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 August 31, 2004

Commission file number 000-25349

HOOKER FURNITURE CORPORATION
(Exact name of registrant as specified in its charter)

Virginia	**54-0251350**
(State or other jurisdiction of incorporation or organization)	***(IRS Employer Identification No.)***

440 East Commonwealth Boulevard, Martinsville, VA 24112
(Address of principal executive offices, Zip Code)

(276) 632-0459
(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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of **October 15, 2004.**

Common stock, no par value	**14,475,300**
(Class of common stock)	*(Number of shares)*

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

HOOKER FURNITURE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS
(In thousands, including share data)

	August 31, 2004	November 30, 2003
Assets		
Current assets		
Cash and cash equivalents	**$ 6,981**	$ 14,859
Trade accounts receivable, less allowance for doubtful accounts of **$1,260** and $991 on each respective date	**37,398**	37,601
Inventories	**71,843**	42,442
Prepaid expenses and other current assets	**4,231**	3,924
Assets held for sale	**5,170**	
Total current assets	**125,623**	98,826
Property, plant and equipment, net	**44,611**	53,582
Goodwill	**2,396**	2,396
Intangible assets	**4,808**	4,940
Other assets	**8,636**	7,355
Total assets	**$186,074**	$ 167,099
Liabilities and Shareholders' Equity		
Current liabilities		
Trade accounts payable	**$ 15,525**	$ 6,945
Accrued salaries, wages and benefits	**7,438**	5,476
Other accrued expenses	**3,699**	2,920
Current maturities of long-term debt	**7,258**	8,671
Total current liabilities	**33,920**	24,012
Long-term debt, excluding current maturities	**18,440**	22,166
Deferred compensation	**2,884**	3,094
Other long-term liabilities	**768**	1,563
Total liabilities	**56,012**	50,835
Shareholders' equity		
Common stock, no par value, **20,000** shares authorized, **14,475** shares issued and outstanding on each respective date	**6,547**	4,609
Unearned ESOP shares, **2,753** and 2,870 shares on each respective date	**(17,205)**	(17,935)
Retained earnings	**142,136**	131,468
Accumulated other comprehensive loss	**(1,416)**	(1,878)
Total shareholders' equity	**130,062**	116,264
Total liabilities and shareholders' equity	**$186,074**	$ 167,099

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

HOOKER FURNITURE CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2004	**2003**	**2004**	**2003**
Net sales	**$ 84,309**	$ 74,749	**$ 254,021**	$ 229,339
Cost of sales	**61,169**	55,073	**184,983**	168,499
Gross profit	**23,140**	19,676	**69,038**	60,840
Selling and administrative expenses	**15,804**	13,394	**45,537**	39,816
Restructuring and related asset impairment charge	**1,973**		**1,973**	1,470
Operating income	**5,363**	6,282	**21,528**	19,554
Other income, net	**243**	82	**495**	358
Income before interest and income taxes	**5,606**	6,364	**22,023**	19,912
Interest expense	**440**	676	**1,450**	1,990
Income before income taxes	**5,166**	5,688	**20,573**	17,922
Income taxes	**1,963**	2,160	**7,816**	6,808
Net income	**$ 3,203**	$ 3,528	**$ 12,757**	$ 11,114
Basic and diluted earnings per share	**$ .27**	$ .31	**$ 1.09**	$ .97
Weighted average shares outstanding	**11,696**	11,550	**11,651**	11,448

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

HOOKER FURNITURE CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Nine Months Ended	
	August 31, 2004	**August 31, 2003**
Cash flows from operating activities		
Cash received from customers	**$ 254,527**	$ 232,900
Cash paid to suppliers and employees	**(243,086)**	(200,758)
Income taxes paid, net	**(9,469)**	(8,132)
Interest paid, net	**(921)**	(1,494)
Net cash provided by operating activities	**1,051**	22,516
Cash flows from investing activities		
Purchase of property, plant and equipment	**(2,614)**	(3,168)
Acquisition of Bradington-Young, net of cash acquired		(22,140)
Proceeds received on note issued for the sale of the Kernersville facility	**900**	
Sale of property	**13**	
Net cash used in investing activities	**(1,701)**	(25,308)
Cash flows from financing activities		
Proceeds from long-term debt		77,319
Payments on long-term debt	**(5,139)**	(58,563)
Payment to terminate an interest rate swap agreement		(3,001)
Cash dividends paid	**(2,089)**	(1,823)
Net cash (used in) provided by financing activities	**(7,228)**	13,932
Net (decrease) increase in cash and cash equivalents	**(7,878)**	11,140
Cash and cash equivalents at beginning of period	**14,859**	2,316
Cash and cash equivalents at end of period	**$ 6,981**	$ 13,456
Reconciliation of net income to net cash provided by operating activities:		
Net income	**$ 12,757**	$ 11,114
Depreciation and amortization	**5,742**	6,316
Non-cash ESOP cost	**2,668**	1,936
Restructuring and related asset impairment charge	**1,973**	1,470
(Gain) loss on disposal of property and equipment	**(7)**	10
Provision for doubtful accounts	**642**	861
Deferred tax provision	**2,186**	
Changes in assets and liabilities, net of effects of acquisition:		
Trade accounts receivable	**(439)**	2,341
Inventories	**(29,511)**	7,483
Prepaid expenses and other current assets	**(3,363)**	(1,614)
Trade accounts payable	**8,580**	(3,527)
Accrued salaries, wages and benefits	**995**	(2,559)
Accrued income taxes	**(308)**	(1,324)
Other accrued expenses	**1,288**	(1,021)
Deferred tax liability	**(1,782)**	
Other long-term liabilities	**(370)**	1,030
Net cash provided by operating activities	**$ 1,051**	$ 22,516

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

(Dollar amounts in tables in thousands unless otherwise indicated)

1. **Preparation of Interim Financial Statements**

The consolidated financial statements of Hooker Furniture Corporation (referred to as “Hooker” or the “Company”) have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”). In the opinion of management, these statements include all adjustments necessary for a fair presentation of the results of all interim periods reported herein. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures prepared in accordance with U. S. generally accepted accounting principles are condensed or omitted pursuant to SEC rules and regulations. However, management believes that the disclosures made are adequate for a fair presentation of results of operations and financial position. Operating results for the interim periods reported herein may not be indicative of the results expected for the year. These financial statements should be read in conjunction with the financial statements and accompanying notes included in the Company’s Annual Report on Form 10-K for the fiscal year ended November 30, 2003.

2. **Inventories**

	August 31, 2004	November 30, 2003
Finished furniture	**$ 66,131**	$ 40,413
Furniture in process	**2,976**	2,538
Materials and supplies	**14,430**	10,668
Inventories at FIFO	**83,537**	53,619
Reduction to LIFO basis	**11,694**	11,177
Inventories	**$ 71,843**	$ 42,442

3. **Property, Plant and Equipment**

	August 31, 2004	November 30, 2003
Buildings	**$ 44,870**	$ 49,738
Machinery and equipment	**42,027**	48,506
Furniture and fixtures	**24,582**	24,849
Other	**3,878**	3,537
Total depreciable property at cost	**115,357**	126,630
Less accumulated depreciation	**72,518**	75,335
Total depreciable property, net	**42,839**	51,295
Land	**1,772**	2,287
Property, plant and equipment, net	**$ 44,611**	$ 53,582

4. **Intangible Assets**

	August 31, 2004	November 30, 2003
Amortizable		
Non-compete agreement	**$ 700**	$ 700
Less accumulated amortization	**292**	160
Net carrying value	**408**	540
Non-amortizable		
Trademarks and trade names	**4,400**	4,400
Intangible assets	**$ 4,808**	$ 4,940

5. **Long-Term Debt**

	August 31, 2004	November 30, 2003
Term loan A	**$ 15,923**	$ 17,387
Term loan B	**3,375**	7,050
Industrial revenue bonds	**6,400**	6,400
Total long-term debt outstanding	**25,698**	30,837
Less current maturities	**7,258**	8,671
Long-term debt, less current maturities	**$ 18,440**	$ 22,166

No amounts were outstanding under the Company's revolving credit line on August 31, 2004 or November 30, 2003.

6. **Restructuring Charges and Assets Held for Sale**

	Severance and Related Benefits	Asset Impairment	Other	Total
Balance November 30, 2003	$ 43		$ 50	$ 93
Restructuring related charges accrued	**967**	**$ 946**	**60**	**1,973**
Non-cash charges		**(946)**		**(946)**
Cash payments	**(13)**		**(59)**	**(72)**
Balance at **August 31, 2004**	**$ 997**	**$**	**$ 51**	**$ 1,048**

In August 2004, the Company recorded a $2.0 million pretax ($1.2 million after tax, or $0.10 per share) restructuring and asset impairment charge principally related to the previously announced October 2004 closing of its Maiden, N.C. manufacturing facility. The restructuring and asset impairment charge consisted of approximately $1.0 million in severance and related benefits expected to be paid to approximately 280 terminated hourly and salaried employees and approximately $1.0 million in related asset impairment and other costs (principally environmental monitoring costs). Substantially all of the severance benefits are expected to be paid to terminated employees in the 2004 fourth quarter. The charge also included an additional $95,000 for health benefits and other costs related to the 2003 closing of the Company's Kernersville, N.C. facility.

In connection with the closing of the Maiden plant, the Company intends to sell the facility and has reclassified these assets to "assets held for sale" on the consolidated balance sheet as of August 31, 2004. The $5.2 million carrying value of these assets approximates fair value less selling expenses. The Company is actively marketing the property and anticipates that it will be sold within the next twelve months. The Company also anticipates recording $300,000 to $400,000 of additional restructuring charges in subsequent periods, primarily for equipment disassembly at the Maiden facility following the plant's shut down. The Company expects to transfer the production of patterns and products manufactured at the Maiden plant to other Company facilities.

7. **Changes to Executive Compensation Arrangements**

In December 2003, in connection with implementing provisions of the Sarbanes-Oxley Act of 2002, the Company modified executive compensation arrangements for certain executives of the Company. The modifications were accomplished through the termination of existing salary continuation agreements and split-dollar life insurance agreements and the adoption of a new life insurance program and a new supplemental executive retirement plan which cover each of these executives. In addition, each executive transferred to the Company his ownership interest in the life insurance policy or policies underlying his split-dollar life insurance agreement and each executive received a cash payment from the Company equal to the amount of premiums the executive had previously paid with respect to the life insurance policy or policies underlying his split-dollar life insurance agreement.

The new life insurance program provides death benefit protection for each executive during employment. Coverage under the program automatically terminates when the executive terminates employment with the Company for any reason, other than death, or when the executive attains age 65, whichever occurs first. The life insurance policies funding the new life insurance program are owned by the Company. The cash surrender value of those life insurance policies amounted to $1.1 million as of August 31, 2004.

The new supplemental executive retirement plan provides for a monthly supplemental retirement benefit based on the executive's final average monthly compensation as defined in the plan, payable for a 15-year period following the executive's termination of employment, subject to a vesting schedule that may vary for each participant in the plan. In addition, the monthly retirement benefit for each participant in the plan, regardless of age, will become fully vested and the present value of all plan benefits will be paid to participants in a lump sum upon a change in control of the Company (as defined in the plan). Benefits are payable from the general assets of the Company. The Company accounts for its obligation to each participant on the accrual basis. The aggregate liability for all participants under the supplemental executive retirement plan amounted to $868,000 as of August 31, 2004.

8. **Other Comprehensive Income**

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2004	**2003**	**2004**	**2003**
Net income	**$ 3,203**	$ 3,528	**$12,757**	$11,114
Gain (loss) on interest rate swaps	**(147)**	1,079	**(217)**	(1,136)
Portion of swaps' fair value reclassified to interest expense	**289**	471	**962**	1,234
Other comprehensive gain before tax	**142**	1,550	**745**	98
Income tax expense	**(54)**	(590)	**(283)**	(38)
Other comprehensive income, net of tax	**88**	960	**462**	60
Comprehensive income	**$ 3,291**	$ 4,488	**$13,219**	$11,174

The amount reclassified to interest expense includes gains of $6,000 for the three month period and $22,000 for the nine-month period ended August 31, 2004, related to the ineffective portion of the interest rate swap agreements.

The amount reclassified to interest expense includes a gain of $48,000 for the three month period and a loss of $50,000 for the nine-month period ended August 31, 2003, related to the ineffective portion of the interest rate swap agreements.

9. **Employee Stock Ownership Plan**

The Company records non-cash Employee Stock Ownership Plan ("ESOP") cost for the number of shares that it commits to release to eligible employees at the average market price of the Company's common stock during each respective period. The number of shares the Company commits to release is based on annual principal and interest payments made on the loan between the Company and the ESOP trust (the "ESOP Loan"). "Unearned ESOP shares" in shareholders' equity is reduced by the Company's aggregate cost basis in the shares committed to be released. "Common stock" is increased by the aggregate difference between the average market price and the cost basis of these shares. The Company, under the terms of the ESOP Loan, reduced the amount of contributions it expects to make to the ESOP trust in 2004 for purposes of making principal repayments. Consequently, the Company committed to release 27,100 shares during the third quarter of fiscal 2004 (compared to 44,900 shares in each of the first two quarters of fiscal 2004), having a cost basis of $6.25 per share and an average market price of $23.56 per share, and 116,800 shares during the 2004 nine-month period, having a cost basis of $6.25 per share and an average market price of $22.84 per share. ESOP cost is allocated between "cost of sales" and "selling and administrative expenses" based on employee compensation.

Item 2. Management’s Discussion and Analysis

Overview

The Company’s operations during the 2004 third quarter were principally impacted by the following factors:

- Sales growth in imported wood furniture compared to the 2003 third quarter fueled by improved inventory availability and supported by continued strong incoming order rates;
- Sales growth for upholstered furniture compared to the 2003 third quarter driven by an expanded sales force and distribution network;
- Improved gross profit margin compared to the 2003 third quarter, primarily attributed to:
  - the mix of products shipped (principally higher margin imported wood furniture),
  - lower material and overhead costs as a percentage of sales resulting principally from higher unit volume for upholstered furniture products, and
  - lower levels of promotional discounting for domestically produced wood furniture;
- Declining demand for domestically-produced wood furniture and capacity-related cost issues in the Company’s domestic wood furniture manufacturing operations, culminating in a decision by the Company to close its Maiden, N.C. manufacturing facility and recognize a $2.0 million pretax restructuring charge related to the closing; and,
- Higher selling and administrative expenses as a percentage of net sales principally reflecting the higher costs of complying with new regulatory mandates initiated by the Sarbanes-Oxley Act of 2002, the Securities and Exchange Commission (“SEC”), the Public Company Accounting Oversight Board (“PCAOB”) and NASDAQ.

According to the U.S. Commerce Department, the nation’s inflation adjusted gross domestic product grew at an annual rate of 3.3% in the second quarter of 2004, but the consumer spending component reflected a weak 1.6% annual growth rate, the smallest gain in nine quarters. This anemic growth however does not appear to have impacted the Company. The Company continued to experience strong revenue growth through the 2004 third quarter compared to the prior year reflecting increased demand for the Company’s imported wood and upholstered furniture products. Based on the lower industry growth statistics published for the period, the Company believes that its revenue growth has resulted in increased market share for these products.

However, competition from lower priced foreign imports has continued to affect demand for domestically produced wood furniture. Continued declines in shipments of the Company’s domestically produced wood furniture led to the decision to close its Maiden, N.C. facility scheduled for late October, which is expected to result in the loss of approximately 280 manufacturing jobs.

Management's Discussion and Analysis - Continued

Results of Operations

The following table sets forth the percentage relationship to net sales of certain items included in the statements of income:

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2004	2003	2004	2003
Net sales	**100.0%**	100.0%	**100.0%**	100.0%
Cost of sales	**72.5**	73.7	**72.8**	73.5
Gross profit	**27.5**	26.3	**27.2**	26.5
Selling and administrative expenses	**18.7**	17.9	**17.9**	17.4
Restructuring and related asset impairment charge	**2.4**		**0.8**	0.6
Operating income	**6.4**	8.4	**8.5**	8.5
Other income, net	**0.3**	0.1	**0.2**	0.2
Income before interest and income taxes	**6.7**	8.5	**8.7**	8.7
Interest expense	**0.6**	0.9	**0.6**	0.9
Income before income taxes	**6.1**	7.6	**8.1**	7.8
Income taxes	**2.3**	2.9	**3.1**	2.9
Net income	**3.8%**	4.7%	**5.0%**	4.9%

Net sales for the third quarter ended August 31, 2004 increased $9.6 million, or 12.8%, to $84.3 million from $74.7 million in the third quarter of 2003. Shipments of imported wood furniture increased $9.0 million, or 24.5%, to $45.9 million in the 2004 third quarter compared with $36.9 million in the same 2003 period. Shipments from leather upholstery specialist Bradington-Young accounted for $13.9 million in net sales during the 2004 three-month period, an increase of $3.4 million, or 32.1%, compared to $10.5 million during the 2003 third quarter. The increases in net sales for imported wood and upholstered furniture are principally due to higher unit volume. Third quarter 2004 shipments of the Company's domestically produced wood furniture declined $2.8 million, or 10.5%, to $24.5 million from $27.3 million in the year earlier quarter, principally due to lower unit volume.

For the 2004 nine-month period, the Company reported net sales of $254.0 million, an increase of $24.7 million, or 10.8%, compared to $229.3 million in the 2003 nine-month period. Imported wood furniture shipments increased $23.0 million, or 20.8%, to $133.1 million in the 2004 nine-month period compared to $110.1 million in the 2003 nine-month period. The increase in shipments of imported wood furniture is principally due to higher unit volume. Shipments from Bradington-Young accounted for $41.4 million in net sales during the first nine months of 2004 compared to $31.5 million during the eight months following its acquisition by the Company at the beginning of January 2003. Shipments of the Company's domestically produced wood furniture declined $8.2 million, or 9.3%, to $79.5 million during the 2004 nine-month period from $87.7 million in the same 2003 period, principally due to lower unit volume.

For the 2004 periods, average selling prices increased for all wood and upholstered products sold compared to the same 2003 periods.

Gross profit margin increased to 27.5% of net sales in the 2004 third quarter compared to 26.3% in the 2003 third quarterly period and increased to 27.2% of net sales in the 2004 nine-month period compared to 26.5% in the same 2003 period. The increased proportion of imported furniture shipments helped to improve gross profit margin in the 2004 periods since these products typically carry higher gross profit margins than do domestically manufactured products (however imported furniture typically requires a higher level of sourcing, warehousing and distribution costs, which are reflected in selling and administrative expenses, compared to domestically produced furniture).

The gross profit margin on imported wood furniture sales declined during the 2004 periods compared with the same 2003 periods primarily due to higher levels of shipments under the Company's Container Direct Program. Products shipped under the Container Direct Program are offered for sale with higher volume discounts than shipments of imported products from domestic warehouses. Bradington-Young's gross profit margin improved during the 2004 periods principally as a result of lower raw material and overhead costs as a percentage of net sales.

Gross profit margin on domestically produced wood furniture improved during the 2004 three-month period, helped by lower levels of promotional discounting but declined during the 2004 nine-month period because of higher labor and overhead costs as a percentage of sales volume resulting from lower production levels. Lower overhead and other costs as a percentage of sales, resulting from the closing of the Kernersville, N.C. manufacturing facility in August 2003, were more than offset by increasing production costs as a percentage of sales, resulting from continued declines in order rates.

Selling and administrative expenses increased $2.4 million to $15.8 million in the third quarter of 2004 from $13.4 million in the 2003 quarterly period. For the 2004 nine-month period, selling and administrative expenses increased $5.7 million to $45.5 million compared with $39.8 million for the same 2003 period. The increases in the 2004 periods are principally due to:

- higher legal and professional expenses incurred to comply with accounting, internal control and corporate governance mandates brought about by the Sarbanes-Oxley Act of 2002 and new SEC, PCAOB and NASDAQ rules and regulations;
- higher selling, warehousing and distribution costs to support higher import sales; and
- increased sales and marketing expenses to support higher upholstery sales.

In addition selling and administrative expenses for the 2003 nine-month period include only eight months of operating expenses for Bradington-Young following its acquisition by the Company at the beginning of January 2003 compared to nine months of operating expenses during the same 2004 period. As a percentage of net sales, selling and administrative expenses increased to 18.7% in the 2004 third quarter from 17.9% in the same 2003 period and increased to 17.9% of net sales in the 2004 nine-month period compared to 17.4% in the same 2003 period. Selling and administrative expenses as a percentage of net sales increased for both 2004 periods principally as a result of higher legal and professional costs incurred to comply with new regulatory mandates initiated by the Sarbanes-Oxley Act of 2002.

The non-cash cost of the Company's Employee Stock Ownership Plan ("ESOP") for the 2004 third quarter decreased $116,000 to $638,000 compared to $754,000 in the third quarter of 2003. For the 2004 nine-month period, non-cash ESOP cost increased $732,000 to $2.7 million from $1.9 million in the same 2003 period. The Company records non-cash ESOP cost for the number of shares that it commits to release to eligible employees at the average market price of the Company's common stock during each respective period. The number of shares the Company commits to release is based on annual principal and interest payments made on the ESOP Loan. The Company, under the terms of the ESOP Loan, reduced the amount of contributions it expects to make to the ESOP trust in 2004 for purposes of making principal repayments. Consequently, the Company committed to release 27,100 shares during the third quarter of fiscal 2004 (compared to 44,900 shares in each of the first two quarters of fiscal 2004), having a cost basis of $6.25 per share and an average market price of $23.56 per share, and 116,800 shares during the 2004 nine-month period having a cost basis of $6.25 per share and an average market price of $22.84 per share. The cost of the plan is allocated to cost of goods sold and selling and administrative expenses based on employee compensation. Substantially all of Bradington-Young's employees became eligible to participate in the ESOP plan effective January 1, 2004, consequently no ESOP cost was allocated to Bradington-Young during 2003.

Profitability for the 2004 three and nine-month periods was negatively impacted by a $2.0 million pretax ($1.2 million after tax, or $0.10 per share) restructuring and asset impairment charge principally related to the previously announced closing of the Company's Maiden, N.C. manufacturing facility, scheduled for October 2004. Competitive pressures (from lower priced imports) have caused continuing declines in shipments of domestically produced wood furniture, which led to the decision in August to announce the planned close of the Maiden, N.C. facility.

The restructuring and asset impairment charge consisted of approximately $1.0 million in severance and related benefits expected to be paid to approximately 280 terminated hourly and salaried employees and approximately $1.0 million in related asset impairment and other costs (principally environmental monitoring costs). Substantially all of the severance benefits are expected to be paid to terminated employees in the 2004 fourth quarter. The charge also included an additional $95,000 for health benefits and other costs related to the 2003 closing of the Company's Kernersville, N.C. facility. This restructuring charge (before taxes) reduced operating income by 2.4% of net sales for the 2004 third quarter and 0.8% of net sales for the 2004 nine-month period. Beginning in the first quarter of 2005, the Company anticipates a production cost savings of approximately $2.0 to $2.5 million annually as a result of the plant closing.

In connection with the announced closing of the Maiden plant, the Company intends to sell the facility and has reclassified these assets to "assets held for sale" on the consolidated balance sheet as of August 31, 2004. The $5.2 million carrying value of these assets approximates estimated fair value less selling expenses. The Company is actively marketing the property and anticipates it will be sold within the next twelve months. The Company also anticipates recording $300,000 to $400,000 of additional restructuring charges in subsequent periods, primarily for equipment disassembly at the Maiden facility following the plant's shut down. The Company expects to transfer the production of patterns and products manufactured at the Maiden plant to other Company facilities.

Profitability for the 2003 nine-month period was negatively impacted by a $1.5 million pretax ($911,000 after tax, or $0.08 per share) restructuring and asset impairment charge related to the closing and sale of the Company's Kernersville, N.C. manufacturing facility in 2003. This pretax restructuring charge reduced operating margin by 0.6% of net sales for the 2003 nine-month period.

As a result of the above, operating income as a percentage of net sales declined to 6.4% in the 2004 quarterly period, compared to 8.4% for the 2003-third quarter. Operating income as a percentage of net sales approximated 8.5% for both the 2004 and comparable 2003 nine-month periods.

Other income, net increased $161,000 to $243,000 during the third quarter of 2004 from $82,000 in the 2003 period. For the 2004 nine-month period, other income, net increased $137,000 to $495,000 from $358,000 in the same 2003 period. The increases reflect higher gains on disposals of assets and miscellaneous investments and higher levels of miscellaneous cash receipts and interest income.

Interest expense decreased $236,000 to $440,000 during the third quarter of 2004 from $676,000 in the 2003 period. For the 2004 nine-month period, interest expense decreased $540,000 to $1.5 million from $2.0 million in the same 2003 period. The decreases in both 2004 periods are principally due to a $15.0 million debt prepayment made by the Company in the fourth quarter of 2003 and other scheduled debt repayments made during 2004.

The Company's effective tax rate approximated 38.0% in the 2004 and 2003 periods.

Third quarter 2004 net income decreased to $3.2 million, or $0.27 per share, compared to $3.5 million, or $0.31 per share, in the comparable 2003 period.

Net income for the 2004 nine-month period increased to $12.8 million, or $1.09 per share, compared to $11.1 million, or $0.97 per share, in the same 2003 period.

Outlook

The 2004 third quarter marks the eleventh consecutive quarter of increased sales compared with the same prior year periods. The Company is optimistic about the 2004 fourth quarter, and projects a 10%-15% sales increase compared to the 2003 fourth quarter. The Company expects that continued strong demand will help drive continued year over year growth in shipments of imported wood products and domestically produced Bradington-Young upholstered products. The improved inventory position compared to last year's fourth quarter and healthy order backlog contribute to the Company's bullish outlook. Demand for imported wood products has been growing at a solid rate over prior quarters, and the Company's inventory of imported goods has grown consistently with the increased demand. Bradington-Young upholstered products have benefited from the increase in the number of sales representatives carrying the line and the Company has successfully increased production to match the increase in incoming orders experienced over the last few quarters. The Company plans to close the Maiden plant in late October and expects to increase work schedules at the three domestic wood furniture plants during the fiscal first quarter of 2005. Consequently, the Company expects that profit margins will improve for domestically produced wood furniture during the 2005 first quarter.

While business at the retail level may be characterized as erratic because of political and economic uncertainty, the Iraq situation, rising oil prices and the temporary hurricane-related slowdown in the southeastern U.S., the Company is optimistic that retail conditions will improve into late fall and winter, and is well-positioned to capitalize on improving retail business.

In June 2004, the U.S. Department of Commerce made an initial ruling that Chinese manufacturers are dumping wood bedroom furniture in the U.S. market and imposed preliminary duties on those imports. In September 2004, the Department of Commerce amended its preliminary Section A duty, increasing it from 10.92% to 12.91%, which is expected to impact at least 40% of all U.S. imports of Chinese wood bedroom furniture. The Company imports certain lines of wood bedroom furniture and produces other lines in its domestic plants. Imported wood bedroom furniture accounts for less than 4% of the Company's net sales. Based on its current assessment, the imposition of the duties announced by the U.S. Department of Commerce on wood bedroom furniture imported from China has not had and is not expected to have a material affect on the Company's sales or profitability.

Financial Condition, Liquidity and Capital Resources

Balance Sheet and Working Capital

As of August 31, 2004, assets totaled $186.1 million, increasing from $167.1 million at November 30, 2003 principally as a result of increased purchases of imported products inventory. Shareholders' equity at August 31, 2004 was $130.1 million, compared to $116.3 million at November 30, 2003. The Company's long-term debt, including current maturities, was $25.7 million at August 31, 2004, decreasing from $30.8 million at November 30, 2003 as a result of scheduled debt payments.

Working capital increased to $91.7 million as of August 31, 2004, from $74.8 million at the end of fiscal 2003, reflecting the net effect of a $26.8 million increase in current assets (principally an increase in inventories to support higher sales levels) partially offset by a $9.9 million increase in current liabilities (principally accounts payable resulting from higher inventory purchase levels).

Cash Flows – Operating, Investing and Financing Activities

During the nine months ended August 31, 2004, a decrease in cash and cash equivalents ($7.9 million), cash generated from operations ($1.1 million) and the proceeds from the collection of a note receivable ($900,000) issued in connection with the November 2003 sale of the Kernersville, N.C., manufacturing facility, principally funded the repayment of long-term debt ($5.1 million), dividend payments ($2.1 million) and capital expenditures (net of disposals, $2.6 million).

During the nine months ended August 31, 2003, proceeds from borrowings ($77.3 million) and cash generated from operations ($22.5 million), funded the acquisition of Bradington-Young ($22.1 million, net of cash acquired), the refinancing and repayment of long-term debt ($58.6 million, including the repayment of $4.1 million of debt assumed in the Bradington-Young acquisition), a payment to terminate an interest rate swap agreement ($3.0 million), capital expenditures ($3.2 million), dividend payments ($1.8 million) and an increase in available cash and cash equivalents ($11.1 million).

Cash generated from operations of $1.1 million during the 2004 nine-month period decreased $21.4 million from $22.5 million in the 2003 period. The decrease was due to higher payments to suppliers and employees and higher income tax payments, partially offset by higher payments received from customers and lower interest payments. Payments to suppliers and employees increased $42.3 million, principally to fund increased purchases and inventory levels of imported wood furniture, higher production levels of upholstered furniture (including an additional month of Bradington-Young upholstery production and operating costs compared to the prior year) and higher selling and administrative expenses, partially offset by increased levels of trade payables and accrued liabilities. During the 2004 third quarter, the Company began utilizing a warehouse located in China (owned and operated by third parties) targeted to drive growth in the Company's Container Direct Program. The Company began shipping from that warehouse in late August 2004. As of August 31, 2004, that warehouse contained $5.7 million of inventory.

Cash received from customers increased $21.6 million as a result of higher sales of imported wood furniture and higher sales of upholstered furniture (including an additional month of Bradington-Young upholstery shipments compared to the prior year). Tax payments increased $1.3 million due principally to higher levels of taxable income and differences in the timing of required payments due in each respective period.

Investing activities used $1.7 million, net, during the 2004 nine-month period compared to $25.3 million in the 2003 period. The Company acquired Bradington-Young in January 2003 for cash payments of $22.1 million (net of cash acquired). Purchases of plant, equipment and other assets to maintain and enhance the Company's facilities and business operating systems declined $554,000 to $2.6 million in the 2004 second quarter compared with $3.2 million in the 2003 period. During the 2004 second quarter, the Company collected $900,000 on a note receivable issued in connection with the November 2003 sale of the Kernersville, N.C. manufacturing facility.

The Company used cash of $7.2 million for financing activities in the 2004 period compared to generating cash of $13.9 million from financing activities in the 2003 period. During the 2004 period, the Company repaid long-term debt in the amount of $5.1 million and paid cash dividends of $2.1 million.

During the 2003 period, the Company borrowed (i) $42.8 million under new term loan agreements ($18.3 million under "Term Loan A" and $24.5 million under "Term Loan B") to complete the refinancing of its long-term debt in April 2003, (ii) $26.7 million to fund the purchase of Bradington-Young and to repay debt assumed in the acquisition, and (iii) $7.8 million under its revolving credit line to fund other operating, investing, and financing cash flow activities. Also during the 2003 period, the Company repaid (i) $17.8 million under an existing term loan and the $25.0 million in bank debt used to acquire Bradington-Young, primarily in connection with refinancing its long-term debt, (ii) $10.0 million under its revolving credit line, (iii) $4.1 million of debt assumed in the Bradington-Young acquisition and (iv) $1.7 million under Term Loans A and B. The Company also paid $3.0 million to terminate an interest rate swap agreement and paid dividends of $1.8 million during the 2003 nine-month period.

Swap Agreements

The aggregate fair market value of the Company's swap agreements decreases when interest rates decline and increases when interest rates rise. The aggregate decrease in the fair market value of the effective portion of the agreements of $1.4 million after tax ($2.3 million pretax) as of August 31, 2004, and $1.9 million after tax ($3.0 million pretax) as of November 30, 2003, is reflected under the caption "accumulated other comprehensive loss" in the consolidated balance sheets. See Note 8 to the Financial Statements included in this report for a discussion of the effect on comprehensive income of changes in the fair market value of the Company's swap agreements.

Debt Covenant Compliance

The credit facility for the Company's revolving credit line and Term Loans A and B contains, among other things, financial covenants as to minimum tangible net worth, debt service coverage, the ratio of funded debt to earnings before interest, taxes, depreciation, and amortization, and maximum capital expenditures. The Company was in compliance with these covenants as of August 31, 2004.

Liquidity and Capital Expenditures

As of August 31, 2004, the Company had $13.7 million available under its revolving credit line to fund working capital needs, and $32.4 million available under additional committed and uncommitted lines of credit, to support the issuance of letters of credit. The Company believes it has the financial resources (including available cash and cash equivalents, expected cash flow from operations, and lines of credit) needed to meet business requirements for the foreseeable future, including capital expenditures, working capital, repurchases of common stock under the Company's stock repurchase program, and dividends on the Company's common stock. Cash flow from operations is highly dependent on order rates and the Company's operating performance. The Company expects to spend an aggregate of $1.2 to $1.5 million in capital expenditures during the fourth quarter of 2004 to maintain and enhance its facilities and operating systems.

Dividends

At its September 29, 2004 meeting, the board of directors of Hooker Furniture Corporation declared a cash dividend of $0.06 per share, payable on November 30, 2004 to shareholders of record November 15, 2004.

Forward-Looking Statements

Certain statements made in this report are not based on historical facts, but are forward-looking statements. These statements can be identified by the use of forward-looking terminology such as “believes,” “expects,” “projects,” “may,” “will,” “should,” “would,” or “anticipates,” or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of strategy.

These statements reflect the Company’s reasonable judgment with respect to future events and are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Those risks and uncertainties include but are not limited to:

- the cyclical nature of the furniture industry;
- domestic and international competition in the furniture industry;
- general economic or business conditions, both domestically and internationally;
- fluctuations in the price of key raw materials, including lumber and leather;
- supply disruptions or delays affecting imported products;
- adverse political acts or developments in, or affecting, the international markets from which the Company imports products, including duties or tariffs imposed on products imported by the Company;
- changes in domestic and international monetary policy and fluctuations in foreign currency exchange rates affecting the price of the Company’s imported products; and
- capital requirements and costs.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk from changes in interest rates and foreign currency exchange rates, which could impact its results of operations and financial condition. The Company manages its exposure to these risks through its normal operating and financing activities and through the use of interest rate swap agreements with respect to interest rates.

The Company's obligations under its lines of credit, industrial revenue bonds and term loans, all bear interest at variable rates. The Company's outstanding debt (including current maturities) as of August 31, 2004, amounted to $6.4 million under the industrial revenue bonds, $15.9 million under Term Loan A and $3.4 million under Term Loan B. As of August 31, 2004, no balance was outstanding under the Company's revolving credit line. The Company has entered into interest rate swap agreements that, in effect, fix the rate of interest on the industrial revenue bonds at 4.7% through 2006 and Term Loan A at 3.8% through 2010. A fluctuation in market interest rates of one percentage point (or 100 basis points) would not have a material impact on the Company's results of operations or financial condition.

For imported products, the Company generally negotiates firm pricing with its foreign suppliers, for periods typically of up to one year. The Company accepts the exposure to exchange rate movements beyond these negotiated periods without using derivative financial instruments to manage this risk. Since the Company transacts its purchases of import products in U.S. Dollars, a decline in the relative value of the U.S. Dollar could increase the cost of imported products when the Company renegotiates pricing. As a result, a weakening U.S. Dollar exchange rate could adversely impact sales volume and profit margins during such periods. However, the Company generally expects to reflect substantially all of the effect of any price changes from suppliers in the price it charges for its imported products. Because the majority of the Company's imports are purchased from countries, such as China, whose currencies are presently pegged to the U.S. Dollar, most of the Company's exposure to foreign currency fluctuation is negated.

Item 4. Controls and Procedures

Based on their most recent review, which was made as of the end of the Company's fiscal quarter ended August 31, 2004, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified in the Security and Exchange Commission's rules and forms.

In preparing for its initial Management's Annual Report on Control Over Financial Reporting for the fiscal year ending November 30, 2004 (the "Report on Financial Reporting Controls"), the Company has been actively engaged in the review, documentation and testing of its internal control over financial reporting. During the second fiscal quarter ended May 31, 2004, the Company identified what it considered to be a significant deficiency in internal controls that potentially could result in the recognition of revenue for certain sales of wood furniture prior to shipment. During the third fiscal quarter ended August 31, 2004, the Company implemented procedures designed to assure that the revenue from those shipments is recognized at the proper time.

Item 4. Controls and Procedures - Continued

Also in connection with preparation for its Report on Financial Reporting Controls, during the 2004 third quarter the Company identified and initiated a number of measures to improve the effectiveness of its internal control over financial reporting. In general, these measures included improved documentation, improved system access controls, additional segregation of duties, and documented reviews and approvals of work performed or procedures executed. These improvements in controls were implemented to address identified control deficiencies and also to strengthen existing controls. These identified control deficiencies were not considered to be significant deficiencies or material weaknesses. The Company believes these control improvements, and additional control improvements the Company plans to implement, are reasonably likely to have, in the aggregate, a material positive effect on its internal control over financial reporting for future periods.

Other than the corrective measures and the control improvements discussed in the preceding paragraphs and corrective measures taken to address certain significant deficiencies discussed in the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2003, there have been no changes in the Company's internal control over financial reporting for the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

HOOKER FURNITURE CORPORATION

PART II. OTHER INFORMATION

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

Purchases of Equity Securities by the Issuer or Affiliated Purchasers

In June 2001, the Company announced that its board of directors had authorized the repurchase of up to $3.0 million of the Company's common stock and announced an increase in that authorization of $2.2 million in October 2001, for an aggregate authorization of $5.2 million. There is no expiration date for this authorization. Repurchases may be made from time to time in the open market, or in privately negotiated transactions, at prevailing market prices that the Company deems appropriate. No shares of common stock were repurchased by or on behalf of the Company or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended) during the third quarter of 2004. Through August 31, 2004, the Company had repurchased approximately 584,000 shares at a total cost of $2.5 million or an average of $4.29 per share. Based on the market value of the common stock as of August 31, 2004, the remaining $2.7 million of the authorization would allow the Company to repurchase approximately 100,000 shares, or 0.7%, of the 14.5 million shares outstanding, or 1.0% of the Company's outstanding shares excluding the 4.1 million shares held by the ESOP.

Item 5. Other Information

EBIT and EBITDA

Set forth below is the Company's income before interest and income taxes, or EBIT, and income before interest, income taxes, depreciation and amortization, or EBITDA, for the three and nine-month periods ended August 31, 2004 and 2003. This information has been derived from the Company's unaudited consolidated financial statements. For each period presented, EBIT and EBITDA have been reconciled to the Company's net cash provided by operating activities. The Company provides these non-GAAP measures because it believes they are widely accepted financial indicators of the Company's liquidity. This information should be read in conjunction with the Financial Statements, including the related Notes, and Management's Discussion and Analysis included elsewhere in this quarterly report on Form 10-Q and in the Company's annual report on Form 10-K for the year ended November 30, 2003.

	For the Three Months Ended August 31,		For the Nine Months Ended August 31,	
	2004	**2003**	**2004**	**2003**
Net cash provided by operating activities	**$ (5,176)**	$14,276	**$ 1,051**	$22,516
Net increase in assets and liabilities, net of effects of acquisition	**15,348**	(7,452)	**24,910**	(809)
Gain (loss) on disposal of property and equipment	**(4)**	(5)	**7**	(10)
Restructuring and related asset impairment charge	**(1,973)**		**(1,973)**	(1,470)
Provision for doubtful accounts	**(264)**	(442)	**(642)**	(861)
Deferred tax provision	**(2,186)**		**(2,186)**	
Non-cash ESOP cost	**(638)**	(754)	**(2,668)**	(1,936)
Depreciation and amortization	**(1,904)**	(2,095)	**(5,742)**	(6,316)
Net income	**3,203**	3,528	**12,757**	11,114
Income taxes	**1,963**	2,160	**7,816**	6,808
Interest expense	**440**	676	**1,450**	1,990
Income before interest and income taxes	**5,606**	6,364	**22,023**	19,912
Depreciation and amortization	**1,904**	2,095	**5,742**	6,316
Income before interest, income taxes, depreciation, and amortization	**$ 7,510**	$ 8,459	**$27,765**	$26,228

Item 6. Exhibits

(a) Exhibits

3.1	Amended and Restated Articles of Incorporation of the Company, amended March 28, 2003 (incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q (SEC File No. 000-25349) for the fiscal quarter ended February 28, 2003)
3.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form 10 (SEC File No. 000-25349))
4.1	Amended and Restated Articles of Incorporation of the Company (See Exhibit 3.1)
4.2	Amended and Restated Bylaws of the Company (See Exhibit 3.2)
10.1*	Lease Agreement, dated June 11, 2004, between C. Presley Properties, LLC and Bradington-Young LLC
31.1*	Rule 13a-14(a) Certification of the Company's principal executive officer
31.2*	Rule 13a-14(a) Certification of the Company's principal financial officer
32.1*	Rule 13a-14(b) Certification of the Company's principal executive officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Rule 13a-14(b) Certification of the Company's principal financial officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith

SIGNATURE

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.

HOOKER FURNITURE CORPORATION

Date: October 19, 2004

By: /s/ R. Gary Armbrister

R. Gary Armbrister
Chief Accounting Officer
(Principal Accounting Officer)

Exhibit Index

Exhibit No.	Description
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* Filed herewith

Exhibit 10.1

LEASE AGREEMENT

THIS LEASE AGREEMENT is made as of this 11th day of June, 2004, between C. Presley Properties, LLC, a North Carolina limited liability company ("Landlord") and Bradington-Young, LLC, a Virginia limited liability company ("Tenant").

Premises: That portion of the Building, containing approximately 33,500 rentable square feet, as shown outlined in bold lines on Exhibit A

Building: 900 West Academy, Cherryville, NC and the interior and exterior common areas

Lease Term: Beginning on the Commencement Date and ending on the last day of the 12th full calendar month thereafter.

Commencement Date: July 1, 2004

Monthly Base Rent:

Months	Monthly Base Rent
1 – 12	$ 4,800.00

Broker: Fraley Brothers & Co. (John L. Fraley, Jr.)

Addenda: Exhibit A (Floor Plan of Building)

1. **Granting Clause**. In consideration of the obligation of Tenant to pay rent as herein provided and in consideration of the other terms, covenants, and conditions hereof, Landlord leases to Tenant, and Tenant leases from Landlord, the Premises and the right to use the common areas, to have and to hold for the Lease Term, subject to the terms, covenants and conditions of this Lease.

2. **Acceptance of Premises**. Prior to Tenant's acceptance of the Premises, the following Tenant Improvements shall be completed by the Landlord, at Landlord's expense, in compliance with all applicable laws, ordinances and regulations:

(a) Security System. Landlord shall separate the existing security system for the Building so that Tenant shall have a separate operating security system with its own control panel for the Premises.

In addition to Landlord's work to be performed by Landlord as described above, Tenant shall perform the work necessary to secure the Premises from access by other parts of the Building and the common areas. Landlord shall reimburse Tenant for the costs of all materials associated therewith by rent credit and Tenant shall provide copies of receipts to Landlord. The estimated cost of the material will be mutually agreed upon.

3. **Use**. The Premises shall be used as a general supply warehouse, or for any other purpose consistent with the business of Tenant and/or for general and administrative office purposes. Tenant will use the Premises in a safe manner and will not commit material waste, overload the floor or structure of the Premises or subject the Premises to use that would reasonably be expected to damage the Premises.

4. **Base Rent**. Tenant shall pay Base Rent from the Commencement Date in the amount set forth above. The first month’s Base Rent shall be due and payable on the Commencement Date, and Tenant promises to pay to Landlord in advance, monthly installments of Base Rent on or before the first day of each calendar month succeeding the Commencement Date. Payments of Base Rent for any fractional calendar month shall be prorated.

5. **Option to Lease Additional Space**. Tenant shall have the option to lease one or both of the following spaces:

(a) that certain space designated “automatic equipment” and “central sewing” which is shown hatched on Exhibit A; and

(b) that certain space designated “central sewing” which is shown cross hatched on Exhibit A.

Tenant’s option to lease each such space shall be exercised by giving thirty (30) days prior written notice to Landlord, and the rental rate for such space shall be $1.50 per square foot per year.

6. **Utilities**. Landlord shall pay for all water, gas, electricity, heat, light, power, telephone, sewer, sprinkler services, refuse and trash collection, and other utilities and services used on the Premises, all maintenance charges for utilities, and any storm sewer charges or other similar charges for utilities imposed by any governmental entity or utility provider, together with any taxes, penalties, surcharges or the like pertaining to Tenant’s use of the Premises. In the event that Tenant elects to heat the Premises, Tenant shall reimburse Landlord for an equitable portion of Landlord’s natural gas expenses, to be determined by considering the size of the Premises relative to the size of the Building, on an equitable basis.

7. **Taxes**. Landlord shall pay all taxes, assessments and governmental charges (collectively referred to as “Taxes”) that accrue against the Building during the Lease Term. Tenant shall be liable for all taxes levied or assessed against any personal property or fixtures placed in the Premises and belonging to Tenant, whether levied or assessed against Landlord or Tenant.

8. **Insurance**. Landlord shall maintain the following insurance policies in full force and effect for the term of this Lease:

(a) A Commercial General Liability policy endorsed to include Tenant as additional insured, (a) providing that in the event of any cancellation or material change in coverage, notice will be given at least 30 days in advance to Tenant, and (b) the amount of the policy will be $1,000,000 General Liability and $2,000,000 Umbrella.

(b) An All-Risk property policy including fire and extended coverage to protect the Building and all Common Areas contained therein, insured in the amount of $900,000.

Landlord shall, at its sole expense, keep in force policies or insurance in the amounts as specified and as required by statute with reputable carriers authorized to do business in North Carolina. Landlord shall provide Tenant with required certificates of insurance prior to the commencement of said Lease and renewal certificates within ten days of expiration or non-renewal of the policies required herein, as long as this Lease is in effect; in the “Cancellation Clause” the certificate should provide that: in the event of non-renewal of policies, cancellation or material change in the coverage provided, thirty (30) days prior written notice will be furnished to Tenant prior to the date of non-renewal, cancellation or change.

Tenant, at its expense, shall maintain during the Lease Term: all risk property insurance covering the full replacement cost of all property and improvements installed or placed in the Premises by Tenant at Tenant’s expense; worker’s compensation insurance with no less than the minimum limits required by law; employer’s liability insurance with such limits as required by law; and commercial liability insurance, with a minimum limit of $3,000,000 per occurrence for property damage, personal injuries, or deaths of persons occurring in or about the Premises. The commercial liability policies shall include Landlord as an additional insured. In the event of cancellation or non-renewal of a policy or policies, Landlord shall be notified within 30 days. Certificates shall be delivered to Landlord by Tenant upon commencement of the Lease Term and upon each renewal of said insurance.

9. **Landlord’s Responsibilities**. Landlord shall maintain and repair the roof, at its expense and the structural elements of the Building.

Landlord shall furnish the following services to the Premises: men’s and women’s restrooms in the area designated “Office” on Exhibit A, in common with other tenants of the Building. Landlord shall provide sufficient electricity to the Premises to allow for the normal business operations of Tenant at all times.

In the event of (i) any interruption of essential service (i.e. water, electricity, heating, lighting or plumbing service) for a period greater than three (3) days, (ii) the cause of such interruption is not the result of any negligent act or willful misconduct on the part of Tenant and (iii) such interruption renders the Premises functionally unusable, effective as of the fourth (4^{th}) consecutive day, one hundred percent (100%) of the rent of the Premises then currently payable hereunder shall abate until such time as the Premises are again functionally usable. Prorated.

10. **Tenant's Maintenance**. Tenant, at its expense, shall maintain in good condition all doors, door closures, and glass of the Premises and shall keep reasonably clean all areas exclusively serving the Premises including, without limitation, dock and loading areas, windows, interior walls, and the interior side of demising walls located in the Premises.

11. **Tenant-Made Alterations and Trade Fixtures**. Any alterations, additions, or improvements made by or on behalf of Tenant to the Premises, except for those made by Landlord for Tenant and except for Minor Alterations, ("Tenant-Made Alterations") shall be subject to Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. The term "Minor Alterations" herein shall mean any alteration, addition or improvements to the Premises that do not (i) affect the mechanical, electrical, HVAC or other Building operating systems, (ii) affect the structural components of the Building or require penetration of the floor or ceiling of the Premises or (iii) cost more than $10,000 in any one instance. All Tenant-Made Alterations shall be constructed in a good and workmanlike manner by contractors reasonably acceptable to Landlord and only good grades of materials shall be used. Upon surrender of the Premises, all Tenant-Made Alterations and any leasehold improvements constructed by Landlord or Tenant shall remain on the Premises as Landlord's property, except to the extent Landlord requires removal at Tenant's expense of any such items or Landlord and Tenant have otherwise agreed in writing in connection with Landlord's consent to any Tenant-Made Alterations. Tenant shall repair any damage caused by such removal.

Tenant, at its own cost and expense and without Landlord's prior approval, may erect such shelves, bins, machinery, and trade fixtures (collectively "Trade Fixtures") in the ordinary course of its business provided that such items do not alter the basic structural character of the Premises, do not overload or damage the Premises, and may be removed without material injury to the Premises, and the construction, erection, and installation thereof complies with all Legal Requirements. When Tenant vacates the Premises, Tenant shall remove its Trade Fixtures and shall repair any damage caused by such removal.

12. **Signs**. Upon approval of the landlord, tenant shall have the right to install such signs as may be reasonably necessary for proper identification of its Premises on the exterior of the Building and within the common areas. Upon surrender or vacation of the Premises, Tenant shall remove all of Tenant's signs and repair all damage caused by such removal.

13. **Parking**. Tenant shall be entitled to park in common with other tenants of the Building in those areas designated for parking of automobiles. Landlord will not allow any parking in front of the loading dock serving the Premises.

14. **Restoration**. If at any time during the Lease Term the Premises are damaged by a fire or other casualty, Landlord shall notify Tenant within thirty (30) days after the date of such damage as to the amount of time Landlord reasonably estimates it will take to restore the Premises. If the Building is substantially destroyed or if the restoration time is estimated to exceed three (3) months, either Landlord or Tenant may elect to terminate this Lease upon notice to the other party given no later than thirty (30) days after Landlord's notice. If neither party elects to terminate this Lease or if Landlord estimates that restoration will take three (3) months or less, then, Landlord, at Landlord's expense, shall promptly restore the Premises to substantially the same condition as the Premises existed prior to such fire or other casualty, including the improvements installed by Tenant or by Landlord and paid by Tenant. Base Rent shall be abated for the period of repair and restoration in the proportion which the area of the Premises, if any, which is not usable by Tenant bears to the total area of the Premises; provided, however, if the Premises are substantially destroyed, then Base Rent shall be abated completely for the period of repair and restoration.

In the event Landlord undertakes reconstruction or restoration of the Premises pursuant to the paragraph above, Landlord shall use reasonable diligence on completing such reconstruction repairs, but in the event Landlord fails to substantially complete the repairs within one hundred eighty (180) days after the date of the fire or other casualty, then Tenant may, at its option, terminate this Lease as of a date ten (10) days after receipt of its notice by Landlord upon giving Landlord notice to that effect, and Base Rent shall be apportioned as of said date and Landlord shall promptly return any money owed to Tenant.

15. **Condemnation**. If any part of the Premises or the Building should be taken for any public or quasi-public use under governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof (a "Taking" or "Taken"), and the Taking would, in Tenant's judgment, prevent or materially interfere with Tenant's use of the Premises or in Landlord's judgment would materially interfere with or impair its ownership or operation of the Building, then upon written notice by Landlord or Tenant this Lease shall terminate. Base Rent shall be apportioned as of the date of Taking, and Landlord shall promptly return any money owed to Tenant. If part of the Premises shall be Taken, and this Lease is not terminated as provided above, the Base Rent and the Operating Expenses payable hereunder during the unexpired Lease Term shall be reduced to such extent as may be fair and reasonable under the circumstances. This Lease shall automatically terminate as to the portion of the Premises Taken as of the date of such Taking. Tenant shall have the right to make a separate claim against the condemning authority for such compensation as may be separately awarded or recoverable by Tenant for moving expenses and damage to Tenant's Trade Fixtures, if a separate award for such items is made to Tenant.

16. **Assignment and Subletting**. Without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed,

Tenant shall not assign this Lease or sublease the Premises or any part thereof. Notwithstanding the above, Tenant may assign or sublet the Premises, or any part thereof, to any entity controlling Tenant, controlled by Tenant, under common control with Tenant or any chapter or regional office of Tenant (a "Tenant Affiliate"), without the prior written consent of Landlord.

17. **Indemnification**. Each party (the "Indemnifying Party"), except for the negligence of the other party (the "Indemnified Party"), its agents or employees, and to the extent permitted by law, agrees to indemnify, defend and hold harmless the Indemnified Party, and the Indemnified Party's agents and employees, from and against losses, liabilities, damages, costs and expenses (including reasonable attorneys' fees) arising from claims by third parties for bodily injury and damage or death occurring in or about the Building and arising from the use and occupancy of the Building or from any activity, work, or thing done, permitted or suffered by the Indemnifying Party in or about the Building or due to any other act or omission of the Indemnifying Party, its employees and agents.

18. **Inspection and Access**. Landlord and its agents, representatives, and contractors may enter the Premises upon at least twenty four (24) hours prior written notice to Tenant to inspect the Premises and to make such repairs as may be required or permitted pursuant to this Lease and for any other business purpose provided that such repairs or visits do not unreasonably interfere with or materially disrupt Tenant's use and occupancy of the Premises or the Building or the normal operation of Tenant's business in the Premises. Any such persons entering the Premises must be accompanied by Tenant.

19. **Quiet Enjoyment**. If Tenant shall perform all of the covenants and agreements herein required to be performed by Tenant, Tenant shall, subject to the terms of this Lease, at all times during the Lease Term, have peaceful and quiet enjoyment of the Premises free from interference and against any person claiming by, through or under Landlord.

20. **Surrender**. Upon termination of the Lease Term or earlier termination of Tenant's right of possession, Tenant shall surrender the Premises to Landlord in substantially the same condition as received, broom clean, ordinary wear and tear and casualty loss and condemnation excepted.

21. **Holding Over**. If Tenant retains possession of the Premises after the termination of the Lease Term, unless otherwise agreed in writing, such possession shall be a month to month tenancy upon the same terms and conditions as during the initial term of this Lease, except that such month to month tenancy may be terminated by either Landlord or Tenant by giving at least sixty (60) days prior written notice of termination to the other party.

22. **Events of Default**. Each of the following events shall be an event of default ("Event of Default") by Tenant under this Lease:

(i) Tenant shall fail to pay any installment of Base Rent or any other payment required herein when due, and such failure shall continue for a period of fourteen (14) days from the date of Tenant's receipt of Landlord's written notice that such payment was due.

(ii) Tenant shall fail to comply with any other provision of this Lease, and except as otherwise expressly provided herein, such default shall continue for more than thirty (30) days after the date of Tenant's receipt of Landlord's written notice of such default; provided, however, that if such default cannot reasonably be cured within such thirty (30) day period and Tenant has commenced and is making diligent efforts to cure such default, then Tenant shall have an additional ninety (90) days to cure such default.

23. **Landlord's Remedies**. Upon each occurrence of an Event of Default and so long as such Event of Default shall be continuing, Landlord may at any time thereafter terminate this Lease or Tenant's right of possession, and/or pursue any other remedies at law or in equity. Upon the termination of this Lease or termination of Tenant's right of possession, it shall be lawful for Landlord to re-enter the Premises by summary dispossession proceedings and to remove Tenant and all persons and property therefrom. If Landlord terminates Tenant's right of possession (but not this Lease), Landlord shall use commercially reasonable efforts to mitigate damages, including efforts to relet the Premises for the account of Tenant for such rent and upon such terms as shall be reasonably satisfactory to Landlord.

24. **Tenant's Remedies/Limitation of Liability**. Except for emergencies, in which case Landlord must make immediate repairs, Landlord shall not be in default hereunder unless Landlord fails to perform any of its obligations hereunder within thirty (30) days after written notice from Tenant specifying such failure (unless such performance will, due to the nature of the obligation, require a period of time in excess of 30 days, then after such period of time as is reasonably necessary not to exceed ninety (90) days as long as Landlord commences the cure within the thirty (30) day period and thereafter diligently pursues the cure to completion). Notwithstanding the foregoing, in the event Landlord has not cured such default, Tenant shall have the right to (i) terminate this Lease, (ii) withhold any monies payable to Landlord hereunder, or (iii) commence to cure the default itself and recover the costs thereof by offset against rent, or (iv) bring an action at law to redress its grievances. Any and all remedies set forth in this Lease: (i) shall be in addition to any and all other remedies Tenant may have at law or in equity; (ii) shall be cumulative; and (iii) may be pursued successively or concurrently as Tenant may elect. The exercise of any remedy by Tenant shall not be deemed an election of remedies or preclude Tenant from exercising any other remedies in the future.

25. **Environmental Requirements**. Landlord states that to the best of its knowledge the Building and the common areas are free of Hazardous Material actionable pursuant to any Environmental Requirements. Tenant shall not permit or

cause any party to bring any Hazardous Material upon the Premises or transport, store, use, generate, manufacture or release any Hazardous Material in or about the Premises in violation of any applicable Environmental Requirements. The term “Environmental Requirements” means all applicable present and future statutes, regulations, ordinances, rules, codes, judgments, orders or other similar enactments of any governmental authority or agency regulating or relating to health, safety, or environmental conditions. The term “Hazardous Materials” means and includes any substance, material, waste, pollutant, or contaminant listed or defined as hazardous or toxic, under any Environmental Requirements, asbestos and petroleum, including crude oil or any fraction thereof, natural gas, or synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas).

26. **Option to Purchase**. ITenant shall have an option to purchase the building and land for the sum of $800,000. A 60 day notice will be required to exercise this option.

27. **Entire Agreement**. This Lease constitutes the complete and entire agreement of Landlord and Tenant with respect to the subject matter hereof. No representations, inducements, promises or agreements, oral or written, have been made by Landlord or Tenant, or anyone acting on behalf of Landlord or Tenant, which are not contained herein, and any prior agreements, promises, negotiations, or representations are superseded by this Lease. This Lease may not be amended except by an instrument in writing signed by both parties hereto.

28. **Severability**. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby. It is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added, as a part of this Lease, a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

29. **Brokers**. Tenant represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction and that no broker, agent or other person brought about this transaction, other than the broker, if any, set forth on the first page of this Lease, who shall be paid a commission by Landlord pursuant to a separate agreement.

30. **Miscellaneous**. (a) Any payments or charges due from Tenant to Landlord hereunder shall be considered rent for all purposes of this Lease.

(a) All notices required or permitted to be given under this Lease shall be in writing and shall be sent by registered or certified mail, return receipt requested, or by a reputable national overnight courier service, postage prepaid, or by hand delivery and, if to Tenant, addressed to Tenant at the following address:

Bradington-Young, LLC
920 E. First Street
P. O. Box 487
Cherryville, NC 28021
Attention: Ben S. Causey

and if to Landlord, addressed to Landlord at
C. Presley Properties, LLC
1316 Dilworth Road
Charlotte, NC 28203

Either party may by notice given aforesaid change its address for all subsequent notices. Except where otherwise expressly provided to the contrary, notice shall be deemed given upon delivery.

(b) Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires. The captions inserted in this Lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.

(c) All exhibits and addenda attached hereto are hereby incorporated into this Lease and made a part hereof. In the event of any conflict between such exhibits or addenda and the terms of this Lease, such exhibits or addenda shall control.

[Signature page follows]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

TENANT:

BRADINGTON-YOUNG, LLC

By: /s/ Ben S. Causey

Name: Ben S. Causey
Title: VP Finance & Administration

LANDLORD:

C. PRESLEY PROPERTIES, LLC

By: /s/ Clay Presley

Name: Clay Presley
Title: President

EXHIBIT A

Floor Plan of Building

/Diagram Inserted Here/

Exhibit 31.1

Form 10-Q for the Quarterly Period Ended August 31, 2004
SECTION 13a-14(a) CERTIFICATION

I, Paul B. Toms, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hooker Furniture Corporation;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant’s other certifying officer 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)) 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 quarterly report is being prepared;
    b) 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 quarterly report based on such evaluation; and
    c) 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 fiscal 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 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 registrant’s board of directors (or persons performing the equivalent function):
    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 controls over financial reporting.

Date: October 19, 2004

/s/ Paul B. Toms, Jr.

Paul B. Toms, Jr.
Chairman and Chief Executive Officer

Exhibit 31.2

Form 10-Q for the Quarterly Period Ended August 31, 2004
SECTION 13a-14(a) CERTIFICATION

I, E. Larry Ryder, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hooker Furniture Corporation;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officer 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)) 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 quarterly report is being prepared;
   b) 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 quarterly report based on such evaluation; and
   c) 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 fiscal 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 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 registrant's board of directors (or persons performing the equivalent function):
   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 controls over financial reporting.

Date: October 19, 2004

/s/ E. Larry Ryder

E. Larry Ryder
Executive Vice President - Finance and
Administration and Chief Financial Officer

Exhibit 32.1

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 Hooker Furniture Corporation (the “Company”) Quarterly Report on Form 10-Q for the period ending August 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Paul B. Toms, Jr., Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (“Section 906”), that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: October 19, 2004

By: /s/ Paul B. Toms, Jr.

Paul B. Toms, Jr.
Chief Executive Officer

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

Exhibit 32.2

**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 Hooker Furniture Corporation (the “Company”) Quarterly Report on Form 10-Q for the period ending August 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, E. Larry Ryder, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (“Section 906”), that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: October 19, 2004

By: /s/ E. Larry Ryder

E. Larry Ryder
Chief Financial Officer

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