SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED AUGUST 26, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to _________________

Commission File No. 0-209

BASSETT FURNITURE INDUSTRIES, INCORPORATED
(Exact name of Registrant as specified in its charter)

Virginia	54-0135270
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3525 Fairystone Park Highway
Bassett, Virginia 24055
(Address of principal executive offices)
(Zip Code)

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ___ No X___

Form 10-K (a) Amendment No. 2 was filed April 11, 2000, subsequent to the March 31, 2000 filing date.

At October 5, 2000, 11,772,854 shares of common stock of the Registrant were outstanding.

PART I - FINANCIAL INFORMATION
BASSETT FURNITURE INDUSTRIES INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE PERIODS ENDED AUGUST 26, 2000 AND AUGUST 28, 1999 - UNAUDITED
(Dollars in thousands except per share data)

	Nine Months Ended		Quarter Ended	
	August 26, 2000	August 28, 1999	August 26, 2000	August 28, 1999
Net sales	$ 278,542	$ 291,885	$ 91,155	$ 88,803
Cost of sales	225,929	228,768	75,287	68,579
Gross profit	52,613	63,117	15,868	20,224
Selling, general and administrative	44,573	53,072	13,606	17,209
Income from operations	8,040	10,045	2,262	3,015
Other income, net	11,807	10,316	4,069	3,508
Income before income taxes	19,847	20,361	6,331	6,523
Income taxes	(6,309)	(6,482)	(2,026)	(2,118)
Income before cumulative effect of accounting change	13,538	13,879	4,305	4,405
Cumulative effect of accounting change (net of income taxes of $171)	(364)	-	-	-
Net income	13,174	13,879	4,305	4,405
Retained earnings-beginning of period	187,973	193,130	189,183	191,824
Cash dividends	(7,142)	(7,551)	(2,354)	(2,479)
Purchase and retirement of common stock	(2,871)	(10,167)	-	(4,459)
Retained earnings-end of period	$ 191,134	$ 189,291	$ 191,134	$ 189,291
Basic earnings per share:				
Income before cumulative effect of accounting change	$ 1.14	$ 1.10	$ 0.37	$ 0.36
Cumulative effect of accounting change	(0.03)	-	-	-
	$ 1.11	$ 1.10	$ 0.37	$ 0.36
Diluted earnings per share:				
Income before cumulative effect of accounting change	$ 1.14	$ 1.10	$ 0.37	$ 0.36
Cumulative effect of accounting change	(0.03)	-	-	-
	$ 1.11	$ 1.10	$ 0.37	$ 0.36
Dividends per share	$ 0.60	$ 0.60	$ 0.20	$ 0.20

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

PART I - FINANCIAL INFORMATION - CONTINUED
BASSETT FURNITURE INDUSTRIES INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
AUGUST 26, 2000 AND NOVEMBER 27, 1999
(in thousands)

Assets	(Unaudited) August 26, 2000	November 27, 1999
Current assets		
Cash and cash equivalents	$ 2,541	$ 5,740
Trade accounts receivable, net	70,968	64,731
Inventories, net	54,555	50,206
Other current assets	7,765	6,175
Refundable income taxes	1,006	1,006
Deferred income taxes	9,340	9,314
Total current assets	146,175	137,172
Property & equipment		
Cost	236,484	227,439
Less accumulated depreciation	136,423	134,284
Total property & equipment	100,061	93,155
Other long-term assets		
Investment securities	18,290	23,057
Investment in affiliated companies	78,881	67,558
Other	23,697	21,887
Total other long-term assets	120,868	112,502
Total assets	$ 367,104	$ 342,829
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 20,490	$ 30,122
Accrued liabilities	21,885	26,806
Total current liabilities	42,375	56,928
Long-term liabilities		
Employee benefits	10,659	10,998
Notes Payable	51,500	18,000
Deferred income taxes	5,464	1,152
Total long-term liabilities	67,623	30,150
Stockholders' Equity		
Common stock	58,864	60,474
Additional paid in capital	-	-
Retained earnings	191,134	187,973
Accumulated other comprehensive income - unrealized holding gains, net of income tax effect	7,341	7,993
Unamortized stock compensation	(233)	(689)
Total stockholders' equity	257,106	255,751
Total liabilities and stockholders' equity	$ 367,104	$ 342,829

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

PART I - FINANCIAL INFORMATION - CONTINUED
BASSETT FURNITURE INDUSTRIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED AUGUST 26, 2000 AND AUGUST 28, 1999 - UNAUDITED
(in thousands)

	2000	1999
Net income	$ 13,174	$ 13,879
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	7,454	6,090
Equity in undistributed income of affiliated companies	(8,888)	(8,405)
Provision for deferred income taxes	4,312	3,315
Net (gain) loss from sales of investment securities	(1,585)	(1,457)
Net (gain) loss from sales of property and equipment	(175)	-
Net (gain) loss from sales of affiliate investments	(1,394)	-
Compensation earned under restricted stock plan	180	180
Changes in long-term liabilities	(339)	(379)
Changes in operating assets and liabilities:		
Trade accounts receivable	(6,466)	113
Inventory	(10,708)	(7,176)
Prepaid expenses and other	(1,786)	(2,841)
Refundable income taxes	-	5,651
Accounts payable and accrued liabilities	(5,632)	1,888
Net cash provided by (used in) operating activities	(11,853)	10,858
Investing activities:		
Purchases of property and equipment	(16,151)	(38,153)
Proceeds from sales of property and equipment	1,330	1,023
Proceeds from sale of bedding division	-	6,500
Proceeds from sales of affiliate investments	1,748	-
Proceeds from sales of investment securities	4,772	37,797
Investments in affiliated companies	(4,200)	(7,950)
Dividend from affiliate	2,000	5,448
Other, net	(2,616)	(3,477)
Net cash (used in) investing activities	(13,117)	1,188
Financing activities:		
Borrowings under notes payable	33,500	4,000
Issuance of common stock	-	293
Repurchase of common stock	(4,587)	(13,409)
Cash dividends	(7,142)	(7,551)
Net cash provided by (used in) financing activities	21,771	(16,667)
Net change in cash and cash equivalents	(3,199)	(4,621)
Cash and cash equivalents, beginning of period	5,740	5,499
Cash and cash equivalents, end of period	$ 2,541	$ 878

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

BASSETT FURNITURE INDUSTRIES INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-UNAUDITED
AUGUST 26, 2000 (Dollars in thousands except share and per share data)

Note A. Basis of presentation:

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

The condensed consolidated financial statements include the accounts of Bassett Furniture Industries, Incorporated (the "Company") and its subsidiaries, all of which are wholly owned. In the first quarter of fiscal 2000, the Company merged its retail operating segment into a new joint venture known as the Ladin Retail Group (LRG). The Company does not control the joint venture and accordingly the joint venture has been accounted for under the equity method of accounting.

Note B. Reclassifications:

For comparative purposes certain amounts for fiscal 1999 have been reclassified to conform to fiscal 2000 presentation.

Note C. Cumulative Effect of Accounting Change:

In 1998, the AICPA issued SOP 98-5, "Reporting on the Costs of Start-up Activities," which requires start-up costs, as defined, to be expensed as incurred. In accordance with this SOP, any previously capitalized start-up costs are required to be written-off as a cumulative effect of a change in accounting principle. The Company, upon adoption of this SOP in the first quarter of fiscal 2000, has written off the unamortized balance of such previously capitalized start-up costs as of November 28, 1999, of $535 ($364 after tax) or $.03 per diluted share as a cumulative effect of an accounting change.

Note D. Inventories:

Inventories are carried at last-in, first-out (LIFO) cost which is not in excess of market. Inventories at August 26, 2000 and November 27, 1999 consisted of the following:

	August 26, 2000	November 27, 1999
Finished goods	$ 48,664	$ 41,823
Work in process	8,578	9,880
Raw materials and supplies	23,317	17,881
Retail merchandise	-	6,076
Total inventories valued at first-in, first-out (FIFO) cost	80,559	75,660
LIFO adjustment	(26,004)	(25,454)
Total inventories, net	$ 54,555	$ 50,206

Note E. Investment in affiliated companies and joint venture:

Summarized combined income statement information for the Company's equity method investments for the nine months ended August 26, 2000 and August 28, 1999 are as follows:

	2000	1999
Revenues	$69,367	$34,624
Income from operations	19,440	26,505
Net income	8,189	8,404

In the first quarter of 2000 the Company merged all of its eight BFD stores with a licensee's five BFD stores to form a joint venture known as LRG. The Company contributed the net assets from its retail operations - $1.7 million, along with $4.2 million in cash, and the licensee contributed its net assets and $.5 million in cash. The effect of the merger has been included in the changes in operating assets and liabilities in the Consolidated Statement of Cash Flows.

BASSETT FURNITURE INDUSTRIES INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-UNAUDITED
AUGUST 26, 2000 (Dollars in thousands except share and per share data)

Note F. Comprehensive income:

For the quarters ended August 26, 2000, and August 28, 1999, total comprehensive income was $3,851 and $4,151, respectively. Included in total comprehensive income is net income of $4,305 and $4,405 and unrealized gains (losses), net of tax of ($454) and ($254). Comprehensive income was $12,522 and $13,211, consisting of net income of $13,174 and $13,879 and unrealized holding gains (losses), net of tax of ($652) and ($668) for the nine month periods ended August 26, 2000, and August 28, 1999, respectively.

Note G. Contingencies:

A suit was filed in June, 1997, in the Superior Court of the State of California for the County of Los Angeles (the "Superior Court") against the Company, two major retailers and certain current and former employees of the Company. The suit sought certification of a class consisting of all consumers who purchased certain mattresses and box springs from the major retailers that were manufactured by a subsidiary of the Company, The E.B. Malone Corporation, with allegedly different specifications than those originally manufactured for sale by these retailers. The suit alleged various causes of action, including negligent misrepresentation, breach of warranty, violations of deceptive practices laws and fraud. Plaintiffs sought compensatory damages of $100 million and punitive damages. In 1998, the Superior Court dismissed the class action allegations in plaintiffs' complaint and transferred the entire action out of the class action department. The Court also dismissed many of the individual claims. Plaintiffs then filed a notice of appeal from the class action ruling. Plaintiffs also filed a petition for a writ of mandamus or other extraordinary relief, which was denied. The suit was subsequently transferred from the Superior Court for the County of Los Angeles to the Superior Court for Orange County. After the case was transferred to Orange County, the plaintiffs stipulated to a dismissal with prejudice of all individual defendants. Additionally, all remaining claims against the Company were stayed by the Court pending plaintiffs' appeal of the dismissal of their class action allegations. On June 13, 2000, the Court of Appeal denied plaintiffs' appeal and entered an order affirming the dismissal of the class action allegations. With the dismissal of the class action allegations, the suit now consists of damage claims by nine named plantiffs (seven individuals and two companies), together with restitution claims for other purchasers under Business & Professions Code 17200. The Company intends to vigorously defend the remaining portions of this suit. Because the Company believes that the two major retailers were unaware of any alleged changes in specifications, the Company has agreed to indemnify the two major retailers with respect to the above.

Legislation has phased out interest deductions on certain policy loans related to Company owned life insurance (COLI) as of January 1, 1999. The Company has recorded cumulative reductions to income tax expense of approximately $8,000 as the result of COLI interest deductions through 1998. The Internal Revenue Service, on a national level, has pursued an adverse position regarding the deductibility of COLI policy loan interest for years prior to January 1, 1999. In 1999, the IRS received a favorable Tax Court ruling on one taxpayer regarding the non-deductibility of COLI loan interest. Management understands that this ruling and the adverse position taken by the IRS will be subjected to extensive challenges in court. In the event that the IRS prevails, the outcome could result in potential income tax and interest payments which could be material to the Company's future results of operations.

The Company is also involved in various other claims and actions, including environmental matters at certain of its plant facilities, which arise in the normal course of business. Although the final outcome of these legal and environmental matters cannot be determined, based on the facts presently known, it is management's opinion that the final resolution of these matters will not have a material adverse effect on the Company's financial position or future results of operations.

PART I-FINANCIAL INFORMATION-CONTINUED
BASSETT FURNITURE INDUSTRIES INC. AND SUBSIDIARIES
AUGUST 26, 2000 (Dollars in thousands except share and per share data)

Note H. Financial Instruments:

In the first quarter of 1999, the Company entered into an equity collar arrangement in order to reduce its exposure to fluctuations in its investment portfolio. The equity collar was a series of puts and calls on a market index, covering a notional amount of securities, which expired quarterly in varying amounts over a three year period. In the first quarter of 2000, the Company terminated this particular financial instrument and recognized a gain of $1.4 million, which is included in other income, and entered into a new financial instrument which more clearly correlates to its equity portfolio. The new financial instrument has a notional value of $10.1 million and expires quarterly in varying amounts through 2006. The fair market value of this financial instrument at August 26, 2000, was approximately $1.1 million and is included in accrued liabilities on the accompanying consolidated balance sheet.

Note I. Earnings per share:

The following reconciles basic and diluted earnings per share before cumulative effect of accounting change:

	Net Income	Weighted Average Shares	Earnings per share
For the nine months ended August 26, 2000			
Net Income available to common stockholders	$ 13,538	11,837,375	$ 1.14
Add effect of dilutive securities:			
Options and restricted stock	-	2,951	-
Diluted earnings per share	$ 13,538	11,840,326	$ 1.14
For the quarter ended August 26, 2000			
Net income available to common stockholders	$ 4,305	11,741,230	$ 0.37
Add effect of dilutive securities:			
Options and restricted stock	-	9,987	-
Diluted earnings per share	$ 4,305	11,751,217	$ 0.37
For the nine months ended August 28, 1999			
Net Income available to common stockholders	$ 13,879	12,609,312	$ 1.10
Add effect of dilutive securities:			
Options and restricted stock	-	-	-
Diluted earnings per share	$ 13,879	12,609,312	$ 1.10
For the quarter ended August 28, 1999			
Net income available to common stockholders	$ 4,405	12,419,758	$ 0.36
Add effect of dilutive securities:			
Options and restricted stock	-	-	-
Diluted earnings per share	$ 4,405	12,419,758	$ 0.36

Options to purchase 1.8 and 1.4 million shares of common stock were outstanding during the third quarters of 2000 and 1999, respectively, that could potentially dilute basic EPS in the future.

PART I-FINANCIAL INFORMATION-CONTINUED
BASSETT FURNITURE INDUSTRIES INC. AND SUBSIDIARIES
AUGUST 26, 2000
(Dollars in thousands except share and per share data)

Note J. Segment Information:

Segment information for the periods ended August 26, 2000 and August 28, 1999 were as follows:

For the nine months ended August 26, 2000

	Wood	Upholstery	Other	Consolidated
Net sales	$195,353	$ 73,607	$ 9,582	$278,542
Operating income (loss)	28,226	6,508	(26,694)	8,040
Depreciation and amortization	3,768	621	3,065	7,454
Capital expenditures	4,931	2,014	9,206	16,151

For the nine months ended August 28, 1999

	Wood	Upholstery	Other	Consolidated
Net sales	$189,773	$ 77,655	$ 24,457	$291,885
Operating income (loss)	33,344	6,739	(30,038)	10,045
Depreciation and amortization	3,106	548	2,436	6,090
Capital expenditures	11,446	4,960	21,747	38,153

For the quarter ended August 26, 2000

	Wood	Upholstery	Other	Consolidated
Net sales	$ 62,551	$ 25,609	$ 2,995	$ 91,155
Operating income (loss)	7,482	2,224	(7,444)	2,262
Depreciation and amortization	1,208	213	947	2,368
Capital expenditures	728	315	1,383	2,426

For the quarter ended August 28, 1999

	Wood	Upholstery	Other	Consolidated
Net sales	$ 60,924	$ 22,535	$ 5,344	$ 88,803
Operating income (loss)	10,544	1,752	(9,281)	3,015
Depreciation and amortization	1,004	177	788	1,969
Capital expenditures	4,734	2,052	8,995	15,781

The Company's other businesses consist of the Bedding Division (for the first five months of fiscal 1999), a contemporary furniture business (Weiman), the retail business (for the first nine months of 1999) and corporate operations, all included to reconcile segment information to the Condensed Consolidated Financial Statements. Operating income by business segment is defined as sales less direct operating costs and expenses.

Note K. Subsequent Event:

After the end of the third quarter of 2000, the Company agreed to enter into a new credit facility led by Branch Banking & Trust (BB&T), replacing an existing facility with another bank. The new facility will provide for a 3 year, $70 million revolving credit line tied to and secured by receivables and inventory. The borrowing rates are expected to range from LIBOR plus 0.625 to LIBOR plus 1.375 based on the Company's debt ratio, as defined.

PART I-FINANCIAL INFORMATION-CONTINUED
BASSETT FURNITURE INDUSTRIES INC. AND SUBSIDIARIES
AUGUST 26, 2000
(Dollars in thousands except share and per share data)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations -Periods ended August 26, 2000 compared with periods ended August 28, 1999

In the third quarter of 2000 Bassett reported $91.2 million in sales, an increase of 2.6% from the $88.8 million reported for the third quarter of 1999. This increase is due entirely to the growth of the Company's BFD stores; four new stores were opened in third quarter 2000. Sales for the nine months ended August 26, 2000 were $278.5 million versus $291.9 million for the nine months ended August 28, 1999, reflecting a decline of 4.6%. This decline was due partially to the disposal of certain businesses. In April of 1999, the Company sold its Bedding Division, which had revenues of $11.9 million for the nine months ended August 28, 1999. In the first quarter of 2000, the Company merged its eight BFD stores and formed a new joint venture known as the Ladin Retail Group (LRG). Corporate retail sales totaled $1.8 million for third quarter of 1999 and $3 million for the first nine months of 1999. On a comparable sales basis, sales were only $86.8 million in third quarter of 1999 and $277 million for the first nine months of 1999, reflecting an increase of 5.1% for the quarter and a marginal increase of 0.5% year to date. The growth of BFD stores has more than offset the recent softening in retail furniture demand and disruptions earlier in the year associated with the Company-wide software implementation.

Gross margin, selling, general and administrative (S,G&A) expenses, and operating income as a percentage of net sales were as follows for the quarters and nine months ended August 26, 2000 and August 28, 1999:

	For the Nine Months Ended		For the Quarter Ended	
	August 26, 2000	August 28, 1999	August 26, 2000	August 28, 1999
Gross margin	18.9%	21.6%	17.4%	22.8%
S,G&A	16.0%	18.2%	14.9%	19.4%
Operating income	2.9%	3.4%	2.5%	3.4%

Overall gross margin decreased by 5.4 percentage points from 22.8% in the third quarter of 1999 to 17.4% in the third quarter of 2000. This decrease is due primarily to issues within the Wood Division relating to lumber prices, product mix and production schedules, as discussed in the following segment information. For the nine months ended August 26, 2000, gross margins decreased by 2.7 percentage points from 21.6% in the first nine months of 1999 to 18.9%, a decline of 12.5%. Gross margins were also negatively impacted in the first nine months of 2000 due to lower than expected margins at the new dining table top plant, plus the closing of the Dumas plant in the Upholstery Division in the first quarter. Excluding the effects of the disposal of the bedding division, the LRG joint venture and the costs of the new dining table top plant, gross margins would have been down by only 2.9 percentage points on a quarter to quarter comparison, and down by only 1.5 percentage points for the first nine months of 2000 as compared to the same period in 1999. The Company continually evaluates both its pricing practices and its labor and overhead cost structure in an effort to improve its overall gross margin. Through consolidation of the management of four wood plants in the Bassett area, approximately 40 salaried manufacturing positions were eliminated and further hourly position reductions are expected to take place through normal attrition which will directly affect future gross margins. Also, plans have begun for a new centralized distribution center in Martinsville, VA to facilitate complete on-time deliveries and improved customer service.

S,G&A expenses decreased in the third quarter from 19.4% in 1999 to 14.9% in 2000. For the nine months ended August 26, 2000, S,G&A expenses were 16.0% versus 18.2% for the nine months ended August 28, 1999, reflecting a decrease of 2.2 percentage points. These decreases were mainly attributable to the retail operations being transferred to the joint venture at the beginning of fiscal 2000. Exclusive of the retail operations, as a percentage of sales, S,G&A experienced a decrease from 16.9% of sales for the first nine months of 1999 to 16% in the first nine months of 2000, due to tighter control over discretionary spending. The Company plans to continue to target its marketing and

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

advertising spending to drive future sales growth. Additionally, approximately 20 salaried administrative positions were eliminated in administrative consolidations. Management currently estimates S,G&A spending of approximately 15-16% of wholesale furniture sales over the next three years.

Other income increased to $4.1 million in the third quarter 2000 from $3.5 million in the third quarter 1999 and to $11.8 million for first nine months of 2000 from $10.3 million in the first nine months of 1999. The increase in 2000 was due primarily to continued strong returns on affiliate investments. A $1.4 million gain was recognized in the first quarter of 2000 on the termination of an equity index collar and an additional $1.4 million gain was recognized in the third quarter on the sales of certain affiliate and equity investments. These results were partially offset by both the Company's share of losses in the LRG joint venture ($3.6 million for the nine months ended August 26, 2000) and by interest expense on outstanding notes payable ($2.4 million for the nine months ended August 26, 2000). Management expects other income will continue to be an integral component of the Company's future earnings.

The effective tax rate for the quarter and year to date approximated 32%, nearly equal to that of last year, and still lower than the statutory federal income tax rate due to exclusions for tax exempt income.

For the quarter and nine months ended August 26, 2000, income before cumulative effect of the accounting change was $4.3 million or $.37 per diluted share and $13.5 million or $1.14 per diluted share, respectively. This reflects a decrease of 2.3% from the third quarter of 1999 and 2.5% from the first nine months of 1999. The effect of the accounting change was $364 after the impact of income taxes or $.03 per diluted share. Net income was $4.3 million or $.37 per diluted share for the quarter and $13.2 million or $1.11 per diluted share for the first nine months of 2000, compared to $4.4 million or $.36 per diluted share for the quarter ended August 28, 1999 and $13.9 million or $1.10 per diluted share for the nine months ended August 28, 1999.

Segment Information

The following is a discussion of operating results for each of Bassett's business segments.

	For the Nine Months Ended		Quarter Ended	
Wood Division	August 26, 2000	August 28, 1999	August 26, 2000	August 28, 1999
Net sales	$ 195,353	$ 189,773	$ 62,551	$ 60,924
Contribution to profit and overhead	$ 28,226	$ 33,344	$ 7,482	$ 10,544

Wood Division net sales increased by 2.7% in the third quarter 2000 and 2.9% in the first nine months of 2000 due to the increased number of BFD stores. Sales growth should be bolstered in the fourth quarter, as the Company expects to open four additional BFD stores and eleven At Home with Bassett galleries.

Contribution to profit and overhead is defined by the Company as gross profit less direct divisional operating expenses but excluding any allocation of corporate overhead expenses, interest expense, or income taxes. For the Wood Division, contribution to profit and overhead decreased from 17.3% of sales in the third quarter of 1999 to 12% of sales in the third quarter of 2000, and from 17.6% to 14.4% for the nine months ended August 26, 2000. Several factors contributed to the margin decline. Lumber prices increased by approximately 25% on certain species in the first six months of 2000; however, lumber prices have softened going into the second half of the year. Due to a build up of working capital in the first half of the year, the Company initiated an Inventory Reduction Program in the third quarter, which resulted in a higher percentage of closeout sales and reduced production schedules.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

These reduced production schedules resulted in inefficiencies and excess overhead capacities which significantly impacted margins for the quarter and have led to the cost reduction actions previously discussed which were taken in September of 2000.

Sales of the Company's import products nearly doubled from the first nine months of 1999 to the first nine months of 2000, favorably impacting sales and profitability for the Wood Division. In addition, there were approximately $0.9 million of losses related under utilization of the Company's new Dining Table Top plant located in Martinsville, Virginia.

Upholstery Division	For the Nine Months Ended August 26, 2000	For the Nine Months Ended August 28, 1999	Quarter Ended August 26, 2000	Quarter Ended August 28, 1999
Net sales	$ 73,607	$ 77,655	$ 25,609	$ 22,535
Contribution to profit and overhead	$ 6,508	$ 6,739	$ 2,224	$ 1,752

Net sales for the Upholstery Division have increased quarter to quarter by 13.6%, but decreased from the first nine months of 1999 to the first nine months of 2000 by 5.2%. The Company continues its repositioning of this segment and refinement of product offerings. Certain key large accounts experienced sales declines for the first half of 2000 compared to 1999. The Company has hired a new merchandising team in the Upholstery Division to reverse this trend and continue the product line repositioning. The Company is focusing this segment on its BFD stores (opening four in fourth quarter 2000), its At Home with Bassett galleries, and several of its major customers.

Contribution to profit and overhead for the Upholstery Division has grown from 7.8% of sales in the third quarter of 1999 to 8.7% of sales in 2000. This increase is a result of several operational initiatives put into place in an effort to improve results, including closing the Dumas plant. For the nine months ended August 26, 2000, the division's contribution percentage has increased slightly from 8.7% of sales in the first nine months of 1999 to 8.8% in the first nine months of 2000.

In the first quarter of 2000, the Company merged its eight BFD stores and formed a new joint venture known as the Ladin Retail Group (LRG). Bassett retains a 51% ownership of the joint venture but does not retain control of the joint venture and accordingly the joint venture has been accounted for under the equity method of accounting. The results of LRG's operations for the periods ended August 26, 2000 have been included as a component of other income.

The changes in "Other" operations from the periods ended August 28, 1999, to the periods ended August 26,2000, detailed in Note J to the Condensed Consolidated Financial Statements reflect the elimination of discontinued operations, the sale of the Bedding Division, and the increase in corporate related marketing and support structure spending.

Liquidity and Capital Resources

Cash used in operating activities was $11.9 million for the first nine months of 2000 compared to net cash provided of $10.9 million for the same period in 1999. The increase in net cash used was attributable primarily to significantly increased levels of inventory and accounts receivable. Although inventory levels decreased by nearly $6 million for the third quarter 2000, overall inventories have still increased for the year due in part to improve service and as a result of the increase in lumber prices, but primarily from a significant shortfall in actual versus planned sales for the first nine months of the year. While accounts receivable have remained flat for the quarter, in the first nine months of 2000, accounts receivable have increased due to the shift in the Company's sales distribution (towards BFD's), as well as repercussions from the slow payment of certain significant customers.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

The Company invested $16.2 million for the nine months ended August 26, 2000, for real estate, manufacturing equipment to improve productivity, and new enterprise-wide information systems, as compared to $38.2 million for the nine months ended August 28, 1999. This decrease of $22 million is due to less real estate expenditures versus 1999, plus the new dining table top plant which is included in 1999. In the first quarter of 2000, cash of $4.2 million was invested into the new joint venture with LRG. To generate additional cash for the quarter, the Company sold $1.7 million of certain affiliate investments, received $2 million in dividends from affiliated companies and sold equity securities totaling $2.5 million. Year-to-date equity security sales total $4.8 million in fiscal 2000 compared to $37.8 million for the nine months ended August 28, 1999, reflecting management's decision to finance its growth plans with external borrowings.

The Company entered into a $50 million revolving credit facility in fiscal 1999. Management decided to borrow money at competitive rates rather than further liquidate its investment portfolio, which continues to generate favorable returns. Borrowings under the credit facility were $33.5 million for the nine months ended August 26, 2000. Through the first half of the year, the Company borrowed $32.5 million, but due to the Inventory Reduction Program implemented in the third quarter, only $1 million was borrowed during third quarter 2000. The increase in borrowings was used to fund the increase in working capital and the capital expenditures discussed above. Subsequent to the end of the third quarter, the Company signed a letter of intent to change lenders and will be finalizing a new $70 million revolving credit facility in October.

The Company continues to focus on reducing working capital, with targeted plans for raw material inventories, finished goods inventories and accounts receivable. This is one of two major priorities for the Company in the second half of the year. The other major priority is improving customer service through better communication and complete, on-time deliveries.

The Company purchased and retired 321,000 shares of its Common Stock during the first nine months of 2000. These purchases were part of the Company's stock repurchase program, approved in fiscal 1998, which allows the Company to repurchase shares for an aggregate purchase price not to exceed $40 million. The average cost of the shares purchased during the first nine months of 2000 was $14.33, resulting in a total expenditure of $4.6 million. As of August 26, 2000, the Company has completed approximately 67% of its current repurchase plan.

The current ratio as of August 26, 2000 and November 27, 1999, respectively, was 3.45 to 1 and 2.41 to 1. Working capital at August 26, 2000 was $103.8 million compared to $80.2 million at November 27, 1999. The Company's consolidated financial statements are prepared on the basis of historical cost and are not intended to show the impact of inflation or changing prices.

PART I-FINANCIAL INFORMATION-CONTINUED
BASSETT FURNITURE INDUSTRIES INC. AND SUBSIDIARIES
AUGUST 26, 2000

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

MARKET RISK:

The Company is exposed to market risk for changes in market prices of its various types of investments. The Company's investments include equity securities; a financial instrument entered into in order to hedge its equity securities, and an investment partnership included in its investments in affiliated companies. The Company does not use these securities for trading purposes and is not party to any leveraged derivatives.

The Company's equity securities portfolio, which totaled $18.3 million at August 26, 2000, is diversified among over twenty different medium to large capitalization interests. The Company entered into an equity collar in 1999 to reduce its exposure to fluctuations in the market value of these securities. In the first quarter of 2000, management decided to liquidate this financial instrument and enter into a new financial instrument which more clearly correlates to its equity portfolio. The new financial instrument has a notional value of $10.1 million and expires quarterly in varying amounts over the next six years. Although there are no maturity dates for the Company's equity investments, management has plans to liquidate both its current equity portfolio and the related financial instrument on a scheduled basis through 2006.

The Company's investment in a limited partnership, which totaled $65.2 million at August 26, 2000, invests in various other private limited partnerships which contain contractual commitments with elements of market risk. These contractual commitments, which include fixed-income securities and derivatives, may involve future settlements, which give rise to both market and credit risk. The investment partnership's exposure to market risk is determined by a number of factors, including the size, composition, and diversification of positions held, volatility of interest, market currency rates, and liquidity.

SAFE-HARBOR, FORWARD-LOOKING STATEMENTS:

This discussion contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations and business of Bassett Furniture Industries, Incorporated. These forward-looking statements involve certain risks and uncertainties. No assurance can be given that any such matters will be realized. Important factors that could cause actual results to differ materially from those contemplated by such forward-looking statements include:

- competitive conditions in the home furnishings industry
- general economic conditions that are less favorable than expected
- overall consumer demand for home furnishings
- timing and number of new BFD openings
- cost and availability of raw materials and labor
- information and technology advances
- effectiveness of marketing and advertising campaigns
- future tax legislation, or regulatory or judicial positions related to COLI

PART II - OTHER INFORMATION
BASSETT FURNITURE INDUSTRIES INC. AND SUBSIDIARIES
AUGUST 26, 2000

Item 4. Submission of matters to a vote of security holders

March 28, 2000 vote of stockholders was reported in the 10-Q filed for the period ended February 26, 2000.

Item 6.

a. Exhibits
(27) Financial Data Schedule

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BASSETT FURNITURE INDUSTRIES, INCORPORATED

/s/ BARRY C. SAFRIT
- ---
Barry C. Safrit, Vice President, Chief Accounting Officer

October 10, 2000

BASSETT FURNITURE INDUSTRIES INC.
EXHIBIT INDEX

Exhibit No.	Exhibit Description	Page No.
27	Financial Data Schedule	page 9

9-MOS
NOV-25-2000
NOV-28-1999
AUG-26-2000
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0
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1.11