

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 MAY 31, 1995

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.)

Bassett, Virginia 24055

(Address of principal executive offices)
(Zip Code)

(703) 629-6000
(Registrant's telephone number, including area code)

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

At May 31, 1995, 14,087,654 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

	SIX MONTHS ENDED MAY 31,		THREE MONTHS ENDED MAY 31,	
	1995	1994	1995	1994
Net sales	\$242,568,556	\$256,303,646	\$119,018,005	\$134,639,355
Costs and expenses				
Cost of sales	202,624,957	210,669,159	99,696,395	108,841,705
Selling, general and administrative	32,506,437	32,627,185	16,490,093	17,156,766
	-----	-----	-----	-----
	235,131,394	243,296,344	116,186,488	125,998,471
	-----	-----	-----	-----
Income from operations	7,437,162	13,007,302	2,831,517	8,640,884
Other income, net	6,498,934	4,643,509	4,185,733	2,316,514
	-----	-----	-----	-----
Income before income taxes and cumulative effect of a change in accounting principle	13,936,096	17,650,811	7,017,250	10,957,398
Income taxes	(4,063,000)	(5,241,000)	(2,040,500)	(3,278,000)
	-----	-----	-----	-----
Income before cumulative effect of a change in accounting principle	9,873,096	12,409,811	4,976,750	7,679,398
Cumulative effect of a change in accounting principle	-0-	(510,200)	-0-	-0-
	-----	-----	-----	-----
NET INCOME	9,873,096	11,899,611	4,976,750	7,679,398
Retained earnings - beginning of period	221,949,817	216,211,676	224,028,800	217,542,249
	-----	-----	-----	-----
	231,822,913	228,111,287	229,005,550	225,221,647
Cash dividends	(5,634,893)	(5,756,080)	(2,817,530)	(2,866,440)
Retirement of purchased common stock	-0-	(2,340,298)	-0-	(2,340,298)
	-----	-----	-----	-----
Retained earnings - end of period	\$226,188,020	\$220,014,909	\$226,188,020	\$220,014,909
	=====	=====	=====	=====
EARNINGS PER SHARE:				
Income before cumulative effect of a change in accounting principle	\$.70	\$.86	\$.35	\$.53
Cumulative effect of a change in accounting principle	-0-	(.04)	-0-	-0-
	-----	-----	-----	-----
NET INCOME PER SHARE	\$.70	\$.82	\$.35	\$.53
	=====	=====	=====	=====
DIVIDENDS PER SHARE	\$.40	\$.40	\$.20	\$.20
	=====	=====	=====	=====

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

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

ASSETS	May 31, 1995	November 30, 1994
Current Assets		
Cash and cash equivalents	\$ 50,355,811	\$ 42,314,957
Trade accounts receivable, less allowances for doubtful accounts and discounts	63,880,769	71,936,750
Inventories:		
Finished goods	47,102,902	45,243,596
Work in process	15,300,067	15,588,696
Raw materials and supplies	44,327,012	44,588,519
	-----	-----
Less LIFO adjustment	106,729,981	105,420,811
	26,246,000	25,346,000
	-----	-----
Prepaid expenses	80,483,981	80,074,811
Prepaid income taxes	291,328	2,206,736
Deferred income taxes	-0-	274,675
	1,883,000	1,823,000
	-----	-----
Property, Plant and Equipment	196,894,889	198,630,929
Cost	212,440,583	207,227,241
Less allowances for depreciation	157,352,365	152,673,335
	-----	-----
	55,088,218	54,553,906
Other Assets		
Investment in securities	47,222,805	43,638,983
Investment in affiliated companies	37,298,655	35,080,525
Other	7,329,214	8,593,887
	-----	-----
	91,850,674	87,313,395
	-----	-----
	\$343,833,781	\$340,498,230
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 23,379,736	\$ 29,786,395
Accrued compensation	6,102,782	5,215,159
Income taxes	1,041,794	-0-
	-----	-----
	30,524,312	35,001,554
Deferrals		
Deferred liabilities	9,844,181	9,529,784
Deferred income taxes	2,008,000	774,000
	-----	-----
	11,852,181	10,303,784
Stockholders' Equity		
Common stock	70,438,270	70,434,075
Additional capital	18,539	-0-
Retained earnings	226,188,020	221,949,817
Unrealized holding gains, net of tax	4,812,459	2,809,000
	-----	-----
	301,457,288	295,192,892
	-----	-----
	\$343,833,781	\$340,498,230
	=====	=====

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

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

	Six Months Ended May 31,	
	1995	1994
	----	----
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$16,920,923	\$ 6,624,090
INVESTING ACTIVITIES		
Changes (net) in investment securities	1,010,153	(1,002,511)
Purchases of property, plant and equipment	(5,323,407)	(4,587,558)
Proceeds from sale of property, plant and equipment	50,000	164,622
Dividends from affiliated company	544,753	544,753
Other	450,592	209,538
	-----	-----
	(3,267,909)	(4,671,156)
FINANCING ACTIVITIES		
Exercise of stock options	48,733	-0-
Purchase of common stock	(26,000)	(3,423,177)
Cash dividends	(5,634,893)	(5,756,080)
	-----	-----
	(5,612,160)	(9,179,257)
CHANGE IN CASH AND CASH EQUIVALENTS	-----	-----
	8,040,854	(7,226,323)
CASH AND CASH EQUIVALENTS - beginning of period	42,314,957	52,957,556
	-----	-----
CASH AND CASH EQUIVALENTS - end of period	\$50,355,811	\$45,731,233
	=====	=====

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- A. Per share amounts are based on 14,087,540 and 14,432,751 weighted average number of shares outstanding at May 31, 1995 and 1994, respectively.
- B. Effective December 1, 1993, the Company adopted the provisions of FASB Statement No. 109 and reported the cumulative effect of the change in the method of accounting for income taxes in the financial statements for 1994 in the amount of \$510,200. The principal cause of this adjustment was due to the basis difference of an acquisition made in prior years which was accounted for as a purchase transaction.
- C. Effective December 1, 1993, the Company adopted the provisions of FASB Statement No. 115 "Accounting for Certain Investments in Debt and Equity Securities" and initially reported the effects thereof in the 1994 financial statements. Under Statement No. 115 the Company classifies its investment in securities as available-for-sale, which is reported at fair value. Unrealized holding gains and losses (net of tax effect) are reported as a separate component of stockholders' equity. The fair value and cost of the investment in securities was \$47.2 million and \$39.5 million at May 31, 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 are reflected below:

	Six Months Ended May 31,		Three Months Ended May 31,	
	----- 1995	----- 1994	----- 1995	----- 1994
	----	----	----	----
Cost of sales	83.53%	82.20%	83.76%	80.84%
Selling, general and admin.	13.40	12.73	13.86	12.74
Income from operations	3.07	5.07	2.38	6.42
Other income, net	2.67	1.81	3.51	1.72
Income before income taxes	5.74	6.88	5.89	8.14
Income taxes	1.67	2.04	1.71	2.44
Accounting change	-0-	.20	-0-	-0-
Net income	4.07	4.64	4.18	5.70

NET SALES

The rate of incoming orders fell during the 1995 second quarter leading to reductions in both shipments and production schedules. Net sales in the second quarter decreased 12% from 1994 levels, from \$135 million to \$119 million; net sales in the six months period decreased 5% from 1994, from \$256 million to \$243 million. The fall off in net sales was pronounced in all Divisions.

The retail household furniture industry, as a whole, has suffered a slowdown in the first half of 1995, both at the retail and manufacturing levels.

COSTS AND EXPENSES

Cost of sales, as a percentage of net sales, increased to 83.76% in the second quarter of 1995 up from 80.84% in 1994 and 83.31% in the 1995 first quarter. The deterioration in the second quarter brought about an increase in the percentage to 83.53% for the six months period up from 82.20% in 1994.

The components of cost of sales, expressed as a percentage of net sales, are reflected below:

	Six Months Ended May 31,		Three Months Ended May 31,	
	----- 1995	----- 1994	----- 1995	----- 1994
	----	----	----	----
Materials	49.36%	48.55%	49.33%	47.54%
Labor	21.56	21.60	21.60	21.78
Overhead	12.61	12.05	12.83	11.52
	-----	-----	-----	-----
	83.53%	82.20%	83.76%	80.84%

The increase in the material cost component percentage was due to (i) inability to raise selling prices to cover increased raw material costs (ii) inefficiencies caused by small cutting (job order) sizes and (iii) increased costs related to new market introductions.

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

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

COSTS AND EXPENSES - continued

The increase in the overhead cost component percentage is due to the fact that a significant portion of the overhead costs are fixed.

Selling, general and administration expenses, expressed as a percentage of net sales, increased to 13.86% in the 1995 second quarter from 12.74% in 1994, causing a rise to 13.40% for six months in 1995, compared to 12.73% in 1994. The cost elements included in SG&A expenses that are considered to be fixed costs remained level during the 1995 periods presented and those costs elements that are considered to be variable decreased during the 1995 periods presented, compared to the same periods in 1994.

OTHER INCOME, NET

Major sources of other income are shown below (in thousands):

	Six Months Ended May 31,		Three Months Ended May 31,	
	-----	-----	-----	-----
	1995	1994	1995	1994
	----	----	----	----
Equity in unremitted income				
of affiliated companies	\$2,441	\$2,067	\$1,420	\$1,114
Interest (principally tax exempt)	1,123	812	573	395
Dividends	1,210	1,167	667	624
Gain from sales of securities	1,364	362	1,394	203
Other	361	236	132	(19)
	-----	-----	-----	-----
	\$6,499	\$4,644	\$4,186	\$2,317
	=====	=====	=====	=====

INCOME TAXES

The effective income tax rate remained approximately the same in the periods presented : 1995 - 29.15% (6 months), 29.08% (second quarter); 1994 - 29.69% (6 months), 29.92% (second quarter).

LIQUIDITY AND CAPITAL RESOURCES:

The current ratio was 6.5 to 1 at May 31, 1995, 5.9 to 1 at February 28, 1995 and 5.7 to 1 at November 30, 1994. Working capital has remained stable in the past year; varying between \$169 million at May 31, 1994, to \$163 million at February 28, 1995 (\$166 million at May 31, 1995). Cash provided by operations increased to \$17 million for the six months of 1995 compared to \$7 million in the same period of 1994; this compares favorably to \$11 million provided in the 1995 second quarter compared to \$2 million in the 1994 second quarter. Cash provided by operating activities is expected to be adequate for normal future cash requirements. There were no significant commitments for capital expenditures at May 31, 1995. Capital expenditures that will be made in the future for normal requirements are expected to be made from funds generated by operating activities.

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

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

DATE: _____

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

DATE: _____

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
QUARTERLY REPORT

For the quarter ended
May 31, 1995

Commission File Number
0-209

BASSETT FURNITURE INDUSTRIES, INCORPORATED
EXHIBIT INDEX

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

6-MOS

NOV-30-1995
DEC-01-1994
MAY-31-1995
50,356
47,223
63,881
0
80,484
196,895
212,440
157,352
343,834
30,524
0
70,438
0
0
231,019
343,834
242,569
249,067
202,625
235,131
0
367
0
13,936
4,063
9,873
0
0
0
9,873
.70
0