UNITED STATES
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 February 28, 2015

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)

(276) 629-6000
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes __X__ No_____

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes __X__ No_____

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.
Large Accelerated Filer_____ Accelerated Filer __X__ Non-accelerated Filer_____ Smaller Reporting Company_____

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes_______No __X__

At March 27, 2015, 10,755,830 shares of common stock of the Registrant were outstanding.

BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES

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FOR THE PERIODS ENDED FEBRUARY 28, 2015 AND MARCH 1, 2014 – UNAUDITED
(In thousands except per share data)

	Quarter Ended	
	February 28, 2015	**March 1, 2014**
Sales revenue:		
Furniture and accessories	$ 89,548	$ 75,647
Logistics	3,259	-
Total sales revenue	92,807	75,647
Cost of furniture and accessories sold	41,930	35,394
Selling, general and administrative expenses excluding new store pre-opening costs	47,475	38,580
New store pre-opening costs	-	587
Lease exit costs	419	-
Asset impairment charges	106	-
Income from operations	2,877	1,086
Remeasurement gain on acquisition of affiliate	7,212	-
Other income (loss), net	(622)	285
Income before income taxes	9,467	1,371
Income tax expense	3,511	528
Net income	$ 5,956	$ 843
Retained earnings-beginning of period	106,339	104,526
Cash dividends	(821)	(656)
Retained earnings-end of period	$ 111,474	$ 104,713
Basic earnings per share	$ 0.57	$ 0.08
Diluted earnings per share	$ 0.56	$ 0.08
Dividends per share	$ 0.08	$ 0.06

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

PART I – FINANCIAL INFORMATION – CONTINUED
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(In thousands)

	Quarter Ended	
	February 28, 2015	**March 1, 2014**
Net income	$ 5,956	$ 843
Other comprehensive income:		
Amortization associated with supplemental executive retirement defined benefit plan (SERP)	59	41
Income taxes related to SERP	(22)	(16)
Other comprehensive income, net of tax	37	25
Total comprehensive income	$ 5,993	$ 868

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

PART I – FINANCIAL INFORMATION – CONTINUED
ITEM 1. FINANCIAL STATEMENTS
BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
FEBRUARY 28, 2015 AND NOVEMBER 29, 2014
(In thousands)

	(Unaudited) February 28, 2015	November 29, 2014
Assets		
Current assets		
Cash and cash equivalents	$ 12,256	$ 26,673
Short-term investments	23,125	23,125
Accounts receivable, net	17,683	15,228
Inventories	61,676	57,272
Deferred income taxes	5,288	5,268
Other current assets	13,449	7,796
Total current assets	133,477	135,362
Property and equipment, net	94,574	74,812
Deferred income taxes	5,412	9,701
Goodwill and other intangible assets	18,341	1,730
Other	8,611	19,141
Total long-term assets	32,364	30,572
Total assets	$ 260,415	$ 240,746
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 19,715	$ 22,251
Accrued compensation and benefits	8,546	8,931
Customer deposits	25,325	22,202
Dividends payable	-	2,102
Current portion of long-term debt	4,586	316
Other accrued liabilities	10,679	10,971
Total current liabilities	68,851	66,773
Long-term liabilities		
Post employment benefit obligations	11,444	11,498
Notes payable	10,708	1,902
Other long-term liabilities	3,701	3,741
Total long-term liabilities	25,853	17,141
Stockholders' equity		
Common stock	53,792	52,467
Retained earnings	111,474	106,339
Additional paid-in capital	2,382	-
Accumulated other comprehensive loss	(1,937)	(1,974)
Total stockholders' equity	165,711	156,832
Total liabilities and stockholders' equity	$ 260,415	$ 240,746

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

PART I – FINANCIAL INFORMATION – CONTINUED
ITEM 1. FINANCIAL STATEMENTS
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED FEBRUARY 28, 2015 AND MARCH 1, 2014 – UNAUDITED
(In thousands)

	Quarter Ended	
	February 28, 2015	**March 1, 2014**
Operating activities:		
Net income	$ 5,956	$ 843
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,146	1,692
Equity in undistributed income of investments and unconsolidated affiliated companies	(220)	(65)
Provision for restructuring and asset impairment charges	106	-
Non-cash portion of lease exit costs	419	-
Remeasurement gain on acquisition of affiliate	(7,212)	-
Deferred income taxes	4,278	12
Other, net	549	(699)
Changes in operating assets and liabilities:		
Accounts receivable	1,021	1,450
Inventories	(4,404)	(776)
Other current assets	(2,325)	14
Customer deposits	3,122	2,896
Accounts payable and accrued liabilities	(4,341)	(29)
Net cash provided by (used in) operating activities	(905)	5,338
Investing activities:		
Purchases of property and equipment	(3,918)	(6,899)
Proceeds from sales of property and equipment	-	1,407
Cash paid for business acquisition, net of cash acquired	(7,374)	-
Capital contribution to affiliate	(1,345)	-
Proceeds from maturity of short-term investments	-	5,000
Other	-	48
Net cash used in investing activities	(12,637)	(444)
Financing activities:		
Cash dividends	(2,923)	(2,828)
Proceeds from the exercise of stock options	1,410	-
Other issuance of common stock	85	82
Repurchases of common stock	(191)	(287)
Excess tax benefits from stock-based compensation	456	-
Repayments of notes payable	(372)	(68)
Proceeds from equipment loans	660	-
Net cash used in financing activities	(875)	(3,101)
Change in cash and cash equivalents	(14,417)	1,793
Cash and cash equivalents - beginning of period	26,673	12,733
		.
Cash and cash equivalents - end of period	$ 12,256	$ 14,526

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

1. 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 accounting principles generally accepted in the United States ("GAAP") for complete financial statements. In our opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included.

References to "ASC" included hereinafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board as the source of authoritative GAAP.

The condensed consolidated financial statements include the accounts of Bassett Furniture Industries, Incorporated ("Bassett", "we", "our", or the "Company") and our wholly-owned subsidiaries of which we have a controlling interest. The equity method of accounting was used for our investment in an affiliated company in which we exercised significant influence but did not maintain a controlling interest prior to the Zenith acquisition mentioned following. In accordance with ASC Topic 810, we have evaluated our licensees and certain other entities to determine whether they are variable interest entities ("VIEs") of which we are the primary beneficiary and thus would require consolidation in our financial statements. To date we have concluded that none of our licensees nor any other of our counterparties represent VIEs.

Revenue from the sale of furniture and accessories is reported in the accompanying condensed consolidated statements of income net of estimates for returns and allowances.

For comparative purposes, certain amounts from 2014 have been reclassified to conform to the 2015 presentation.

Zenith Acquisition

Prior to February 2, 2015 we held a 49% interest in Zenith Freight Lines, LLC ("Zenith") for which we used the equity method of accounting. On February 2, 2015 we acquired the remaining 51% ownership interest (see Note 3, Business Combinations). Accordingly, the results of Zenith have been consolidated with our results since the date of the acquisition. Sales of logistical services from Zenith to our wholesale and retail segments have been eliminated, and Zenith's operating costs and expenses since the date of acquisition are included in selling, general and administrative expenses in our condensed consolidated statements of net income. Our equity in the earnings of Zenith prior to the date of the acquisition is included in other income (loss), net, in the accompanying condensed consolidated statements of income.

2. Interim Financial Presentation

All intercompany accounts and transactions have been eliminated in the condensed consolidated financial statements. The results of operations for the three months ended February 28, 2015 are not necessarily indicative of results for the full fiscal year. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended November 29, 2014.

We calculate an anticipated effective tax rate for the year based on our annual estimates of pretax income and use that effective tax rate to record our year-to-date income tax provision. Any change in annual projections of pretax income could have a significant impact on our effective tax rate for the respective quarter. Our effective tax rates for the quarters ended February 28, 2015 and March 1, 2014 differ from the federal statutory rate primarily due to the effects of state income taxes and various permanent differences.

(Dollars in thousands except share and per share data)

3. Business Combination – Acquisition of Zenith

Prior to February 2, 2015 we held a 49% interest in Zenith for which we used the equity method of accounting. Zenith provides domestic transportation and warehousing services primarily to furniture manufacturers and distributors and also provides home delivery services to furniture retailers. We historically have contracted with Zenith to provide substantially all of our domestic freight, transportation and warehousing needs for the wholesale business. In addition, Zenith provides home delivery services for many of our Company-owned retail stores. On February 2, 2015, we acquired the remaining 51% of Zenith in exchange for cash, Bassett common stock and a note payable with a total fair value of $19,111. The value of the Bassett common stock was based on the closing market price of our shares on the acquisition date, discounted for lack of marketability due to restrictions on the seller's ability to transfer the shares. The restrictions on one half of the shares expire on the first anniversary of the acquisition, with the remainder expiring on the second anniversary. The note is payable in three annual installments of $3,000 each beginning February 2, 2016, and has been discounted to its fair value as of the date of the acquisition based on our estimated borrowing rate.

The carrying value of our 49% interest in Zenith prior to the acquisition was $9,480 (see Note 7, unconsolidated affiliated company). In connection with the acquisition, this investment was remeasured to a fair value of $16,692 resulting in the recognition of a gain of $7,212 during the quarter ended February 28, 2015. The impact of this gain upon our basic and diluted earnings per share is approximately $0.42, net of the related tax expense. The remeasured fair value of our prior interest in Zenith was estimated based on the fair value of the consideration transferred to acquire the remaining 51% of Zenith less an estimated control premium.

Under the acquisition method of accounting, the fair value of the consideration transferred along with the fair value of our previous 49% interest in Zenith was allocated to the tangible and intangible assets acquired and the liabilities assumed based on their estimated fair values as of the acquisition date with the remaining unallocated amount recorded as goodwill.

The total fair value of the acquired business was determined as follows:

Fair value of consideration transferred in exchange for 51% of Zenith:		
Cash	$	9,000
Bassett common stock, 89,485 shares, par value $5.00 per share, fair value at closing $18.72 per share		1,675
Note payable		8,436
Total fair value of consideration transferred to seller		19,111
Less effective settlement of previous amounts payable to Zenith at acquisition		(3,622)
Total fair value of consideration net of effective settlement		15,489
Fair value of Bassett's previous 49% interest in Zenith		16,692
Total fair value of acquired business	$	32,181

(Dollars in thousands except share and per share data)

The preliminary allocation of the fair value of the acquired business was based upon a preliminary valuation. Our estimates and assumptions are subject to change as we obtain additional information for our estimates during the measurement period (up to one year from the acquisition date). The primary areas of the preliminary allocation of the fair value of consideration transferred that are not yet finalized relate to the fair values of certain tangible and intangible assets acquired and the residual goodwill. The preliminary allocation of the fair value of the acquired business is as follows:

Allocation of the fair value of consideration transferred:		
Identifiable assets acquired:		
Acquired cash and cash equivalents	$	1,626
Accounts receivable, net		3,399
Prepaid expenses and other current assets		493
Property and equipment		18,109
Other long-term assets		646
Intangible assets		6,362
Total identifiable assets acquired		30,635
Liabilities assumed:		
Accounts payable and accrued liabilities		(4,417)
Notes payable		(4,329)
Total liabilities assumed		(8,746)
Net identifiable assets acquired		21,889
Goodwill		10,292
Total net assets acquired	$	32,181

Goodwill was determined based on the residual difference between the fair value of the consideration transferred and the value assigned to tangible and intangible assets and liabilities and is deductible for tax purposes. Among the factors that contributed to a purchase price resulting in the recognition of goodwill were Zenith’s reputation for best-in-class, fully integrated logistical services which are uniquely tailored to the needs of the furniture industry, as well as their ability to provide expedited delivery service which is increasingly in demand in the furniture industry.

A portion of the fair value of consideration transferred has been provisionally assigned to identifiable intangible assets as follows:

Description:	**Useful Life In Years**		**Fair Value**
Customer relationships	15	$	3,038
Trade names	Indefinite		2,490
Technology - customized applications	7		834
Total acquired intangible assets		$	6,362

The finite-lived intangible assets are being amortized on a straight-line basis over their useful lives. The indefinite-lived intangible asset and goodwill are not amortized but will be tested for impairment annually or between annual tests if an indicator of impairment exists.

The fair values of consideration transferred and net assets acquired were determined using a combination of Level 2 and Level 3 inputs as specified in the fair value hierarchy in ASC 820, *Fair Value Measurements and Disclosures*. See Note 12.

Acquisition costs related to the Zenith acquisition totaled $121 during the quarter ended February 28, 2015 and are included in selling, general and administrative expenses in the condensed consolidated statements of income. Approximately $100 of additional acquisition costs related to Zenith are expected to be incurred during the remainder of 2015. The acquisition costs are primarily related to legal, accounting and valuation services.

(Dollars in thousands except share and per share data)

The revenue of Zenith since February 2, 2015 that is included in our condensed consolidated statement of income for the quarter ended February 28, 2015 is $3,259 after the elimination of intercompany transactions. Net income of Zenith since the date of acquisition is not material. The pro forma results of operations for the acquisition of Zenith have not been presented because they are not material to our consolidated results of operations.

4. Goodwill and Other Intangible Assets

At February 28, 2015 goodwill and other intangible assets consisted of the following:

	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, Net
Intangibles subject to amortization			
Customer relationships	$ 3,038	$ (29)	$ 3,009
Technology - customized applications	834	(13)	821
Total intangible assets subject to amortization	3,872	(42)	3,830
Intangibles not subject to amortization:			
Trade names	2,490	-	2,490
Goodwill	12,021	-	12,021
Total goodwill and other intangible assets	$ 18,383	$ (42)	$ 18,341

At November 29, 2014 our only intangible asset was goodwill with a carrying value of $1,731.

Changes in the carrying amounts of goodwill by reportable segment were as follows:

	Wholesale	Retail	Logistics	Total
Balance as of November 29, 2014	$ 1,129	$ 602	$ -	$ 1,731
Goodwill arising from acquisition of Zenith	3,874	1,271	5,145	10,290
Balance as of February 28, 2015	$ 5,003	$ 1,873	$ 5,145	$ 12,021

The goodwill recognized in connection with our acquisition of Zenith remains subject to future adjustments before the close of the measurement period in the first quarter of fiscal 2016. Refer to Note 3, Business Combinations, for additional information regarding the Zenith acquisition. There were no accumulated impairment losses on goodwill as of February 28, 2015 or November 29, 2014.

Amortization expense associated with intangible assets during the quarters ended February 28, 2015 and March 1, 2014 was $42 and $0, respectively. Estimated future amortization expense for intangible assets that exist at February 28, 2015 is as follows:

Remainder of fiscal 2015	$ 240
Fiscal 2016	322
Fiscal 2017	322
Fiscal 2018	322
Fiscal 2019	322
Fiscal 2020	322
Thereafter	1,980
Total	$ 3,830

(Dollars in thousands except share and per share data)

5. Accounts Receivable

Accounts receivable consists of the following:

	February 28, 2015	November 29, 2014
Gross accounts receivable	$ 19,086	$ 16,477
Allowance for doubtful accounts	(1,403)	(1,249)
Accounts receivable, net	$ 17,683	$ 15,228

At February 28, 2015 and November 29, 2014 approximately 38% and 46%, respectively, of gross accounts receivable, and approximately 48% and 58%, respectively, of the allowance for doubtful accounts were attributable to amounts owed to us by our licensees. Our remaining receivables are primarily due from national account customers and traditional distribution channel customers.

Activity in the allowance for doubtful accounts for the three months ended February 28, 2015 was as follows:

	2015
Balance at November 29, 2014	$ 1,249
Acquired allowance on accounts receivable (Note 3)	209
Reductions to allowance	(55)
Balance at February 28, 2015	$ 1,403

We believe that the carrying value of our net accounts receivable approximates fair value. The inputs into these fair value estimates reflect our market assumptions and are not observable. Consequently, the inputs are considered to be Level 3 as specified in the fair value hierarchy in ASC Topic 820, *Fair Value Measurements and Disclosures*. See Note 12.

6. Inventories

Inventories are valued at the lower of cost or market. Cost is determined for domestic furniture inventories using the last-in, first-out (LIFO) method. The costs for imported inventories are determined using the first-in, first-out (FIFO) method.

Inventories were comprised of the following:

	February 28, 2015	November 29, 2014
Wholesale finished goods	$ 33,635	$ 31,399
Work in process	357	298
Raw materials and supplies	9,663	8,109
Retail merchandise	26,963	26,428
Total inventories on first-in, first-out method	70,618	66,234
LIFO adjustment	(7,554)	(7,550)
Reserve for excess and obsolete inventory	(1,388)	(1,412)
	$ 61,676	$ 57,272

(Dollars in thousands except share and per share data)

We estimate an inventory reserve for excess quantities and obsolete items based on specific identification and historical write-offs, taking into account future demand, market conditions and the respective valuations at LIFO. The need for these reserves is primarily driven by the normal product life cycle. As products mature and sales volumes decline, we rationalize our product offerings to respond to consumer tastes and keep our product lines fresh. If actual demand or market conditions in the future are less favorable than those estimated, additional inventory write-downs may be required. In determining reserves, we calculate separate reserves on our wholesale and retail inventories. Our wholesale inventories tend to carry the majority of the reserves for excess quantities and obsolete inventory due to the nature of our distribution model. These wholesale reserves primarily represent design and/or style obsolescence. Typically, product is not shipped to our retail warehouses until a consumer has ordered and paid a deposit for the product. We do not typically hold retail inventory for stock purposes. Consequently, floor sample inventory and inventory for delivery to customers account for the majority of our inventory at retail. Retail reserves are based on accessory and clearance floor sample inventory in our stores and any inventory that is not associated with a specific customer order in our retail warehouses.

Activity in the reserves for excess quantities and obsolete inventory by segment are as follows:

	Wholesale Segment	Retail Segment	Total
Balance at November 29, 2014	$ 1,060	$ 352	$ 1,412
Additions charged to expense	268	95	363
Write-offs	(285)	(102)	(387)
Balance at February 28, 2015	$ 1,043	$ 345	$ 1,388

Our estimates and assumptions have been reasonably accurate in the past. We have not made any significant changes to our methodology for determining inventory reserves in 2015 and do not anticipate that our methodology is likely to change in the future.

7. Unconsolidated Affiliated Company

Prior to February 2, 2015 we owned 49% of Zenith and accounted for our investment under the equity method. Our investment in Zenith at November 29, 2014 was $7,915 and is included in other assets in our condensed consolidated balance sheet. The balance of our investment in Zenith was adjusted for our equity in the earnings of Zenith through February 2, 2015 of $220, and increased by $1,345 representing our 49% share of a $2,745 capital contribution made to Zenith, a portion of which was used for retirement of certain of Zenith’s debt prior to the acquisition. This activity resulted in carrying value for our investment in Zenith of $9,480 on the date of acquisition. See Note 3 regarding the remeasurement of this carrying value to fair value in connection with the acquisition and the resulting gain.

At November 29, 2014, we owed Zenith $2,628 for services rendered to us. We believe the transactions with Zenith were recorded at current market rates. Prior to our acquisition on February 2, 2015, we recorded the following income from Zenith in other income (loss), net, in our condensed consolidated statements of income:

	Quarter Ended	
	February 28, 2015	March 1, 2014
Earnings recognized	$ 220	$ 65

(Dollars in thousands except share and per share data)

8. Notes Payable and Bank Credit Facility

Our notes payable consist of the following:

	February 28, 2015		
	Principal Balance	Unamortized Discount	Net Carrying Amount
Zenith acquisition note payable	$ 9,000	$ (541)	$ 8,459
Transportation equipment notes payable	3,229	-	3,229
Real estate notes payable	3,606	-	3,606
Total Debt	15,835	(541)	15,294
Less current portion	(4,881)	295	(4,586)
Total long-term debt	$ 10,954	$ (246)	$ 10,708

	November 29, 2014		
	Principal Balance	Unamortized Discount	Net Carrying Amount
Real estate notes payable	$ 2,218	$ -	$ 2,218
Less current portion	(316)	-	(316)
Total long-term debt	$ 1,902	$ -	$ 1,902

The future maturities of our notes payable are as follows:

Remainder of fiscal 2015	$ 1,500
Fiscal 2016	5,560
Fiscal 2017	4,165
Fiscal 2018	3,720
Fiscal 2019	486
Fiscal 2020	404
Thereafter	-
	$ 15,835

Zenith Acquisition Note Payable

As part of the consideration given for our acquisition of Zenith on February 2, 2015, we issued an unsecured note payable to the former owner in the amount of $9,000. The note is payable in three annual installments $3,000 beginning February 2, 2016. Interest is payable annually at the one year LIBOR rate, which was established at 0.62% on February 2, 2015 and resets on each anniversary of the note. The note was recorded at its fair value in connection with the acquisition resulting in a debt discount that is amortized to the principal amount through the recognition of non-cash interest expense over the term of the note. Interest expense resulting from the amortization of the discount was not material for the quarter ended February 28, 2015. The current portion of the note due within one year, including unamortized discount, is $2,705 at February 28, 2015.

Transportation Equipment Notes Payable

Certain of the transportation equipment operated in our logistical services segment is financed by notes payable in the amount of $3,229. These notes are payable in fixed monthly payments of principal and interest at fixed and variable rates ranging from 3.75% to 4.50% at February 28, 2015, with remaining terms of five to fifty months. The current portion of these notes due within one year at February 28, 2015 is $1,289. The notes are secured by tractors, trailers and local delivery trucks with a total net book value of $4,989 at February 28, 2015. In January of 2015, Zenith received a bank commitment in the amount of $1,307 to fund the purchase of new trailers, of which $660 was drawn the first quarter of fiscal 2015 with the remaining $647 expected to be drawn during the second quarter of fiscal 2015.

Real Estate Notes Payable

Certain of our retail real estate properties have been financed through commercial mortgages with interest rates of 6.73%. These mortgages are collateralized by the respective properties with net book values totaling approximately $6,093 and $6,127 at February 28, 2015 and November 29, 2014, respectively. The current portion of these mortgages due within one year was $321 and $316 as of February 28, 2015 and November 29, 2014, respectively.

Certain of the real estate located in Conover, NC and operated in our logistical services segment is subject to a note payable in the amount of $1,430. The note is payable in monthly installments of principal and interest at the fixed rate of 3.75% through October 2016, at which time the remaining balance on the note of approximately $1,050 will be due. The current portion of this note due within one year at February 28, 2015 is $270. The note is secured by land and buildings with a total net book value of $6,317 at February 28, 2015.

Fair Value

We believe that the carrying amount of our notes payable approximates fair value at both February 28, 2015 and November 29, 2014. In estimating the fair value, we utilize current market interest rates for similar instruments. The inputs into these fair value calculations reflect our market assumptions and are not observable. Consequently, the inputs are considered to be Level 3 as specified in the fair value hierarchy in ASC Topic 820, *Fair Value Measurements and Disclosures*. See Note 12.

Bank Credit Facility

Our credit facility with our bank provides for a line of credit of up to $15,000. This credit facility, which matures in December of 2015, is secured by our accounts receivable and inventory. The facility contains covenants requiring us to maintain certain key financial ratios. We are in compliance with all covenants under the agreement and expect to remain in compliance for the foreseeable future.

At February 28, 2015, we had $216 outstanding under standby letters of credit, leaving availability under our credit line of $14,784.

9. Commitments and Contingencies

We are involved in various legal and environmental matters, which arise in the normal course of business. Although the final outcome of these matters cannot be determined, based on the facts presently known, we believe that the final resolution of these matters will not have a material adverse effect on our financial position or future results of operations.

(Dollars in thousands except share and per share data)

We lease land and buildings that are used in the operation of our Company-owned retail stores as well as in the operation of certain of our licensee-owned stores, and we lease land and buildings at various locations throughout the continental United States for warehousing and distribution hubs used in our logistical services segment. We also lease tractors, trailers and local delivery trucks used in our logistical services segment. Our real estate lease terms range from one to 15 years and generally have renewal options of between five and 15 years. Some store leases contain contingent rental provisions based upon sales volume. Our transportation equipment leases have terms ranging from two to seven years with fixed monthly rental payments plus variable charges based upon mileage. The following schedule shows future minimum lease payments under non-cancellable operating leases with terms in excess of one year as of February 28, 2015:

	Retail Stores	Distribution Centers	Transportation Equipment	Total
Remainder of fiscal 2015	$ 13,893	$ 2,297	$ 1,944	$ 18,134
Fiscal 2016	16,776	2,821	2,232	21,829
Fiscal 2017	14,258	1,581	1,717	17,556
Fiscal 2018	11,818	360	806	12,984
Fiscal 2019	9,952	69	755	10,776
Fiscal 2020	8,670	-	671	9,341
Thereafter	23,090	-	30	23,120
	$ 98,457	$ 7,128	$ 8,155	$ 113,740

We also have guaranteed certain lease obligations of licensee operators. Lease guarantees range from one to ten years. We were contingently liable under licensee lease obligation guarantees in the amount of $3,020 and $3,164 at February 28, 2015 and November 29, 2014, respectively.

In the event of default by an independent dealer under the guaranteed lease, we believe that the risk of loss is mitigated through a combination of options that include, but are not limited to, arranging for a replacement dealer, liquidating the collateral (primarily inventory), and pursuing payment under the personal guarantees of the independent dealer. The proceeds of the above options are expected to cover the estimated amount of our future payments under the guarantee obligations, net of recorded reserves. The fair value of lease guarantees (an estimate of the cost to the Company to perform on these guarantees) at February 28, 2015 and November 29, 2014 was not material.

10. Post Employment Benefit Obligations

We have an unfunded Supplemental Retirement Income Plan (the “Supplemental Plan”) that covers one current and certain former executives. The liability for this plan was $10,358 and $10,376 as of February 28, 2015 and November 29, 2014, respectively, and is recorded as follows in the condensed consolidated balance sheets:

	February 28, 2015	November 29, 2014
Accrued compensation and benefits	$ 724	$ 724
Post employment benefit obligations	9,634	9,652
Total pension liability	$ 10,358	$ 10,376

Components of net periodic pension costs are as follows:

	Quarter Ended	
	February 28, 2015	March 1, 2014
Service cost	$ 26	$ 20
Interest cost	94	93
Amortization of transition obligation	11	11
Amortization of loss	48	30
Net periodic pension cost	$ 179	$ 154

(Dollars in thousands except share and per share data)

We have an unfunded Deferred Compensation Plan that covers one current executive and certain former executives and provides for voluntary deferral of compensation. This plan has been frozen with no additional participants or deferrals permitted. We recognized expense of $54 and $72 for the quarters ended February 28, 2015 and March 1, 2014, respectively. Our liability under this plan was $2,137 and $2,174 as of February 28, 2015 and November 29, 2014, respectively, and is recorded as follows in the condensed consolidated balance sheets:

	February 28, 2015	November 29, 2014
Accrued compensation and benefits	$ 328	$ 328
Post employment benefit obligations	1,809	1,846
Total deferred compensation liability	$ 2,137	$ 2,174

11. Earnings Per Share

The following reconciles basic and diluted earnings per share:

	Net Income	Weighted Average Shares	Net Income Per Share
For the quarter ended February 28, 2015:			
Basic earnings per share	$ 5,956	10,480,656	$ 0.57
Add effect of dilutive securities:			
Options and restricted shares	-	175,856	(0.01)
Diluted earnings per share	$ 5,956	10,656,512	$ 0.56
For the quarter ended March 1, 2014:			
Basic earnings per share	$ 843	10,691,646	$ 0.08
Add effect of dilutive securities:			
Options and restricted shares	-	151,157	-
Diluted earnings per share	$ 843	10,842,803	$ 0.08

For the three months ended February 28, 2015 and March 1, 2014, the following potentially dilutive shares were excluded from the computations as their effect was anti-dilutive:

	Quarter Ended	
	February 28, 2015	March 1, 2014
Stock options	-	207,500
Unvested performance shares	46,000	54,000
Total anti-dilutive securities	46,000	261,500

12. Financial Instruments and Fair Value Measurements

Financial Instruments

Our financial instruments include cash and cash equivalents, short-term investments in certificates of deposit, accounts receivable, cost method investments, accounts payable and long-term debt. Because of their short maturities, the carrying amounts of cash and cash equivalents, short-term investments in certificates of deposit, accounts receivable, and accounts payable approximate fair value. Our cost method investments generally involve entities for which it is not practical to determine fair values.

Investments

Our short-term investments of $23,125 at both February 28, 2015 and November 29, 2014 consisted of certificates of deposit (CDs) with original terms generally ranging from six to twelve months, bearing interest at rates ranging from 0.16% to 0.91%. At February 28, 2015, the weighted average remaining time to maturity of the CDs was approximately four months and the weighted average yield of the CDs was approximately 0.21%. Each CD is placed with a Federally insured financial institution and all deposits are within Federal deposit insurance limits. Due to the nature of these investments and their relatively short maturities, the carrying amount of the short-term investments at February 28, 2015 and November 29, 2014 approximates their fair value.

Fair Value Measurement

The Company accounts for items measured at fair value in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures*. ASC 820's valuation techniques are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect our market assumptions. ASC 820 classifies these inputs into the following hierarchy:

Level 1 Inputs– Quoted prices for identical instruments in active markets.

Level 2 Inputs– Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Inputs– Instruments with primarily unobservable value drivers.

We believe that the carrying amounts of our current assets and current liabilities approximate fair value due to the short-term nature of these items. The recurring estimate of the fair value of our notes payable for disclosure purposes (see Note 8) involves Level 3 inputs. Our primary non-recurring fair value estimates typically involve business acquisitions (Note 3) which involve a combination of Level 2 and Level 3 inputs, and asset impairments (Note 13) which utilize Level 3 inputs.

13. Asset Disposition, Impairment Charges and Accrued Lease Exit Costs

Asset Disposition

During the quarter ended February 28, 2015, we entered into a contract to sell our retail real estate investment property located in Sugarland, Texas. At February 28, 2015 the $2,835 carrying value of the land and building is classified as an asset held for sale and is included in other current assets in the accompanying balance sheet. This asset was included in other assets at November 29, 2014 along with our other investments in retail real estate. The sale of the real estate closed on March 12, 2015. During the quarter ended February 28, 2015, we recognized a non-cash charge of $182 to write down the carrying value of the Sugarland real estate to the selling price. This charge is included in other income (loss), net in our condensed consolidated income statement.

(Dollars in thousands except share and per share data)

Asset Impairment Charges and Lease Exit Costs

During the quarter ended February 28, 2015 we announced the closing of our Company-owned retail store location in Memphis, Tennessee. In connection with this closing, we recognized non-cash charges of $419 for the accrual of lease exit costs and $106 for the write off of abandoned leasehold improvements and other store assets.

The following table summarized the activity related to our accrued lease exit costs:

Balance at November 29, 2014	$	433
Provisions associated with Company-owned retail store closures		419
Payments and other		(5)
Balance at February 28, 2015	$	847
Current portion included in other accrued liabilities	$	406
Long-term portion included in other long-term liabilities		441
	$	847

14. Recent Accounting Pronouncements

In April 2014, the FASB issued Accounting Standards Update No. 2014-08 (ASU 2014-08), which updated the guidance in ASC Topic 205, Presentation of Financial Statements, and ASC Topic 360, Property, Plant and Equipment. The amendments in ASU 2014-08 change the criteria for reporting discontinued operations for all public and nonpublic entities. The amendments also require new disclosures about discontinued operations and disposals of components of an entity that do not qualify for discontinued operations reporting. This guidance will become effective for all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years, and therefore will become effective for us as of the beginning of our 2016 fiscal year. The adoption of this guidance is not expected to have a material impact upon our financial condition or results of operations.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 (ASU 2014-09), which creates ASC Topic 606, Revenue from Contracts with Customers, and supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In addition, ASU 2014-09 supersedes the cost guidance in Subtopic 605-35, Revenue Recognition—Construction-Type and Production-Type Contracts, and creates new Subtopic 340-40, Other Assets and Deferred Costs—Contracts with Customers. In summary, the core principle of Topic 606 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The amendments in ASU 2014-09 are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period, and early application is not permitted. Therefore the amendments in ASU 2014-09 will become effective for us as of the beginning of our 2018 fiscal year. The Company is currently assessing the impact of implementing the new guidance.

In January 2015, the FASB issued Accounting Standards Update No. 2015-01, *Income Statement — Extraordinary and Unusual Items* (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items. ASU 2015-01 eliminates the concept of reporting extraordinary items, but retains current presentation and disclosure requirements for an event or transaction that is of an unusual nature or of a type that indicates infrequency of occurrence. Transactions that meet both criteria would now also follow such presentation and disclosure requirements. For all entities, the guidance is effective for annual periods, and interim periods within those annual periods, beginning after 15 December 2015. Early adoption is permitted; however, adoption must occur at the beginning of an annual period. Therefore the amendments in ASU 2015-01 will become effective for us as of the beginning of our 2017 fiscal year. The adoption of this guidance is not expected to have a material impact upon our financial condition or results of operations.

15. Segment Information

We have strategically aligned our business into three reportable segments as defined in ASC 280, *Segment Reporting*, and as described below:

- **Wholesale.** The wholesale home furnishings segment is involved principally in the design, manufacture, sourcing, sale and distribution of furniture products to a network of Bassett stores (Company-owned and licensee-owned stores retail stores) and independent furniture retailers. Our wholesale segment includes our wood and upholstery operations as well as all corporate selling, general and administrative expenses, including those corporate expenses related to both Company- and licensee-owned stores.

- **Retail – Company-owned stores.** Our retail segment consists of Company-owned stores and includes the revenues, expenses, assets and liabilities and capital expenditures directly related to these stores.

- **Logistical services.** With our acquisition of Zenith on February 2, 2015, we created the logistical services operating segment which reflects the operations of Zenith. In addition to providing shipping, delivery and warehousing services for the Company, Zenith also provides similar services to other customers, primarily in the furniture industry. Revenue from the performance of these services to other customers is included in logistics revenue in our condensed consolidated statement of income. Zenith’s operating costs are included in selling, general and administrative expenses and total $6,007 from the date of acquisition through February 28, 2015. Amounts charged by Zenith to the Company for logistical services prior to the date of acquisition are included in selling, general and administrative expenses, and our equity in the earnings of Zenith prior to the date of acquisition is included in other income (loss), net, in the accompanying statements of income.

Inter-company net sales elimination represents the elimination of wholesale sales to our Company-owned stores and the elimination of Zenith logistics revenue from our wholesale and retail segments.. Inter-company income elimination includes the embedded wholesale profit in the Company-owned store inventory that has not been realized. These profits will be recorded when merchandise is delivered to the retail consumer. The inter-company income elimination also includes rent paid by our retail stores occupying Company-owned real estate, and the elimination of shipping and handling charges from Zenith for services provided to our wholesale and retail operations.

Prior to the beginning of fiscal 2015, our former investments and real estate segment included our short-term investments, our holdings of retail real estate previously leased as licensee stores, and our former equity investment in Zenith prior to acquisition. This segment has been eliminated and the assets formerly reported therein are now considered to be part of our wholesale segment. The earnings and costs associated with these assets, including our equity in the income of Zenith prior to the date of acquisition, will continue to be included in other income (loss), net, in our condensed consolidated statements of income.

(Dollars in thousands except share and per share data)

The following table presents our segment information:

	Quarter Ended	
	February 28, 2015	March 1, 2014
Sales Revenue		
Wholesale	$ 58,805	$ 51,086
Retail - Company-owned stores	57,183	47,124
Logistical services	5,999	-
Inter-company eliminations:		
Furniture and accessories	(26,440)	(22,563)
Logistical services	(2,740)	-
Consolidated	$ 92,807	$ 75,647
Income (loss) from Operations		
Wholesale	$ 2,927	$ 2,348
Retail - Company-owned stores	(42)	(1,772)
Logistical services	(8)	-
Inter-company elimination	525	510
Lease exit costs	(419)	-
Asset impairment charges	(106)	-
Consolidated	$ 2,877	$ 1,086
Depreciation and Amortization		
Wholesale	$ 534	$ 435
Retail - Company-owned stores	1,355	1,257
Logistical services	257	-
Consolidated	$ 2,146	$ 1,692
Capital Expenditures		
Wholesale	$ 961	$ 1,437
Retail - Company-owned stores	2,111	5,462
Logistical services	846	-
Consolidated	$ 3,918	$ 6,899

	As of February 28, 2015	As of November 29, 2014
Identifiable Assets		
Wholesale	$ 127,288	$ 154,275
Retail - Company-owned stores	88,909	86,471
Logistical services	44,218	-
Consolidated	$ 260,415	$ 240,746

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Bassett is a leading retailer, manufacturer and marketer of branded home furnishings. Our products are sold primarily through a network of Company-owned and licensee-owned branded stores under the Bassett Home Furnishings ("BHF") name, with additional distribution through other wholesale channels including multi-line furniture stores, many of which feature Bassett galleries or design centers, specialty stores and mass merchants. We were founded in 1902 and incorporated under the laws of Virginia in 1930. Our rich 113-year history has instilled the principles of quality, value, and integrity in everything that we do, while simultaneously providing us with the expertise to respond to ever-changing consumer tastes and to meet the demands of a global economy.

With 94 BHF stores at February 28, 2015, we have leveraged our strong brand name in furniture into a network of corporate and licensed stores that focus on providing consumers with a friendly environment for buying furniture and accessories. We created our store program in 1997 to provide a single source home furnishings retail store that provides a unique combination of stylish, quality furniture and accessories with a high level of customer service. The store features custom order furniture ready for delivery in less than 30 days, more than 1,000 upholstery fabrics, free in-home design visits, and coordinated decorating accessories. We believe that our capabilities in custom upholstery have become unmatched in recent years. Our manufacturing team takes great pride in the breadth of its options, the precision of its craftsmanship, and the speed of its delivery. The selling philosophy in the stores is based on building strong long-term relationships with each customer. Sales people are referred to as Design Consultants and are each trained to evaluate customer needs and provide comprehensive solutions for their home decor. We continue to strengthen the sales and design talent within our Company-owned retail stores. Our Design Consultants undergo extensive Design Certification training. This training has strengthened their skills related to our house call and design business, and is intended to increase business with our most valuable customers.

In order to reach markets that cannot be effectively served by our retail store network, we also distribute our products through other wholesale channels including multi-line furniture stores, many of which feature Bassett galleries or design centers, specialty stores and mass merchants. We use a network of over 25 independent sales representatives who have stated geographical territories. These sales representatives are compensated based on a standard commission rate. We believe this blended strategy provides us the greatest ability to effectively distribute our products throughout the United States and ultimately gain market share.

For many years we have owned 49% of Zenith Freight Lines, LLC ("Zenith"). During that time the strategic significance of our partnership with Zenith has risen to include the over-the-road transportation of furniture, the operation of regional wholesale distribution centers in eight states, and the management of various home delivery facilities that service Bassett Home Furnishings stores and other clients in local markets around the United States. On February 2, 2015, we acquired the remaining 51% of Zenith, which now operates as a wholly-owned subsidiary of Bassett. Our acquisition of Zenith brings to our Company the ability to deliver best-of-class shipping and logistical support services that are uniquely tailored to the needs of the furniture industry, as well as the ability to provide the expedited delivery service which is increasingly demanded by our industry. We believe that our ownership of Zenith will not only enhance our own wholesale and retail distribution capabilities, but will provide additional growth opportunities as Zenith continues to expand its service to other customers.

In September of 2011, we announced the formation of a strategic partnership with HGTV (Home and Garden Television), a division of Scripps Networks, LLC, which combines our 113 year heritage in the furniture industry with the penetration of 96 million households in the United States that HGTV enjoys today. As part of this alliance, the in-store design centers have been co-branded with HGTV to more forcefully market the concept of a "home makeover", an important point of differentiation for our stores that also mirrors much of the programming content on the HGTV network. We believe the new co-branded design centers coupled with the targeted national advertising on HGTV have played a key role in our improved comparable store sales since their introduction following the third quarter of 2012.

At February 28, 2015, our BFH store network included 60 Company-owned stores and 34 licensee-owned stores. Due to the improved operating performance of our retail network along with continued improvement in underlying economic factors such as the housing market and consumer confidence, we have been expanding our retail presence in various parts of the country. As part of this expansion we opened six new stores during fiscal 2014 as well as relocated two others.

We relocated our stores in San Antonio and Southlake, Texas during the first quarter of 2015 and expect to relocate our Newport News, Virginia store late this year (the lease for the existing location expires early in fiscal 2016). We have extended or plan to extend all four of the leases that were scheduled to expire in 2015. We also plan to continue opening new stores, primarily in underpenetrated markets where we currently have stores. We and certain licensees are actively engaged in site selection and lease negotiations for several new stores. We expect to open three to five new corporate stores in 2015, including one in Woodland Hills, California and one in Dulles, Virginia. We also expect one new store will be opened in 2015 by an existing licensee.

As with any retail operation, prior to opening a new store we incur such expenses as rent, training costs and other payroll related costs. These costs generally range between $100 to $300 per store depending on the overall rent costs for the location and the period between the time when we take possession of the physical store space and the time of the store opening. Generally, rent payments between time of possession and opening of a new store are deferred and therefore rent costs recognized during that time do not require cash. Inherent in our retail business model, we also incur significant losses in the first two to three months of operation following a new store opening. Similar to other furniture retailers, we do not recognize a sale in the income statement until the furniture is delivered to our customer. Because our retail business model does not involve maintaining a stock of retail inventory that would result in quick delivery and because of the custom nature of our furniture offerings, delivery to our customers usually does not occur until 30 days after an order is placed. We generally require a deposit at the time of order and collect the remaining balance when the furniture is delivered at which time the sale is recorded in the income statement. Coupled with the previously discussed store pre-opening costs, total start-up losses can range from $300 to $500 per store. While this expansion is initially costly to our operating results, we believe our site selection and new store presentation will generally result in locations that operate at or above a retail break-even level within 12 months of their opening. Even as these stores ramp up to break-even, we are realizing additional wholesale sales volume that will leverage the fixed costs in our wholesale business.

Our wholesale operations include an upholstery plant in Newton, North Carolina that produces a wide range of upholstered furniture. We believe that we are an industry leader with our quick-ship custom upholstery offerings. We also operate a custom dining manufacturing facility in Martinsville, Virginia. Most of our wood furniture and certain of our upholstery offerings are sourced through several foreign plants, primarily in Vietnam, Indonesia and China. We define imported product as fully finished product that is sourced internationally. For the first quarter of fiscal 2015, approximately 38% of our wholesale sales were of imported product compared to 45% for the first quarter of fiscal 2014. Our plans for 2015 include the launch of several significant new product categories. During the first quarter of 2015 we introduced the “Bassett Baby and Kids” program in an effort to leverage our 70 year history in the juvenile and youth furniture products category. These products are initially available solely on our website and in BHF retail stores. Another important new product program for 2015 is “Bench Made”, a selection of American handmade dining furniture that will begin to appear in retail showrooms during the second quarter of 2015. Partnering with nearby hardwood component manufacturers, we are preparing, distressing, finishing, and assembling an assortment of solid maple tables and chairs in our newly renovated Company-owned facility in Bassett, Virginia. Finally, we have undertaken a major makeover of our imported wood product assortment in 2015. All of these new products have been carefully designed in coordination with our merchants, designers, engineers and finishing technicians to achieve the upscale casual decor that we believe speaks to the Bassett consumer today. These new products are appearing in our stores in phases coinciding with key holiday selling periods throughout 2015. Our operating results for the first quarter of 2015 reflect the start-up costs associated with this increased level of product development activity.

(Dollars in thousands except share and per share data)

Results of Operations – Quarter ended February 28, 2015 compared with quarter ended March 1, 2014:

Net sales of furniture and accessories, logistics revenue, cost of furniture and accessories sold, selling, general and administrative (SG&A) expense, other charges and income (loss) from operations were as follows for the periods ended February 28, 2015 and March 1, 2014:

	Quarter Ended			
	February 28, 2015		March 1, 2014	
Sales revenue:				
Furniture and accessories	$ 89,548	96.5%	$ 75,647	100.0%
Logistics revenue	3,259	3.5%	-	0.0%
Total sales revenue	92,807	100.0%	75,647	100.0%
Cost of furniture and accessories sold	41,930	45.2%	35,394	46.8%
SG&A expenses	47,475	51.2%	38,580	51.0%
New store pre-opening costs	-	0.0%	587	0.8%
Other charges	525	0.5%	-	0.0%
Income from operations	$ 2,877	3.1%	$ 1,086	1.4%

On a consolidated basis, we reported total sales revenue for the first quarter of 2015 of $92,807 as compared to $75,647 for the first quarter of 2014. Total revenues for the first quarter of 2015 include $3,259 of logistics revenue from the date of our acquisition of Zenith, February 2, 2015, through February 28, 2015. Revenue from sales of furniture and accessories, net of estimates for returns and allowances, for the first quarter of 2015 were $89,548, an increase of $13,901, or 18%, over the first quarter of 2014. Gross margin on the sale of furniture and accessories for the first quarter of 2015 was $47,618, or 53.2% of the revenue from the sale of furniture and accessories, as compared with $40,253, or 53.2%, for the comparable prior year period. Operating income was $2,877 for the first quarter of 2015 as compared to $1,086 for the first quarter of 2014, an increase of $1,791 driven primarily by greater leveraging of fixed costs and lower new store related costs (both pre- and post- opening), partially offset by $525 of charges taken in the first quarter of 2015 related to the closing of our Company-owned retail store in Memphis, Tennessee. The impact of Zenith’s one month of operations since acquisition upon our operating results for the quarter was not significant.

Segment Information

We have strategically aligned our business into three reportable segments as described below:

Wholesale. The wholesale home furnishings segment is involved principally in the design, manufacture, sourcing, sale and distribution of furniture products to a network of Bassett stores (licensee-owned stores and Company-owned stores) and independent furniture retailers. Our wholesale segment includes our wood and upholstery operations as well as all corporate selling, general and administrative expenses, including those corporate expenses related to both Company- and licensee-owned stores. We eliminate the sales between our wholesale and retail segments as well as the imbedded profit in the retail inventory for the consolidated presentation in our financial statements.

Retail – Company-owned stores. Our retail segment consists of Company-owned stores and includes the revenues, expenses, assets and liabilities (including real estate) and capital expenditures directly related to these stores.

Logistical services. With our acquisition of Zenith on February 2, 2015, we created the logistical services operating segment which reflects the operations of Zenith. In addition to providing shipping, delivery and warehousing services for the Company, Zenith also provides similar services to other customers, primarily in the furniture industry. Revenue from the performance of these services to other customers is included in logistics revenue in our condensed consolidated statement of income. Zenith's operating costs are included in selling, general and administrative expenses. Amounts charged by Zenith to the Company for transportation and logistical services prior to February 2, 2015 are included in selling, general and administrative expenses, and our equity in the earnings of Zenith prior to the date of acquisition is included in other income (loss), net, in the accompanying statements of income.

Prior to the beginning of fiscal 2015, our former investments and real estate segment included our short-term investments, our holdings of retail real estate previously leased as licensee stores, and our former equity investment in Zenith prior to acquisition. This segment has been eliminated and the assets formerly reported therein are now considered to be part of our wholesale segment. The earnings and costs associated with these assets, including our equity in the income of Zenith prior to the date of acquisition, will continue to be included in other income (loss), net, in our condensed consolidated statements of income.

(Dollars in thousands except share and per share data)

The following tables illustrate the effects of various intercompany eliminations on income (loss) from operations in the consolidation of our segment results:

	Quarter Ended February 28, 2015				
	Wholesale	Retail	Logistics	Eliminations	Consolidated
Sales revenue:					
Furniture & accessories	$ 58,805	$ 57,183	$ -	$ (26,440) (1)	$ 89,548
Logistics	-	-	5,999	(2,740) (2)	3,259
Total sales revenue	58,805	57,183	5,999	(29,180)	92,807
Cost of furniture and accessories sold	39,982	28,400	-	(26,452) (3)	41,930
SG&A expense	15,896	28,825	6,007	(3,253) (4)	47,475
New store pre-opening costs	-	-	-	-	-
Income (loss) from operations (5)	$ 2,927	$ (42)	$ (8)	$ 525	$ 3,402

	Quarter Ended March 1, 2014				
	Wholesale	Retail	Logistics	Eliminations	Consolidated
Sales revenue:					
Furniture & accessories	$ 51,086	$ 47,124	$ -	$ (22,563) (1)	$ 75,647
Logistics	-	-	-	-	-
Total sales revenue	51,086	47,124	-	(22,563)	75,647
Cost of furniture and accessories sold	34,554	23,465	-	(22,625) (3)	35,394
SG&A expense	14,184	24,844	-	(448) (4)	38,580
New store pre-opening costs	-	587	-	-	587
Income (loss) from operations	$ 2,348	$ (1,772)	$ -	$ 510	$ 1,086

(1) Represents the elimination of sales from our wholesale segment to our Company-owned BHF stores.
(2) Represents the elimination of logistical services billed to our wholesale and retail segments.
(3) Represents the elimination of purchases by our Company-owned BHF stores from our wholesale segment, as well as the change for the period in the elimination of intercompany profit in ending retail inventory.
(4) Represents the elimination of rent paid by our retail stores occupying Company-owned real estate, and for the period ended February 28, 2015, logisitcal services expense incurred from Zenith by our retail and wholesale segments.
(5) Excludes the effects of asset impairment charges and lease exit costs, which are not allocated to our segments.

(Dollars in thousands except share and per share data)

The following is a discussion of operating results for our wholesale, retail and logistical services segments:

Wholesale segment

Results for the wholesale segment for the three months ended February 28, 2015 and March 1, 2014 are as follows:

	Quarter Ended			
	February 28, 2015		March 1, 2014	
Net sales	$ 58,805	100.0%	$ 51,086	100.0%
Gross profit	18,823	32.0%	16,532	32.4%
SG&A expenses	15,896	27.0%	14,184	27.8%
Income from operations	$ 2,927	5.0%	$ 2,348	4.6%

Net sales for the wholesale segment were $58,805 for the first quarter of 2015 as compared to $51,086 for the first quarter of 2014, an increase of $7,719 or 15%. This sales increase was driven by a 15% increase in shipments to the Bassett Home Furnishings store network and a 10% increase in open market shipments (outside the Bassett Home Furnishings store network). Gross margins for the wholesale segment were down slightly to 32.0% for the first quarter of 2015 as compared to 32.4% for the first quarter of 2014 driven largely by increased discounting of wood products as we prepare for a significant makeover of our imported wood furniture line. Pressure on the supply chain for imported products caused by the dockworker labor dispute and port slowdowns on the west coast has resulted in increased marine cargo costs which should slightly impact margins in the second quarter of 2015 as those products are shipped. Wholesale SG&A increased $1,712 to $15,896 for the first quarter of 2015 as compared to $14,184 for the first quarter of 2014. SG&A as a percentage of sales decreased to 27.0% as compared to 27.8% for the first quarter of 2014 primarily due to greater leverage of fixed costs from higher sales volumes. We incurred an additional $332 of advertising and website costs largely associated with the rollout of the previously-announced Bassett Baby and Kids initiative and related website improvements and $121of costs associated with the acquisition of Zenith Freight Lines, LLC. Operating income was $2,927 or 5.0% of sales as compared to $2,348 or 4.6% of sales in the prior year quarter.

Wholesale shipments by type:	Quarter Ended			
	February 28, 2015		March 1, 2014	
Wood	$ 20,313	34.5%	$ 19,695	38.6%
Upholstery	37,872	64.4%	30,683	60.1%
Other	620	1.1%	708	1.4%
Total	$ 58,805	100.0%	$ 51,086	100.0%

Wholesale Backlog

The dollar value of wholesale backlog, representing orders received but not yet shipped to dealers and Company stores, was $17,715 at February 28, 2015 as compared with $13,785 at March 1, 2014.

(Dollars in thousands except share and per share data)

Retail – Company-owned stores segment

Results for the retail segment for the three months ended February 28, 2015 and March 1, 2014 are as follows:

	Quarter Ended			
	February 28, 2015		March 1, 2014	
Net sales	$ 57,183	100.0%	$ 47,124	100.0%
Gross profit	28,783	50.3%	23,659	50.2%
SG&A expenses	28,825	50.4%	24,844	52.7%
New store pre-opening costs	-	0.0%	587	1.2%
Loss from operations	$ (42)	-0.1%	$ (1,772)	-3.8%

Results for the 54 comparable stores† are as follows:

	Quarter Ended			
	February 28, 2015		March 1, 2014	
Net sales	$ 52,087	100.0%	$ 45,356	100.0%
Gross profit	26,147	50.2%	22,727	50.1%
SG&A expenses	25,883	49.7%	23,355	51.5%
Income (loss) from operations	$ 264	0.5%	$ (628)	-1.4%

† "Comparable" stores include those locations that have been open and operated by the Company for all of each respective comparable period.

Results for all other stores are as follows:

	Quarter Ended			
	February 28, 2015		March 1, 2014	
Net sales	$ 5,096	100.0%	$ 1,768	100.0%
Gross profit	2,636	51.7%	932	52.7%
SG&A expenses	2,942	57.7%	1,489	84.2%
New store pre-opening costs	-	0.0%	587	33.2%
Loss from operations	$ (306)	-6.0%	$ (1,144)	-64.7%

Net sales for the 60 Company-owned Bassett Home Furnishings stores were $57,183 for the first quarter of 2015 as compared to $47,124 for the first quarter of 2014, an increase of $10,059 or 21%. The increase was primarily due to a $6,731 or 15% increase in comparable store sales coupled with a $3,328 increase in non-comparable store sales from 6 new stores opened in the last 15 months.

While we do not recognize sales until goods are delivered to the consumer, management tracks written sales (the retail dollar value of sales orders taken, rather than delivered) as a key store performance indicator. Written sales for comparable stores increased by 14% for the first quarter of 2015 as compared to the first quarter of 2014.

The consolidated retail operating loss for the first quarter of 2015 was $42 as compared to a loss of $1,772 for the first quarter of 2014. The 54 comparable stores generated operating income of $264 for the quarter, or 0.5% of sales, as compared to a loss of $628 for the prior year quarter. Gross margins were 50.2% for the first quarter of 2015 compared to 50.1% for the first quarter of 2014. SG&A expenses for comparable stores increased $2,528 to $25,883 or 49.7% of sales as compared to 51.5% of sales for the first quarter of 2014. This decrease is primarily due to greater leverage of fixed costs due to higher sales volumes.

Losses from the non-comparable stores in the first quarter of fiscal 2015 were $306 compared with $1,144 for the first quarter of fiscal 2014. This decrease is primarily from $587 of pre-opening costs recognized in the first quarter of 2014 due to the six new store openings in 2014. These costs included rent, training costs and other payroll-related costs specific to a new store location incurred during the period leading up to its open and generally range between $100 to $300 per store based on the overall rent costs for the location and the period between the time when the Company takes possession of the physical store space and the time of the store opening. Also included in the non-comparable store loss for the first quarter of 2014 was $513 in post-opening losses from these four store openings. We incur losses in the first two to three months of operation following a store opening as sales are not recognized in the income statement until the furniture is delivered to its customers resulting in operating expenses without the normal sales volume. Because we do not maintain a stock of retail inventory that would result in quick delivery, and because of the custom nature of the furniture offerings, such deliveries are generally not made until after 30 days from when the furniture is ordered by the customer. Coupled with the pre-opening costs, total start-up losses typically amount to $300 to $500 per store.

Each addition to our Company-owned store network results in incremental fixed overhead costs, primarily associated with local store personnel, occupancy costs and warehousing expenses. The incremental SG&A expenses associated with each new store will be ongoing.

Retail Backlog

The dollar value of our retail backlog, representing orders received but not yet delivered to customers, was $33,836, or an average of $564 per open store at February 28, 2015 as compared with $26,515, or an average of $449 per open store at March 1, 2014.

(Dollars in thousands except share and per share data)

Logistical services segment

Results for our logistical services segment for the quarter ended February 28, 2015 are comprised of the results of Zenith from the date of acquisition, February 2, 2015, and are as follows:

Logistics revenue	$	5,999
Operating expenses		6,007
Loss from operations	$	(8)

Operating expenses for the period of approximately one month since acquisition include depreciation and amortization of $257.

Other items affecting Net Income

Acquisition of Zenith

On February 2, 2015 we acquired the remaining 51% ownership interest in Zenith in exchange for cash, Bassett common stock and a note payable with a total fair value of $19,111 which, along with the fair value of our prior 49% interest in Zenith, results in a total enterprise value for Zenith of $35,803. In accordance with the acquisition method of accounting, we recognized a gain of $7,212 during the first quarter of fiscal 2015 for the remeasurement of our previous interest in Zenith. For additional information regarding our acquisition of Zenith, see Note 3 to our condensed consolidated financial statements.

Other income (loss), net

Other loss, net, for the first quarter of fiscal 2015 was $622 as compared to other income, net, of $285 for the first quarter of fiscal 2014. This change is primarily attributable to the recognition during the first quarter of fiscal 2014 of $662 in death benefits receivable from life insurance policies covering a former executive and a $182 charge taken during the first quarter of 2015 to write down the carrying value of retail real estate in Sugarland, Texas, which was held for sale at February 28, 2015.

Prior to our acquisition of Zenith on February 2, 2015, we owned a 49% interest in the company for which we used the equity method of accounting. Accordingly, our equity in the income of Zenith prior to the acquisition date is included in other income (loss), net, and was $220 and $65 for the quarters ended February 28, 2015 and March 1, 2014, respectively.

Income taxes

We calculate an anticipated effective tax rate for the year based on our annual estimates of pretax income or loss and use that effective tax rate to record our year-to-date income tax provision. Any change in annual projections of pretax income or loss could have a significant impact on our effective tax rate for the respective quarter. Our effective tax rate for the quarter ended February 28, 2015 differs from the federal statutory rate primarily due to the effects of state income taxes and various permanent differences. Our fiscal 2013 and 2012 income tax returns are currently under examination by the Internal Revenue.

Liquidity and Capital Resources

We are committed to maintaining a strong balance sheet in order to weather difficult industry conditions, to allow us to take advantage of opportunities as market conditions improve, and to execute our long-term retail strategies.

Cash Flows

Cash used in operations for the first three months of 2015 was $905 compared to cash provided by operations of $5,338 for the first three months of 2014, representing a decrease of $6,243 in cash flows from operations. The decline is primarily the result of increases in inventory levels due to the introduction of new products and increased purchase activity to support higher order volume and backlog levels. In addition, a significant amount of trade payables arising from inventory build-up that occurred during the fourth quarter of fiscal 2014 were paid during the first quarter of 2015.

Our overall cash position decreased by $14,417 during the first quarter of 2014. In addition to the cash used in operations, we used $12,637 of cash in investing activities, primarily consisting of cash paid for the acquisition of Zenith (net of cash acquired), a capital contribution made to Zenith prior to the acquisition, and capital expenditures which were primarily for retail store relocations. Net cash used in financing activities was $875, consisting primarily of dividend payments and stock repurchases partially offset by proceeds from the issuance of stock. With cash and cash equivalents and short-term investments totaling $35,381 on hand at February 28, 2015, we believe we have sufficient liquidity to fund operations for the foreseeable future.

Debt and Other Obligations

Our credit facility with our bank provides for a line of credit of up to $15,000 and is secured by our accounts receivable and inventory. The facility contains covenants requiring us to maintain certain key financial ratios. We are in compliance with all covenants under the agreement and expect to remain in compliance for the foreseeable future. The line will mature in December 2015, at which time we expect to obtain a new line under substantially similar terms. At February 28, 2015, we had $216 outstanding under standby letters of credit, leaving availability under our credit line of $14,784.

At February 28, 2015 we have outstanding principal totaling $15,835, excluding discounts, under notes payable of which $4,880 matures within one year of the balance sheet date. See Note 8 to our condensed consolidated financial statements for additional details regarding these notes, including collateral and future maturities. We expect to satisfy these obligations as they mature using cash flow from operations or our available cash on hand.

We lease land and buildings that are used in the operation of our Company-owned retail stores as well as in the operation of certain of our licensee-owned stores, and we lease land and buildings at various locations throughout the continental United States for warehousing and distribution hubs used in our logistical services segment. We also lease tractors, trailers and local delivery trucks used in our logistical services segment. We had obligations of $113,740 at February 28, 2015 for future minimum lease payments under non-cancelable operating leases having remaining terms in excess of one year. We also have guaranteed certain lease obligations of licensee operators. Remaining terms under these lease guarantees range from approximately one to five years. We were contingently liable under licensee lease obligation guarantees in the amount of $3,020 at February 28, 2015. See Note 9 to our condensed consolidated financial statements for additional details regarding our leases and lease guarantees.

(Dollars in thousands except share and per share data)

Investment in Retail Real Estate

We have a substantial investment in real estate acquired for use as retail locations. To the extent such real estate is occupied by Company-owned retail stores, it is included in property and equipment, net, in the accompanying condensed consolidated balance sheets and is considered part of our retail segment. The net book value of such retail real estate occupied by Company-owned stores was $27,719 at February 28, 2015. All other retail real estate that we own, including locations leased to our licensees, locations leased to non-licensees, and vacant locations is included in other assets in the accompanying condensed consolidated balance sheets. The net book value of such real estate, which is considered part of our wholesale segment, was $3,234 at February 28, 2015.

The following table summarizes our total investment in retail real estate owned at February 28, 2015:

	Number of Locations	Aggregate Square Footage	Net Book Value
Real estate occupied by Company-owned and operated stores, included in property and equipment, net (1)	11	276,887	$ 27,719
Investment real estate leased to others, included in other assets	2	41,021	3,234
Total Company investment in retail real estate	13	317,908	$ 30,953

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, included in our Annual Report on Form 10-K for the fiscal year ended November 29, 2014.

Off-Balance Sheet Arrangements

We utilize stand-by letters of credit in the procurement of certain goods in the normal course of business. We lease land and buildings that are primarily used in the operation of both Company-owned and licensee stores as well as land and buildings used in our logistical services segment. We also lease transportation equipment used in our logistical services segment. We have guaranteed certain lease obligations of licensee operators of the stores, as part of our retail expansion strategy. See Note 9 to our condensed consolidated financial statements for further discussion of operating leases and lease guarantees, including descriptions of the terms of such commitments and methods used to mitigate risks associated with these arrangements.

Contingencies

We are involved in various legal and environmental matters, which arise in the normal course of business. Although the final outcome of these matters cannot be determined, based on the facts presently known, it is our opinion that the final resolution of these matters will not have a material adverse effect on our financial position or future results of operations. See Note 9 to our condensed consolidated financial statements for further information regarding certain contingencies as of February 28, 2015.

Item 3. Quantitative and Qualitative Disclosure about Market Risk:

We are exposed to market risk from changes in the value of foreign currencies. Substantially all of our imports purchased outside of North America are denominated in U.S. dollars. Therefore, we believe that gains or losses resulting from changes in the value of foreign currencies relating to foreign purchases not denominated in U.S. dollars would not be material to our results from operations in fiscal 2015.

We are exposed to market risk from changes in the cost of raw materials used in our manufacturing processes, principally wood, woven fabric, and foam products. A recovery in home construction could result in increases in wood and fabric costs from current levels, and the cost of foam products, which are petroleum-based, is sensitive to changes in the price of oil.

We are also exposed to commodity price risk related to diesel fuel prices for fuel used in our logistical services segment. We manage our exposure to that risk primarily through the application of fuel surcharges to our customers.

We have potential exposure to market risk related to conditions in the commercial real estate market. Our retail real estate holdings of $3,234 at February 28, 2015 for stores formerly operated by licensees as well as our holdings of $27,719 at February 28, 2015 for Company-owned stores could suffer significant impairment in value if we are forced to close additional stores and sell or lease the related properties during periods of weakness in certain markets. Additionally, if we are required to assume responsibility for payment under the lease obligations of $3,020 which we have guaranteed on behalf of licensees as of February 28, 2015, we may not be able to secure sufficient sub-lease income in the current market to offset the payments required under the guarantees.

Item 4. Controls and Procedures:

The Company’s principal executive officer and principal accounting officer have evaluated the Company’s disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon their evaluation, the principal executive officer and principal accounting officer concluded that the Company’s disclosure controls and procedures are effective at a reasonable assurance level. There has been no change in the Company’s internal control over financial reporting during the Company’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Safe-harbor, forward-looking statements:

The discussion in items 2 and 3 above 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 and subsidiaries. Such forward-looking statements are identified by use of forward-looking words such as *"anticipates"*, *"believes"*, *"plans"*, *"estimates"*, *"expects"*, *"aimed"* and *"intends"* or words or phrases of similar expression. 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 are listed in our Annual Report on Form 10-K for fiscal 2014 and include:

- competitive conditions in the home furnishings industry
- general economic conditions
- overall retail traffic levels and consumer demand for home furnishings
- ability of our customers and consumers to obtain credit
- Bassett store openings
- store closings and the profitability of the stores (independent licensees and Company-owned retail stores)
- ability to implement our Company-owned retail strategies and realize the benefits from such strategies as they are implemented
- fluctuations in the cost and availability of raw materials, fuel, labor and sourced products
- results of marketing and advertising campaigns
- information and technology advances
- future tax legislation, or regulatory or judicial positions
- ability to efficiently manage the import supply chain to minimize business interruption
- concentration of domestic manufacturing, particularly of upholstery products, and the resulting exposure to business interruption from accidents, weather and other events and circumstances beyond our control
- the risk that we may not achieve the strategic benefits of our acquisition of Zenith.

PART II - OTHER INFORMATION
BASSETT FURNITURE INDUSTRIES INCORPORATED AND SUBSIDIARIES
FEBRUARY 28, 2015
(Dollars in thousands except share and per share data)

Item 1. Legal Proceedings

None

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

	Total Shares Purchased	Avg Price Paid	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
November 30, 2014 – January 3, 2015	9,100	$ 19.05	9,100	$ 19,827
January 4, 2015 – January 31, 2015	900	$ 19.61	900	$ 19,809
February 1, 2015 – February 28, 2015	-	-	-	$ 19,809

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(1) The Company is authorized to repurchase Company stock under a plan which was originally announced in 1998. On October 9, 2014, the Board of Directors increased the remaining limit of the repurchase plan to $20,000.

Item 3. Defaults Upon Senior Securities

None.

Item 6. Exhibits

a. Exhibits:

Exhibit 3a – Articles of Incorporation as amended are incorporated herein by reference to the Exhibit to Form 10-Q for the fiscal quarter ended February 28, 1994.

Exhibit 3b – By-laws as amended to date are incorporated herein by reference to Exhibit 3b to Form 10-Q for the fiscal quarter ended August 25, 2012, filed October 4, 2012.

Exhibit 4 – Registrant hereby agrees to furnish the SEC, upon request, instruments defining the rights of holders of long-term debt of the Registrant.

Exhibit 10 – Employment agreement dated as of February 2, 2015 between Zenith Freight Lines, LLC and Jack L. Hawn, Jr.

Exhibit 31a – Chief Executive Officer's certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 31b – Chief Accounting Officer's certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 32a – Chief Executive Officer's certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 32b – Chief Accounting Officer's certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 101 – The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 2015, formatted in Extensible Business Reporting Language (“XBRL”): (i) condensed consolidated balance sheets, (ii) condensed consolidated statements of operations and retained earnings, (iii) condensed consolidated statements of cash flows, and (iv) the notes to the condensed consolidated financial statements, tagged as blocks of text.

Exhibit 101.INS XBRL Instance

Exhibit 101.SCH XBRL Taxonomy Extension Schema

Exhibit 101.CAL XBRL Taxonomy Extension Calculation

Exhibit 101.DEF XBRL Taxonomy Extension Definition

Exhibit 101.LAB XBRL Taxonomy Extension Labels

Exhibit 101.PRE XBRL Taxonomy Extension Presentation

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/ ROBERT H. SPILMAN, JR.
Robert H. Spilman, Jr., President and Chief Executive Officer
April 9, 2015

/s/ J. MICHAEL DANIEL
J. Michael Daniel, Senior Vice President and Chief Financial Officer
April 9, 2015

EMPLOYMENT AGREEMENT

This Employment Agreement (“Agreement”) is made this 2nd day of February, 2015 between Zenith Freight Lines, LLC, a North Carolina limited liability company (the “Company”), and Jack L. Hawn, Jr., a resident of Catawba County, North Carolina (“Employee”).

WHEREAS, the Company seeks to offer Employee employment with the Company subject to the terms and conditions set forth herein.

NOW, THEREFORE, the parties, intending to be legally bound and in consideration of the promises and mutual covenants and agreements contained herein, hereby stipulate and agree as follows:

1. **Term of Employment**. The term of the Employee’s employment by the Company under this Agreement shall be for a period of four (4) years, commencing on the date hereof and ending on the fourth anniversary of the date hereof, unless earlier terminated by either the Employee or the Company pursuant to Section 5.

2. **Duties of Employee**.

(a) Employee shall be employed by the Company as its President and shall report directly to the Chief Executive Officer of Bassett Furniture Industries, Incorporated (the “CEO”). Employee will be responsible for rendering services and duties in conjunction with the operation of the Company. Employee’s assigned place of business shall be in Conover, North Carolina.

(b) Employee shall at all times discharge Employee’s responsibilities and duties in compliance with the rules and regulations of the Company and in accordance with the policies and reasonable directives of the Company adopted from time to time.

(c) Employee shall serve the Company faithfully in the performance of Employee’s duties and shall devote Employee’s full time and best efforts to Employee’s employment, including the regularly established working hours and such additional time as the reasonable requirements of the Company and the performance of Employee’s duties require. Employee shall not during the term of this Agreement be engaged in any other business activity which interferes with Employee’s obligations under this Agreement, whether or not such business activity is pursued for gain, profit, or other pecuniary advantage, without the prior written approval of the CEO.

3. **Compensation**. For all services rendered by Employee under this Agreement, Employee shall be entitled to receive, from the commencement of employment, an annual base salary (“Annual Base Salary”) of $300,000, which shall be paid according to the Company’s normal payroll practices, less normal and appropriate withholdings. Base salary may be increased by the Company at its discretion. Employee shall be entitled to participate in Bassett Furniture Industries, Incorporated stock option, bonus and similar compensation plans. For purposes of determining Employee’s benefits under those plans, Employee’s job classification shall be Senior Vice President.

4. **Fringe Benefits**. Employee shall receive with other similarly situated Employees of the Company, all of the fringe benefits to be established by the Company, together with the following additional fringe benefits, provided that Employee is otherwise eligible and desires to participate.

(a) Reimbursement for all business expenses which are ordinary, necessary and reasonable, including, without limitation, travel expenses, incurred by Employee in accordance with the policies, practices and procedures of the Company that may be in effect from time to time and in connection with the performance of Employee's duties pursuant to paragraph 2 of this Agreement; provided that Employee presents appropriate written vouchers, bills, reports or other substantiation for such expenses in a form acceptable to the Internal Revenue Services and in compliance with the Company's then applicable policy;

(b) Employee shall be entitled to participate in all Company sponsored group insurance policies and programs;

(c) Employee shall be provided with a Company supplied automobile, and the Company shall pay all costs of operation and maintenance associated with such automobile; and

(d) During each full calendar year of employment, Employee shall be entitled to paid vacation time in accordance with Company policy applicable to similarly situated employees. Vacation time may be taken at such times as are appropriate to the business needs of the Company. Any accrued but unused vacation time remaining at the end of a calendar year shall be forfeited and the Company shall not be obligated to pay Employee any additional compensation for unused vacation time.

5. **Termination of Employment**. This Agreement shall terminate as follows:

(a) Death or Disability. Employee's employment shall terminate automatically upon Employee's death. For purposes of this Agreement, Employee shall be deemed to be disabled if Employee suffers an illness or disability resulting in Employee's inability to perform the essential functions of Employee's duties hereunder, with or without reasonable accommodation, for a period of ninety (90) consecutive days. If Employee is unable to perform, due to illness or disability, the essential functions of Employee's position, with or without reasonable accommodation, for a period of ninety (90) consecutive days, then the Company shall give to Employee written notice of its intention to terminate Employee's employment. In such event, Employee's employment with the Company shall terminate effective on the thirtieth (30th) day after receipt of such notice by Employee provided that, within the thirty (30) days after such receipt, Employee shall not have returned to full time performance of Employee's duties.

(b) Cause. The Company may terminate Employee's employment at any time, without notice and with immediate effect, for Cause. For purposes of this Agreement, "Cause" shall mean (i) the willful and repeated failure of Employee to perform substantially the Employee's duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness) after having received written notice from the Company and an opportunity to correct; (ii) Employee's conviction of, or plea of guilty or nolo contendere to, a felony which is materially and demonstrably injurious to the Company; or (iii) Employee's willful engagement in material and gross misconduct in violation of Company policy.

(c) Resignation by Employee. Employee may terminate his employment upon one year's written notice to the Company of his resignation; provided that at any time following receipt of such notice the Company may by notice to Employee accelerate the termination of his employment and this Agreement to an earlier date. Notwithstanding any such acceleration, (i) if Employee has complied with the notice provisions of this paragraph 4(d) and complies with paragraphs 7, 8 and 9, unless otherwise mutually agreed, Employee shall receive his base salary for such one year period, payable over such period in accordance with the Company's usual payroll practices and subject to appropriate and normal withholdings.

(d) Termination without Cause. The Company may terminate this Agreement at any time without Cause.

6. **Obligations of Employee and the Company Upon Termination**. The parties agree as follows:

(a) Death or Disability. If Employee's employment is terminated by reason of Employee's death or disability, Employee or Employee's estate shall be paid Employee's salary described in paragraph 3 of this Agreement, together with those fringe benefits described in paragraph 4 above, through the end of the month during which Employee's death occurs or during which the date of termination occurs.

(b) Cause. If Employee's employment is terminated for Cause, such termination for Cause shall constitute an immediate termination of the Company's obligations pursuant to paragraphs 3 and 4 of this Agreement. Employee shall not be entitled to any compensation or benefits beyond the effective date of such termination for Cause.

(c) Resignation. If Employee resigns from employment, such resignation shall constitute an immediate termination of the Company's obligations pursuant to paragraphs 3 and 4 of this Agreement and, except as otherwise set forth in paragraph 5(c), Employee shall not be entitled to any compensation or benefits beyond the effective date of such resignation.

(d) Termination Without Cause. If Employee's employment with the Company is terminated without Cause, the Company shall upon termination of Employee's employment, provide Employee with the greater of (i) Annual Base Salary (paid in a lump sum or through regular payroll at the Company's discretion) for the remainder of the four (4) year period specified in paragraph 1 above; or (ii) the Severance Benefits (as defined in the Severance Plan), if any, due to Employee pursuant to the terms of the Bassett Furniture Industries, Inc. Severance Program for Officers and Management Employees (the "Severance Plan"). For purposes of determining Severance Benefits under the Severance Plan, Employee's job classification shall be Senior Vice President.

7. **Covenant Not to Disclose Confidential Information**.

(a) It is stipulated and agreed that the Company is engaged in the business of: transportation, warehousing, distribution, and logistics services for delivery of furniture and related goods, including home delivery (the "Business"). It is further stipulated and agreed that as a result of Employee's employment by the Company, and as a result of Employee's continued employment hereunder, Employee has and will have access to valuable, highly confidential, privileged and proprietary information not generally available in the public domain relating to the Company's Business (the "Confidential Information"). For purposes of this Agreement, "Confidential Information" means customer lists, customer requirements and specifications, financial data, sales figures, costs and pricing figures, marketing and other business plans, product development information, product design information, computer programs and listings, marketing concepts, personnel matters, drawings, specifications, instructions, methods, processes, techniques, shop practices, formulae or any other information relating to the Company's sales, technology, research data, and all other know-how, trade secrets or proprietary information, or any copies, elaborations, modifications and adaptations thereof, which are in the possession of the Company and which have not been published or disclosed to, and are not otherwise known to, the public. It is further acknowledged that the unauthorized use or disclosure by Employee of any of the Confidential Information would seriously damage the Company in its Business.

(b) As a consequence of the above, with respect to any Confidential Information which is obtained by Employee during or as the result of Employee's performance of services for the Company and/or its customers, vendors, suppliers and distributors and which is not generally available to the public, whatever its nature and form and whether obtained orally, by observation, from written materials or otherwise, Employee agrees as follows. During the term of this Agreement and after its termination or expiration for any reason:

(i) Employee will hold all such Confidential Information in strict confidence and will not use, publish, divulge or otherwise reveal or allow to be revealed any portion thereof to any third person, company or other entity, except to or with the prior written consent of the CEO;

(ii) Employee will use all reasonable precautions to assure that all such Confidential Information is properly protected and kept from unauthorized persons or entities, and will immediately report to the CEO any misuse of such Confidential Information that Employee may encounter by another person or entity;

(iii) Employee will make no use of any such Confidential Information except such use as is required in the performance of Employee's services for the Company or its customers; and

(iv) Upon termination of Employee's employment with the Company for any reason, or upon the Company's request, Employee will immediately deliver to the Company all documents, software, hardware, written materials and other items which contain such Confidential Information. After the termination of Employee's employment with the Company for any reason, Employee will not, without the CEO's prior written consent, use, divulge, disclose, furnish or make accessible to any third person, company or other entity, any aspect of the Confidential information.

8. **Ownership and Assignment of Inventions**. Employee understands and agrees that Employee is performing work for hire for the Company and that any Inventions developed or conceived by Employee during Employee's employment with the Company are the sole property of the Company. "Inventions" shall include any inventions, improvements, developments, discoveries, programs, designs, machinery, products, processes, information systems and software, as well as any other concepts, works and ideas, whether patentable or not, relating to any present or prospective activities or business of the Company. Employee agrees to make the Company aware of all such Inventions. To the maximum extent permitted by applicable law, Employee further agrees to assign and does hereby assign to the Company all rights, title and interest in and to all such Inventions hereafter made by Employee. Employee will, with reasonable reimbursement for expenses but at no other expense to the Company, at any time during or after Employee's employment with the Company, sign and deliver all lawful papers and cooperate in such other lawful acts reasonably necessary to allow the Company to secure, perfect and enforce such rights and title in the Inventions. This Section does not apply to any Invention for which Employee affirmatively proves that (a) no equipment, supplies, facility, or confidential or trade secret information of the Company was used; (b) which was developed entirely on Employee's own time, and (c) did not result, either directly or indirectly, from any work performed by Employee for the Company.

9. **Covenant Not to Compete**.

(a) In consideration of his employment with the Company, Employee covenants and agrees that for a period commencing on the date of separation from employment for any reason, and ending twelve (12) months thereafter, Employee will not directly or indirectly:

(i) (A) engage in the Business (as defined above); (B) enter the employ of, or render any services of the same or similar nature to those services provided under this Agreement to or for any entity engaging in the Business or; (C) become financially interested in any entity engaging in the Business in any capacity, including as an individual , partner, shareholder, member, officer, director, manager, principal, agent, trustee, employee or consultant, provided, however, that Employee and his affiliates collectively may own, directly or indirectly, securities of any entity traded on any national securities exchange or automated quotation system if Employee or such affiliate is not a controlling person of, or a member of a group which controls, such entity and does not, directly or indirectly, "beneficially own" (as defined in Rule 13d-3 of the Securities Exchange Act of 1934, as amended, without regard to the 60-day period referred to in Rule 13d-3(d)(1)(i)) 5.0% or more of any class of securities of such entity;

(ii) (A) induce or attempt to induce any officer, employee, consultant, contractor or agent of the Company to leave the Company's employment or otherwise reduce, terminate, restrict or otherwise materially alter its business relationship with the Company, (B) in any way interfere with the relationship between the Company and any of its officers, employees, consultants, contractors or agents, (C) employ, or otherwise engage as an employee, independent contractor or otherwise, any employee of the Company, or (D) induce or attempt to induce any customer, supplier, or other person or entity with whom the Company has a business relationship (a "Company Business Partner") to reduce, terminate, restrict or otherwise materially alter its business relationship with the Company; or

(iii) solicit the business of any person or entity known to it or him to be a customer of the Company, if he had personal contact with such person or entity, or had access to Confidential Information with regard to such person or entity, with respect to products or activities which compete in whole or in part with the products or activities of the Company.

(b) As used herein, the term "Territory" shall mean the following geographical areas: (A) each city and county in which the Company or a subsidiary of the Company is located; (B) each state in which the Company or any Company Business Partner is located; and (C) the United States of America.

(c) The parties hereto agree that the geographical areas in **Section 8(b)** and the other restrictions set forth in this **Section 8** are reasonable and completely severable and independent, and any invalidity or unenforceability of this Agreement with respect to any one area or any one restriction in this **Section 8** shall not render this Agreement unenforceable as applied to any one or more of the other areas or other restrictions herein.

10. **Remedies**. It is stipulated that a breach by Employee of the provisions of these paragraphs 7, 8 or 9 would cause irreparable damage to the Company. The Company, in addition to any other rights or remedies which the Company may have, shall be entitled to an injunction restraining Employee from violating or continuing any violation of the provisions of these paragraphs 7, 8 or 9. Such right to obtain injunctive relief may be exercised at the option of the Company, concurrently with, prior to, after or in lieu of, the exercise of any other rights or remedies which the Company may have as a result of any such breach or threatened breach. Employee agrees that upon breach of these paragraphs 7, 8 or 9 the Company shall be entitled to an accounting and repayment of all profits, royalties, compensation, and/or other benefits that Employee directly or indirectly has realized or may realize as a result of or in connection with, any such breach.

11. **Acknowledgment of Reasonableness**. Employee has carefully read and considered the provisions of this Agreement, the opportunity for consultation with an attorney of Employee's choice and agrees that the restrictions set forth herein are fair and reasonably required for the protection of the Company.

12. **Other Agreements/Warranties**. Employee warrants that he is not bound by the terms of a confidentiality agreement or non-competition agreement or any other agreement with a former employer or other third party which would preclude Employee from accepting employment with the Company or which would preclude Employee from effectively performing Employee's duties for the Company. Employee further warrants that Employee has the right to make all disclosures that Employee will make to the Company during the course of Employee's employment with the Company. Employee agrees that Employee shall not disclose to the Company, or seek to induce the Company to use, any confidential information in the nature of trade secrets or other proprietary information belonging to others and that in the event that the Company directs Employee to perform tasks that would result in the disclosure or use of any such confidential information, that Employee shall notify the Company in advance of any such disclosure.

13. **Surrender of Books and Records**. Employee acknowledges that all files, computer disks, records, lists, designs, specifications, books, products, plans and other materials or property owned or used by the Company in connection with the conduct of its business shall at all times remain the property of the Company, and that upon termination or expiration of this Agreement for any reason or upon the request of the Company, Employee will immediately surrender to the Company all such materials.

14. **Entire Agreement**. This Agreement contains the entire agreement of the parties hereto and supersedes and replaces all prior agreements, arrangements and understandings, whether written or oral; provided, however, it is expressly agreed that the confidentiality and shopright obligations contained herein shall be in addition to and not in lieu of any other obligations of Employee to the Company or its affiliates regarding confidentiality. which obligations shall remain in full force and effect. Moreover, this Agreement shall not be modified or changed in any respect except by a writing executed by both parties hereto.

15. **Successors and Assigns**. The rights and obligations of Employee under this Agreement, including but not limited to the provisions of paragraphs 7, 8 or 9 herein, shall inure to the benefit of the Company, its successors and assigns, and shall be binding upon Employee and Employee's respective successors, heirs and assigns. The Company shall have the right to assign, transfer or convey this Agreement to its affiliated companies, successor entities, or assignees or transferees of substantially all of the Company's business activities. This Agreement, being personal in nature to Employee, may not be assigned by Employee without the Company's prior written consent.

16. **Notice**. All notices required and permitted to be given under this Agreement shall be in writing and shall be deemed to have been given when mailed by certified or registered mail, return receipt requested, addressed to the intended recipient as follows, or at such other address as is provided by either party to the other:

If to the Company: Zenith Freight Lines, LLC
c/o Bassett Furniture Industries, Incorporated
3525 Fairystone Park Highway
Bassett, Virginia 24055
Attn: Jay Hervey, Vice President and General Counsel

If to Employee: Jack Hawn
383 6th Street
Hickory, NC 28601

17. **Governing Law; Forum**. This Agreement shall, in all respects, be governed by and construed according to the laws of the State of North Carolina. Any dispute or controversy arising out of or relating to this Agreement shall also be governed by the laws of the State of North Carolina. Any suit or other proceeding arising out of or relating to this Agreement shall be instituted and maintained in the state or federal courts of Mecklenburg County, North Carolina, and the parties hereby waive any objection to such jurisdiction and venue and irrevocably submit to the jurisdiction of such court in any such action or proceeding. Each party shall bear its own costs and expenses, including without limitation, attorneys' fees, in connection with any such suit or proceeding.

18. **Litigation and Regulatory Cooperation**. During and after Employee's employment, Employee shall cooperate fully with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while Employee was employed by the Company. Employee's full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after Employee's employment, Employee also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority if any such investigation or review relates to events or occurrences that transpired while Employee was employed by the Company. The Company shall reimburse Employee for any reasonable out of pocket expenses in connection with Employee's performance of obligations under this paragraph 18.

19. **General Provisions**.

(a) This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

(b) The parties may waive any breach or non-fulfillment by the other party of any provision of this Agreement. Any waiver of a breach of any provision of this Agreement shall not operate or be construed as a waiver of, or estoppel with respect to, any subsequent breach.

(c) The paragraph headings contained in this Agreement are for reference purposes only and she not affect in any way the meaning or interpretation of this Agreement.

(d) The provisions of paragraphs 7, 8 or 9 of this Agreement shall survive the termination of Employee's employment with the Company for any reason.

(e) Employee has carefully read and considered the provisions of this Agreement and agrees that the restrictions set forth herein are fair and reasonably required for the Company's protection.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the date first above written.

Employee:

____
Jack L. Hawn, Jr.

Zenith Freight Lines, LLC

____

By: ______________________________________

Title: ____________________________________

Exhibit 31.a

CERTIFICATIONS

I, Robert H. Spilman, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bassett Furniture Industries, Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 9, 2015

/s/ ROBERT H. SPILMAN, JR.
Robert H. Spilman, Jr.
President and Chief Executive Officer

Exhibit 31.b

CERTIFICATIONS

I, J. Michael Daniel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bassett Furniture Industries, Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 9, 2015

/s/ J. MICHAEL DANIEL
J. Michael Daniel
Senior Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Bassett Furniture Industries, Incorporated (the "Company") on Form 10-Q for the period ending February 28, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I Robert H. Spilman, Jr., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 9, 2015

/s/ ROBERT H. SPILMAN, JR.
Robert H. Spilman, Jr.
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Bassett Furniture Industries, Incorporated and will be retained by Bassett Furniture Industries, Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.b

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Bassett Furniture Industries, Incorporated (the “Company”) on Form 10-Q for the period ending February 28, 2015, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I J. Michael Daniel, Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 9, 2015

/s/ J. MICHAEL DANIEL
J. Michael Daniel
Senior Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Bassett Furniture Industries, Incorporated and will be retained by Bassett Furniture Industries, Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.