

BASSETT FURNITURE INDUSTRIES INC
Form 10-Q
July 07, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended May 28, 2011

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.)

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 No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
Large Accelerated Filer Accelerated Filer Non-accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes _____ No _____

At June 30, 2011, 11,550,714 shares of common stock of the Registrant were outstanding.

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BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
 FOR THE PERIODS ENDED MAY 28, 2011 AND MAY 29, 2010 – UNAUDITED

(In thousands except per share data)

	Quarter Ended		Six Months Ended	
	May 28, 2011	May 29, 2010	May 28, 2011	May 29, 2010
Net sales	\$66,261	\$57,845	\$130,525	\$110,736
Cost of sales	33,064	29,408	65,480	56,555
Gross profit	33,197	28,437	65,045	54,181
Selling, general and administrative expenses excluding				
bad debt and notes receivable valuation charges	30,879	27,628	61,387	53,529
Bad debt and notes receivable valuation charges	6,200	1,115	13,026	3,830
Licensee debt cancellation charges	6,447	-	6,447	-
Restructuring and asset impairment charges	1,080	-	1,959	-
Lease exit costs	2,844	-	3,728	-
Loss from operations	(14,253)	(306)	(21,502)	(3,178)
Gain on sale of affiliate	85,542	-	85,542	-
Other income (loss), net	(4,815)	471	(5,773)	1,699
Income (loss) before income taxes	66,474	165	58,267	(1,479)
Income tax expense	(3,928)	(48)	(3,975)	(96)
Net income (loss)	\$62,546	\$117	\$54,292	\$(1,575)
Retained earnings-beginning of period	40,205	48,769	48,459	50,461
Cash dividends	(348)	-	(348)	-
Retained earnings-end of period	\$102,403	\$48,886	\$102,403	\$48,886
Basic earnings (loss) per share	\$5.43	\$0.01	\$4.72	\$(0.14)
Diluted earnings (loss) per share	\$5.39	\$0.01	\$4.69	\$(0.14)
Dividends per share	\$0.03	\$-	\$0.03	\$-

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
MAY 28, 2011 AND NOVEMBER 27, 2010
(In thousands)

	(Unaudited)	
	May 28, 2011	November 27, 2010
Assets		
Current assets		
Cash and cash equivalents	\$69,912	\$11,071
Accounts receivable, net	15,647	31,621
Inventories	40,757	41,810
Other current assets	9,508	6,969
Total current assets	135,824	91,471
Property and equipment		
Cost	138,866	142,362
Less accumulated depreciation	92,607	96,112
Property and equipment, net	46,259	46,250
Investments	15,197	15,111
Retail real estate	19,020	27,513
Notes receivable, net	1,770	7,508
Other	15,815	9,464
Total long-term assets	51,802	59,596
Total assets	\$233,885	\$197,317
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$16,588	\$24,893
Accrued compensation and benefits	7,086	6,652
Customer deposits	8,062	9,171
Other accrued liabilities	16,527	11,594
Current portion of real estate notes payable	5,365	9,521
Total current liabilities	53,628	61,831
Long-term liabilities		
Post employment benefit obligations	10,774	11,004
Real estate notes payable	4,224	4,295
Distributions in excess of affiliate earnings	-	7,356
Other long-term liabilities	5,269	6,526
Total long-term liabilities	20,267	29,181
Stockholders' equity		
Common stock	57,724	57,795
Retained earnings	102,403	48,459

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Additional paid-in-capital	302	478
Accumulated other comprehensive loss	(439)	(427)
Total stockholders' equity	159,990	106,305
Total liabilities and stockholders' equity	\$233,885	\$197,317

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 STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MAY 28, 2011 AND MAY 29, 2010 – UNAUDITED
(In thousands)

	Six Months Ended	
	May 28, 2011	May 29, 2010
Operating activities:		
Net income (loss)	\$54,292	\$(1,575)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,907	2,959
Equity in undistributed income of investments and unconsolidated affiliated companies	(1,921)	(2,204)
Provision for restructuring and asset impairment charges	1,959	-
Licensee debt cancellation charges	6,447	-
Lease exit costs	2,228	-
Provision for lease and loan guarantees	1,457	916
Bad debt and notes receivable valuation charges	13,026	3,830
Gain on mortgage settlement	(436)	-
Gain on sale of affiliate	(85,542)	-
Realized income from investments	(111)	(2,214)
Impairment and lease exit charges on retail real estate	4,790	-
Other, net	963	464
Changes in operating assets and liabilities:		
Accounts receivable	2,000	183
Inventories	2,782	913
Other current assets	(23)	3,745
Accounts payable and accrued liabilities	(9,439)	1,497
Net cash provided by (used in) operating activities	(4,621)	8,514
Investing activities:		
Purchases of property, equipment and real estate	(964)	(1,503)
Proceeds from sales of property and equipment	155	4,235
Acquisition of retail licensee stores, net of cash acquired	-	(277)
Proceeds from sale of affiliate	67,752	-
Proceeds from sales of investments	2,603	8,326
Purchases of investments	(2,603)	(8,076)
Dividends from affiliate	3,756	937
Equity contribution to affiliate	(980)	-
Net cash received on licensee notes	46	298
Net cash used in investing activities	69,765	3,940
Financing activities:		
Net repayments under revolving credit facility	-	(15,000)
Repayments of real estate notes payable	(3,791)	(7,098)
Issuance of common stock	88	71

Repurchases of common stock (473) -
