

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

FOR THE QUARTERLY PERIOD ENDED FEBRUARY 29, 1996

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

(State or other jurisdiction
of incorporation or organization)

54-0135270

(I.R.S. Employer
Identification No.)

Bassett, Virginia 24055

(Address of principal executive offices)
(Zip Code)

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

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

At February 29, 1996, 13,580,253 shares of common stock of the Registrant were outstanding.

PART I - FINANCIAL INFORMATION
 BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS - UNAUDITED

	THREE MONTHS ENDED FEBRUARY 29 (28),	
	1996	1995
	-----	-----
Net sales	\$111,951,020	\$123,550,551
Costs and expenses		
Cost of sales	94,183,120	102,928,562
Selling, general and administrative	15,487,133	16,016,344
	-----	-----
	109,670,253	118,944,906
	-----	-----
Income from operations	2,280,767	4,605,645
Other income, net	4,043,194	2,313,201
	-----	-----
Income before income taxes	6,323,961	6,918,846
Income taxes	1,610,000	2,022,500
	-----	-----
NET INCOME	4,713,961	4,896,346
Retained earnings - beginning of period	225,718,704	221,949,817
	-----	-----
Cash dividends	230,432,665	226,846,163
Purchase and retirement of common stock	(2,716,550)	(2,817,363)
	(1,428,396)	-0-
	-----	-----
Retained earnings - end of period	\$226,287,719	\$224,028,800
	=====	=====
NET INCOME PER SHARE	\$.35	\$.35
	=====	=====
DIVIDENDS PER SHARE	\$.20	\$.20
	=====	=====

 The accompanying note is an integral part of the condensed financial statements.

PART I - FINANCIAL INFORMATION - CONTINUED
 BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEET - UNAUDITED

ASSETS	FEBRUARY 29, 1996	NOVEMBER 30, 1995
Current Assets		
Cash and cash equivalents	\$ 65,344,100	\$ 51,331,119
Trade accounts receivable, less allowances for doubtful accounts and discounts	61,850,448	68,591,514
Inventories:		
Finished goods	45,260,771	46,490,589
Work in process	15,569,363	16,231,269
Raw materials and supplies	42,603,793	45,305,749
	103,433,927	108,027,607
Less LIFO adjustment	27,201,000	26,801,000
	76,232,927	81,226,607
Prepaid expenses	1,259,817	1,757,658
Deferred income taxes	2,269,000	2,008,000
	206,956,292	204,914,898
Property, Plant and Equipment		
Cost	212,540,312	211,790,217
Less allowances for depreciation	160,789,359	158,665,871
	51,750,953	53,124,346
Other Assets		
Investment in securities	32,417,494	39,055,319
Investment in affiliated companies	41,499,243	40,398,574
Other	9,151,994	9,227,317
	83,068,731	88,681,210
	\$341,775,976	\$346,720,454
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 24,876,257	\$ 29,710,299
Accrued compensation	3,552,168	4,778,966
Income taxes	2,295,770	902,476
	30,724,195	35,391,741
Deferrals		
Deferred liabilities	10,513,797	10,296,244
Deferred income taxes	1,994,000	2,129,000
	12,507,797	12,425,244
Stockholders' Equity		
Common stock	67,901,265	68,294,765
Retained earnings	226,287,719	225,718,704
Unrealized holding gains, net of tax	4,355,000	4,890,000
	298,543,984	298,903,469
	\$341,775,976	\$346,720,454

The accompanying note is an integral part of the condensed financial statements.

PART I - FINANCIAL INFORMATION - CONTINUED
 BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED

	THREE MONTHS ENDED FEBRUARY 29 (28),	
	1996	1995
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$11,231,680	\$ 5,874,788
INVESTING ACTIVITIES		
Net change in cost of investment securities	7,886,426	(2,378,258)
Purchases of property, plant and equipment	(799,458)	(3,038,893)
Proceeds from sale of property, plant and equipment	70,635	40,000
Dividend from affiliated company	-0-	272,376
Other	162,144	419,034
	-----	-----
	7,319,747	(4,685,741)
FINANCING ACTIVITIES		
Cash dividends	(2,716,550)	(2,817,363)
Purchase and retirement of common stock	(1,821,896)	-0-
	-----	-----
	(4,538,446)	(2,817,363)
CHANGE IN CASH AND CASH EQUIVALENTS	14,012,981	(1,628,316)
CASH AND CASH EQUIVALENTS - beginning of period	51,331,119	42,314,957
	-----	-----
CASH AND CASH EQUIVALENTS - end of period	\$65,344,100	\$40,686,641
	=====	=====

NOTE TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- I. Per share amounts are based on 13,614,639 and 14,086,815 weighted average number of shares outstanding at February 29 (28), 1996 and 1995, respectively.

PART I - FINANCIAL INFORMATION - CONTINUED
 BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES

BASIS OF PRESENTATION

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

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

RESULTS OF OPERATIONS:

Major components of net income expressed as a percentage of net sales:

	First Quarter Ending	February	
	-----	-----	
	1996	1995	1994
	----	----	----
Cost of sales	84.13%	83.31%	83.70%
Gross profit	15.87	16.69	16.30
SG&A expenses	13.83	12.96	12.71
Income from operations	2.04	3.73	3.59
Other income, net	3.61	1.87	1.91
Income before income taxes	5.65	5.60	5.50
Income taxes	1.44	1.64	1.61
Accounting change	-0-	-0-	.42
Net income	4.21	3.96	3.47

NET SALES

Net sales for the 1996 first quarter compared to prior years:

	1996	1995	1994
	----	----	----
Net sales (thousands)	\$111,951	\$123,551	\$121,664
Percentage change from prior year	(9.4)%	1.6%	1.1%

Retail furniture sales, which showed some signs of recovery in the latter part of last year's fourth quarter, slipped in December and January, with February showing some improvement. The overall slowdown in retail furniture sales in the first quarter was caused, in part, by declining consumer confidence. The January consumer confidence index sank to its lowest level in two years. This decline in retail furniture sales caused net sales for the quarter to fall \$11,600,000 compared to 1995. Shipments decreased in 1996 in all Divisions except Bedding which had a small increase.

COSTS AND EXPENSES

Cost of sales increased 82 basis points in the 1996 first quarter over 1995. This increase follows an increase of approximately 90 basis points in the full fiscal year 1995 over 1994. This decline in margins has been caused primarily by the inability to increase sales prices across all product lines to compensate for incurred raw material cost increases. This is shown by a comparison of the cost components comprising cost of sales as a percentage of net sales:

	First Quarter Ending	February	
	-----	-----	
	1996	1995	1994
	----	----	----
Materials	50.04%	49.39%	49.66%
Labor	21.29	21.54	21.41
Overhead	12.80	12.38	12.63
	-----	-----	-----
	84.13%	83.31%	83.70%

The deterioration in the overhead percentage was mainly due to reduced production schedules which had to be reduced during the quarter to adjust to the declining backlog. However, total overhead costs declined by almost \$1,000,000 in 1996 from 1995.

Selling, general and administrative expenses increased 87 basis points in the 1996 first quarter over 1995. The fixed costs in this classification were held under control in 1996 compared to 1995 and did not increase; however, the percentage relationship to net sales increased because of the decline in net

PART I - FINANCIAL INFORMATION - CONTINUED
 BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - CONTINUED RESULTS OF OPERATIONS - CONTINUED:

OTHER INCOME, NET

Components of other income (in thousands):

	First Quarter Ending February		
	1996	1995	1994
	-----	-----	-----
Equity in unremitted income of affiliated cos.	\$1,101	\$1,021	\$ 953
Dividends	438	543	543
Interest (principally tax exempt)	573	550	417
Gains from sales of investment securities	2,115	(30)	159
Other	(184)	229	255
	-----	-----	-----
	\$4,043	\$2,313	\$2,327
	=====	=====	=====

INCOME TAXES

The effective income tax rate has declined in 1996 because of the decline in operating income and the increase in not-fully-taxed other income:

	First Quarter Ending February		
	1996	1995	1994
	-----	-----	-----
Effective Income Tax Rate	25.5%	29.2%	29.3%

LIQUIDITY AND CAPITAL RESOURCES:

Cash provided by operating activities:

	First Quarter Ending February		
	1996	1995	1994
	-----	-----	-----
Cash provided by operating activities (thousands)	\$11,232	\$5,875	\$5,210

The increase in 1996 was caused by the decline in net current assets, exclusive of cash and cash equivalents.

The Company continued its program of purchase and retirement of its Common Stock in the first quarter of 1996 acquiring 78,700 shares at an average cost of \$23.15 for a total expenditure of \$1,822,000. In fiscal years 1995 and 1994, 429,701 shares and 361,386 shares were acquired for a total cost of \$10,125,000 and \$9,546,000, respectively.

The current ratio was 6.74 to 1 at February 29, 1996 and 5.79 to 1 at November 30, 1995. Working capital increased to \$176 million at February 29, 1996, up from \$170 million at November 30, 1995.

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

There were no material commitments for capital expenditures at February 29, 1996. Capital expenditures that will be made in the future for normal expansion or other operating purposes will be made from funds on hand or those generated from operations.

PART II - OTHER INFORMATION
BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- a. Exhibits
 - (27) Financial Data Schedule

SIGNATURES

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

BASSETT FURNITURE INDUSTRIES, INCORPORATED

/s/ ROBERT H. SPILMAN

Robert H. Spilman, Chairman of the Board and Chief Executive Officer

Date: April 12, 1996

/s/ PHILIP E. BOOKER

Philip E. Booker, Vice President, Controller (Chief Accounting Officer)

Date: April 12, 1996

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
QUARTERLY REPORT

For the quarter ended
February 29, 1996

Commission File Number
0-209

BASSETT FURNITURE INDUSTRIES, INCORPORATED
EXHIBIT INDEX

Exhibit No. -----	Exhibit Description -----	Page No. -----
27	Financial Data Schedule	page - 8

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3-MOS

	NOV-30-1996	
	DEC-1-1995	
	FEB-29-1996	
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