal frame

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

(*) Plant closed as part of the restructuring program announced in 1990.

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, 1994, 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 level of the Company's net sales has fluctuated with the level of consumer confidence and housing starts.

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 17, 1994, included in the annual report of the registrant to its stockholders for the year ended November 30, 1994 are incorporated herein by reference thereto:

Consolidated Balance Sheet--November 30, 1994 and 1993

Consolidated Statement of Income--Years Ended November 30, 1994, 1993 and 1992

Consolidated Statement of Stockholders' Equity - Years Ended November 30, 1994, 1993 and 1992

Consolidated Statement of Cash Flows--Years Ended November 30, 1994, 1993 and 1992

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 page 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, 1994.*
 - 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 1994 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, 1994

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, 1994 are incorporated herein by reference:

Consolidated Balance Sheet--November 30, 1994 and 1993

Consolidated Statement of Income--Years Ended November 30, 1994, 1993 and 1992

Consolidated Statement of Stockholders' Equity - Years Ended November 30, 1994, 1993 and 1992

Consolidated Statement of Cash Flows--Years Ended November 30, 1994, 1993 and 1992

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 ----- Robert H. Spilman Chairman of the Board of Directors and Chief Executive Officer	Date: February 15, 1995 -----
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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 ----- Peter W. Brown Director	Date: February 15, 1995 -----
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By: /s/Thomas E. Capps ----- Thomas E. Capps Director	Date: February 15, 1995 -----
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By: ----- Alan T. Dickson Director	Date: February 15, 1995 -----
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By: ----- Paul Fulton Director	Date: February 15, 1995 -----
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By: /s/William H. Goodwin, Jr. ----- William H. Goodwin, Jr. Director	Date: February 15, 1995 -----
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By: /s/Glenn A. Hunsucker ----- Glenn A. Hunsucker President and Chief Operating Officer and Director	Date: February 15, 1995 -----
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By: /s/George W. Lyles, Jr. ----- George W. Lyles, Jr. Director	Date: February 15, 1995 -----
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By: ----- James W. McGlothlin Director	Date: February 15, 1995 -----
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SIGNATURES -- CONTINUED

By: ----- Date: February 15, 1995

Albert F. Sloan
Director

By: /s/John W. Snow Date: February 15, 1995

John W. Snow
Director

By: /s/Philip E. Booker Date: February 15, 1995

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, 1994	13 - 21
21.	List of subsidiaries of registrant	22
23.	Consent of Independent Auditors	23
27.	Financial Data Schedule (EDGAR filing only)	24

CONSOLIDATED BALANCE SHEET
Bassett Furniture Industries, Incorporated and Subsidiaries

ASSETS

	November 30,	
	1994	1993
CURRENT ASSETS		
Cash and cash equivalents	\$ 42,314,957	\$ 52,957,556
Trade accounts receivable, less allowances for doubtful accounts (1994 - \$1,115,000; 1993 - \$1,200,000) and discounts . . .	71,936,750	74,965,301
Inventories	80,074,811	69,793,369
Prepaid expenses	2,206,736	2,656,073
Prepaid income taxes	274,675	-0-
Deferred income taxes	1,823,000	1,213,000
	-----	-----
	198,630,929	201,585,299
PROPERTY, PLANT AND EQUIPMENT		
Buildings	71,859,549	70,342,990
Machinery and equipment	130,218,793	127,043,322
Other	745,477	745,477
	-----	-----
	202,823,819	198,131,789
Less allowances for depreciation	152,673,335	148,993,327
	-----	-----
	50,150,484	49,138,462
Land	4,403,422	4,310,931
	-----	-----
	54,553,906	53,449,393
OTHER ASSETS		
Investment in securities	43,638,983	36,291,645
Investment in affiliated companies	35,080,525	31,706,347
Deferred income taxes	-0-	1,701,200
Other	8,593,887	5,943,995
	-----	-----
	87,313,395	75,643,187
	-----	-----
	\$340,498,230	\$330,677,879
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 29,786,395	\$ 26,405,963
Accrued compensation	5,215,159	5,722,837
Income taxes	-0-	1,061,036
	-----	-----
	35,001,554	33,189,836
DEFERRALS		
Deferred liabilities	9,529,784	8,612,578
Deferred income taxes	774,000	-0-
	-----	-----
	10,303,784	8,612,578
STOCKHOLDERS' EQUITY		
Common stock, par value \$5 a share, 50,000,000 shares authorized . .	70,434,075	72,241,005
Additional capital	-0-	422,784
Retained earnings	221,949,817	216,211,676
Unrealized holding gains, net of tax	2,809,000	-0-
	-----	-----
	295,192,892	288,875,465
	-----	-----
	\$340,498,230	\$330,677,879
	=====	=====

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,		
	1994	1993	1992
NET SALES	\$ 510,560,858	\$ 503,770,060	\$ 473,401,341
COSTS AND EXPENSES			
COST OF SALES	419,393,531	413,055,371	385,294,583
SELLING, GENERAL AND ADMINISTRATIVE	66,044,399	63,472,078	59,852,470
	485,437,930	476,527,449	445,147,053
INCOME FROM OPERATIONS	25,122,928	27,242,611	28,254,288
OTHER INCOME, NET	9,657,476	9,270,219	9,787,614
NET UNREALIZED GAIN ON INVESTMENT SECURITIES	-0-	-0-	1,224,796
	34,780,404	36,512,830	39,266,698
Income before income taxes and cumulative Effect of a change in accounting principle			
INCOME TAXES			
FEDERAL	8,521,000	9,223,000	10,187,000
STATE	1,361,000	1,077,000	1,449,000
DEFERRED	(78,000)	344,000	138,000
	9,804,000	10,644,000	11,774,000
Income before cumulative effect of a change in accounting principle	24,976,404	25,868,830	27,492,698
CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	(510,200)	-0-	-0-
NET INCOME	\$ 24,466,204	\$ 25,868,830	\$ 27,492,698
EARNINGS PER SHARE:			
Income before cumulative effect of a change in accounting principle	\$1.75	\$1.79	\$1.91
Cumulative effect of a change in accounting principle	(.04)	-0-	-0-
NET INCOME PER SHARE	\$1.71	\$1.79	\$1.91

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

	COMMON STOCK		ADDITIONAL CAPITAL	RETAINED EARNINGS	TREASURY STOCK AT COST	
	SHARES	AMOUNT			SHARES	AMOUNT
BALANCE, DECEMBER 1, 1991	9,572,968	\$47,864,840	\$7,993,618	\$250,798,846	1,894,944	\$51,551,707
Net income	-	-	-	27,492,698	-	-
Cash dividends	-	-	-	(9,205,978)	-	-
Purchase of common stock	-	-	-	-	3	92
Contribution of treasury stock to Employee Savings/Retirement Plan	-	-	232,780	-	(10,929)	(148,369)
Exercise of stock options	-	-	38,837	-	(1,642)	(9,233)
Retire treasury stock	(1,882,376)	(9,411,880)	(8,265,235)	(33,717,082)	(1,882,376)	(51,394,197)
3 for 2 stock split distributed April, 1992	3,844,750	19,223,750	-	(19,223,750)	-	-
BALANCE, NOVEMBER 30, 1992	11,535,342	57,676,710	-0-	216,144,734	-0-	-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-	-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)	-	-
BALANCE, NOVEMBER 30, 1994	14,086,815	\$70,434,075	\$ -0-	\$221,949,817	-0-	\$ -0-

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,		
	1994	1993	1992
OPERATING ACTIVITIES			
Net income	\$24,466,204	\$25,868,830	\$27,492,698
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	8,799,199	8,984,279	8,482,547
Equity in unremitted income of affiliated companies	(4,463,683)	(3,945,899)	(3,642,938)
Contribution of treasury stock to Employee Savings/Retirement Plan	-0-	-0-	381,149
Provision for losses on trade accounts receivable	844,483	434,450	1,635,517
Net realized gain from sales of investment securities	(518,851)	(695,247)	(1,111,623)
Net unrealized gain on investment securities	-0-	-0-	(1,224,796)
Net gain from sales of property, plant and equipment	(25,683)	(317,964)	(483,991)
Deferred income taxes	432,200	344,000	138,000
Changes in deferred liabilities	917,206	744,216	703,023
Changes in operating assets and liabilities:			
Trade accounts receivable	2,184,068	(1,041,227)	(8,316,380)
Other receivables	(362,506)	1,610,931	752,666
Inventories and prepaid expenses	(9,832,105)	(5,707,633)	(8,972,534)
Accounts payable and accrued compensation	2,872,754	(2,547,243)	7,087,396
Income taxes payable	(1,624,711)	(1,300,760)	219,079
NET CASH PROVIDED BY OPERATING ACTIVITIES	23,688,575	22,430,733	23,139,813
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(9,999,040)	(6,235,233)	(9,898,098)
Proceeds from sales of property, plant and equipment	121,011	382,833	753,359
Purchases of investment securities	(9,893,116)	(9,866,962)	(9,677,517)
Proceeds from sales of investment securities	7,595,629	7,522,647	10,140,808
Dividends from affiliated company	1,089,505	272,376	-0-
Investment in corporate owned life insurance	(2,598,314)	(731,672)	(178,202)
Other	310,928	(187,425)	440,876
NET CASH USED IN INVESTING ACTIVITIES	(13,373,397)	(8,843,436)	(8,418,774)
FINANCING ACTIVITIES			
Exercise of stock options	-0-	543,404	48,070
Purchase of common stock	(9,546,420)	-0-	(92)
Cash dividends	(11,411,357)	(11,358,213)	(9,205,978)
NET CASH USED IN FINANCING ACTIVITIES	(20,957,777)	(10,814,809)	(9,158,000)
CHANGE IN CASH AND CASH EQUIVALENTS	(10,642,599)	2,772,488	5,563,039
CASH AND CASH EQUIVALENTS-beginning of year	52,957,556	50,185,068	44,622,029
CASH AND CASH EQUIVALENTS-end of year	\$42,314,957	\$52,957,556	\$50,185,068
	=====	=====	=====
Income tax payments	\$11,506,711	\$11,600,760	\$11,416,921
	=====	=====	=====

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.

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

Effective December 1, 1993, the Company adopted the provisions of Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities (Statement 115). Under Statement 115, the Company classifies its investment in securities as available-for-sale, which are reported at fair value. 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.

The investment in securities at November 30, 1993, is reported at the lower of aggregate portfolio cost or market.

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 13% in 1994, 12% in 1993 and 13% in 1992.

Income Taxes

For 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 and the 3 for 2 stock split in 1992.

B. INVENTORIES (in millions)

	1994	1993
	-----	-----
Finished goods	\$45.2	\$40.9

Work in process	15.6	14.7
Raw materials and supplies	44.6	37.3
	-----	-----
Total inventories on FIFO cost method	105.4	92.9
LIFO adjustment	25.3	23.1
	-----	-----
	\$80.1	\$69.8
	=====	=====

C. INVESTMENT IN SECURITIES

Information on investment in securities by major security type at November 30, 1994, follows: (in millions)

	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 due within five years.

At November 30, 1993, the portfolio had an aggregate market value of \$43.7 million and an adjusted cost basis of \$36.3 million.

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)

	1994	1993	1992
	----	----	----
Income from operations	\$7.3	\$7.0	\$6.6
Net income	4.5	3.9	3.6

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:

	1994	1993	1992
	-----	-----	-----
Statutory federal income tax rate	35.0%	35.0%	34.0%
Dividends received exclusion	(1.6)	(1.5)	(1.5)
Tax exempt interest	(1.7)	(1.5)	(1.3)
Targeted jobs tax credit	(0.8)	(1.1)	(0.9)
Unremitted affiliate income	(3.4)	(2.9)	(2.5)
State income tax, net of federal benefit	2.5	2.0	2.5
Corporate owned life insurance	(1.3)	-0-	-0-
Other	(0.5)	(0.8)	(0.3)
	-----	-----	-----
Effective tax rate	28.2%	29.2%	30.0%
	=====	=====	=====

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at November 30, 1994, are presented below:(in thousands)

	1994

Deferred tax assets:	
Accrued retirement benefits	\$3,584
Provision for doubtful accounts	518
Insurance claims and reserves	1,141
Excess of tax over financial statement basis of investment securities	647
Other	756

Total gross deferred tax assets	6,646
Less valuation allowance	-0-

Net deferred tax assets	6,646
Deferred tax liabilities:	
Unremitted affiliate income	\$1,917
Excess of financial statement over tax basis of property, plant and equipment	1,534
Unrealized holding gains and losses	1,722
Other	424

Total gross deferred tax liabilities	5,597

Net deferred tax asset	\$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 is comprised of the following:

(in thousands)

	1993	1992
	----	----
Special credits	\$190	\$497
Unremitted affiliate income	331	300
Accrued retirement benefits	(280)	(220)
Depreciation	(114)	(184)
Other	217	(255)
	----	----
	\$344	\$138
	====	====

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 1994, 1993 and 1992, amounted to approximately \$2,444,000, \$2,337,000 and \$2,250,000, 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. Under terms of the Plan, 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 1994. Additionally, the Plan includes provisions for the granting of stock appreciation rights and certain restricted awards. At November 30, 1994, no such grants had been issued.

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 1994 at \$27.75 per share, the fair market value at date of grant. No options were exercised in 1994.

The Company's 1982 Stock Option Plan terminated in 1993. Stock option activity during 1994, 1993 and 1992 follows: (adjusted for stock splits in 1993 and 1992)

	Number of shares -----	Option price per share -----
Outstanding at December 1, 1991	3,954	\$17.07
Granted in 1992	165,937	\$28.00
Exercised in 1992	(3,954)	\$17.07
Cancelled in 1992	-0-	-

Outstanding at November 30, 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
Exercisable at November 30, 1994	200,128	\$26.25 - \$37.40
Exercisable at November 30, 1993	93,743	\$28.00 - \$37.40
Exercisable at November 30, 1992	0	-

H. OTHER INCOME, NET (in millions)

	1994 ----	1993 ----	1992 ----
Equity in unremitted income of affiliated companies	\$4.5	\$3.9	\$3.6
Dividends	2.3	2.2	2.4
Interest (principally tax exempt)	1.7	1.6	1.6
Gains from sales of investment securities	0.5	0.7	1.4
Losses from sales of investment securities	-0-	-0-	(0.3)
Net gain from sales of property, plant and equipment	-0-	0.3	0.5
Corporate owned life insurance, net of interest expense	(0.2)	(0.4)	(0.2)
Contributions	(0.2)	(0.6)	(0.3)
Other	1.1	1.6	1.1
	-----	-----	-----
	\$9.7 =====	\$9.3 =====	\$9.8 =====

Interest expense on corporate owned life insurance policy loans was \$1.4 million in 1994, \$.6 million in 1993 and 1992.

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, 1994 and 1993, 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, 1994. 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, 1994 and 1993, and the results of their operations and their cash flows for each of the years in the three-year period ended November 30, 1994 in conformity with generally accepted accounting principles.

As discussed in notes A, C 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.

KPMG PEAT MARWICK LLP

Greensboro, North Carolina
December 17, 1994

OTHER BUSINESS DATA

Bassett Furniture Industries, Incorporated and Subsidiaries

(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)

SELECTED FINANCIAL DATA

	1994	1993	1992	1991	1990
Net Sales	\$510,560,858	\$503,770,060	\$473,401,341	\$401,616,062	\$435,660,901
Cost of Sales	419,393,531	413,055,371	385,294,583	331,139,815	359,995,572
Income Before Income Taxes	34,780,404	36,512,830	39,266,698	26,873,028	6,867,589
Income Taxes	9,804,000	10,644,000	11,774,000	7,030,000	1,722,000
Net Income	24,466,204	25,868,830	27,492,698	19,843,028	5,145,589
Net Income Per Share	1.71	1.79	1.91	1.37	.35
Cash Dividends Declared	11,411,357	11,358,213	9,205,978	7,705,563	9,787,901
Cash Dividends Per Share . . . . .	.80	.78	.64	.53	.67
Total Assets	340,498,230	330,677,879	318,583,145	291,259,296	271,116,337
Current Ratio	5.67 to 1	6.07 to 1	5.22 to 1	6.95 to 1	9.12 to 1
Book Value Per Share	20.96	19.99	18.99	17.72	16.89
Weighted Average Number of Shares	14,294,803	14,440,341	14,416,534	14,450,385	14,810,100

QUARTERLY RESULTS OF OPERATIONS

	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

	1993			
	FIRST	SECOND	THIRD	FOURTH
Net Sales	\$120,308,196	\$128,888,668	\$121,176,195	\$133,397,001
Gross Profit	22,224,666	24,291,032	19,851,521	24,347,470
Net Income	6,181,920	7,055,482	4,650,277	7,981,151
Per Share . . . . .	.43	.49	.32	.55

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, 1994. 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	
	1994		1993		1994	1993
	HIGH	LOW	HIGH	LOW		
First	\$36.75	\$28.75	\$41.60	\$30.00	\$.20	\$.18
Second	29.50	25.50	43.80	36.40	.20	.20
Third	29.75	26.63	37.25	28.50	.20	.20
Fourth	30.25	26.06	36.00	28.75	.20	.20

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:

	1994	1993	1992
	----	----	----
Cost of sales	82.2%	82.0%	81.4%
Gross profit	17.8	18.0	18.6
S G & A expenses	12.9	12.6	12.6
Income from operations	4.9	5.4	6.0
Other income, net	1.9	1.8	2.1
Net unrealized gain	-0-	-0-	0.2
Income before income taxes	6.8	7.2	8.3
Income taxes	1.9	2.1	2.5
Accounting change	0.1	-0-	-0-
Net income	4.8	5.1	5.8

NET SALES

Net sales for 1994 compared to 1993 and 1992 were as follows:

	1994	1993	1992
	----	----	----
Net sales (in millions)	\$510.6	\$503.8	\$473.4
Percentage increase over prior year	1.3%	6.4%	17.9%

The majority of the increase in net sales from 1993 to 1994 came from the Table Division, with other Divisions reporting relatively flat sales. The net sales increase from 1992 to 1993 was evenly spread throughout all Divisions. The significant increase between 1991 and 1992 came from the Upholstery and Bedding Divisions.

COSTS AND EXPENSES

Cost of sales remained level in 1994 and 1993, at 82.2% and 82.0%, respectively. The negative effect on cost of sales caused by increases in the cost of lumber and lumber related products which occurred in 1993, moderated in 1994; however, cost increases in other major raw materials restricted improvement in the cost of sales percentage in 1994. During each of the three years ending in 1994, the relationship of each cost component comprising cost of sales remained constant (materials 49%, labor 21%, overhead 12%).

There was no material change in the percentage of selling, general and administrative expenses to net sales in the three years ending in 1994.

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 1994 was 28.2%, down from 29.2% and 30.0% in 1993 and 1992, 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 remained constant in the last three years (\$23.7 million in 1994, \$22.4 million in 1993 and \$23.1 million in 1992). The growth in inventories in each of these years has barred additional generation of cash. The increasing inventory levels are closely monitored and controlled by senior management.

Traditionally, the Company has purchased (rather than leased) its capital equipment requirements. During 1994, \$10,000,000 was expended for new equipment and facilities. A comparison of purchases of property, plant and equipment and depreciation charges follows:

	1994 ----	1993 ----	1992 ----
Purchases of property, plant and equipment (in millions)	\$10.0	\$6.2	\$9.9
Depreciation charges (in millions)	8.8	9.0	8.5

The Company instituted and completed a program to repurchase its Common Stock in 1994, purchasing 361,386 shares at an average cost of \$26.42 or a total expenditure of \$9.5 million.

The current ratio was 5.67 to 1 and 6.07 to 1 at November 30, 1994 and 1993, respectively. Working capital was \$164 million and \$168 million at November 30, 1994 and 1993, 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, 1994. 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 S-8 of Bassett Furniture Industries, Incorporated and subsidiaries of our report dated December 17, 1994, relating to the consolidated balance sheets of Bassett Furniture Industries, Incorporated and subsidiaries as of November 30, 1994 and 1993 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, 1994 which report is incorporated by reference in the November 30, 1994 annual report on the Form 10-K of Bassett Furniture Industries, Incorporated and subsidiaries.

As discussed in notes A, C and E to the consolidated financial statements, the Company adopted the provisions of the Financial Accounting Standards Board's 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 23, 1995

Nov-30-1994 10K

YEAR	
	NOV-30-1994
	DEC-01-1993
	NOV-30-1994
	42,314,957
	43,638,983
	73,051,750
	1,115,000
	80,074,811
	198,630,929
	207,227,241
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	70,434,075
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	0
	224,758,817
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	510,560,858
	520,218,334
	419,393,531
	485,437,930
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	844,483
	1,400,000
	34,780,404
	9,804,000
24,976,404	
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	0
	(510,200)
	24,466,204
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