SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

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

For Quarter Ended September 30, 1999 Commission file number 0-5151

FLEXSTEEL INDUSTRIES, INC.

Incorporated in State of Minnesota I.R.S. Identification No. 42-0442319

FLEXSTEEL INDUSTRIES, INC.
P. O. BOX 877
DUBUQUE, IOWA 52004-0877

Area code 319 Telephone 556-7730

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

Common Stock - $1.00 Par Value
Shares Outstanding as of September 30, 1999 6,506,694

FLEXSTEEL INDUSTRIES, INC.
BALANCE SHEETS (UNAUDITED)

	September 30, 1999	June 30, 1999
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,195,373	$ 4,886,038
Investments	8,245,599	8,967,197
Trade receivables - less allowance for doubtful accounts: September 30, 1999, $2,565,000; June 30, 1999, $2,503,000	33,612,222	31,149,416
Inventories	30,788,434	29,503,209
Deferred income taxes	3,700,000	3,700,000
Other	292,941	461,406
Total current assets	78,834,569	78,667,266
PROPERTY, PLANT, AND EQUIPMENT at cost less accumulated depreciation:		

September 30, 1999, $53,715,462; June 30, 1999, $52,707,461	26,794,784	25,912,432
OTHER ASSETS	7,880,073	8,103,997
TOTAL	$ 113,509,426	$ 112,683,695

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable - trade	$ 7,330,655	$ 7,076,729
Accrued liabilities:		
Payroll and related items	4,722,127	6,735,108
Insurance	6,384,736	6,688,060
Other accruals	7,745,149	6,332,412
Industrial revenue bonds payable	1,625,000	1,625,000
Total current liabilities	27,807,667	28,457,309
DEFERRED COMPENSATION	3,077,070	3,060,670
Total liabilities	30,884,737	31,517,979
SHAREHOLDERS' EQUITY:		
Common Stock - $1 par value; authorized 15,000,000 shares; issued September 30, 1999, 6,506,694 shares; issued June 30, 1999, 6,491,840 shares	6,506,694	6,491,840
Additional paid-in capital	160,114	
Retained earnings	75,232,508	73,718,238
Unrealized investment gain	725,373	955,638
Total shareholders' equity	82,624,689	81,165,716
TOTAL	$ 113,509,426	$ 112,683,695

See accompanying Notes.

FLEXSTEEL INDUSTRIES, INC.
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)

STATEMENTS OF INCOME

	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998
NET SALES	$ 67,700,750	$ 60,053,381
COST OF GOODS SOLD	52,671,229	46,903,067
GROSS MARGIN	15,029,521	13,150,314
SELLING, GENERAL AND ADMINISTRATIVE	11,336,770	10,539,970
OPERATING INCOME	3,692,751	2,610,344
OTHER:		
Interest and other income	145,653	274,688
Interest and other expense	83,714	80,129
Total	61,939	194,559
INCOME BEFORE INCOME TAXES	3,754,690	2,804,903
PROVISION FOR INCOME TAXES	1,390,000	1,010,000
NET INCOME	$ 2,364,690	$ 1,794,903
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:		
BASIC	6,540,966	6,822,343
DILUTED	6,653,334	6,884,688
EARNINGS PER SHARE OF COMMON STOCK:		
BASIC	$ 0.36	$ 0.26
DILUTED	$ 0.36	$ 0.26

STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998
NET INCOME	$ 2,364,690	$ 1,794,903
OTHER COMPREHENSIVE INCOME BEFORE TAX:		
Unrealized losses on securities arising during period	(365,500)	(126,437)
INCOME TAX BENEFIT:		
Income tax benefit related to securities losses arising during period	135,235	45,517
OTHER COMPREHENSIVE INCOME, NET OF TAX	(230,265)	(80,920)
COMPREHENSIVE INCOME	$ 2,134,425	$ 1,713,983

See accompanying Notes.

FLEXSTEEL INDUSTRIES, INC.
CONDENSED STATEMENTS OF CASH FLOW (UNAUDITED)

	Three Months Ended September 30, 1999	Three Months Ended September 30, 1998
OPERATING ACTIVITIES:		
Net Income	$ 2,364,690	$ 1,794,903
Adjustments to reconcile net income to net cash provided by operating activities	(2,066,996)	1,548,123
Net cash provided by operating activities	297,694	3,343,026
INVESTING ACTIVITIES:		
Purchases of investments	(109,792)	(1,951,478)
Proceeds from sales of investments	601,125	1,446,778
Proceeds from sales of capital assets	13,625	12,228
Capital expenditures	(2,222,648)	(1,175,003)
Net cash used in investing activities	(1,717,690)	(1,647,475)
FINANCING ACTIVITIES:		
Payment of dividends	(850,420)	(817,683)
Proceeds from issuance of common stock	52,251	128,027
Repurchase of common stock	(472,500)	
Net cash used in financing activities	(1,270,669)	(689,656)
Increase (decrease) in cash and cash equivalents	(2,690,665)	1,005,895
Cash and cash equivalents at beginning of year	4,886,038	5,464,261
Cash and cash equivalents at end of period	$ 2,195,373	$ 6,470,156

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the period for

	1999	1998
Interest	$ 15,000	$ 19,000
Income taxes	$ 1,160,000	$ 181,000

See accompanying Notes.

FLEXSTEEL INDUSTRIES, INC.
NOTES (UNAUDITED)

1. These financial statements do not include certain information and footnotes required by generally accepted accounting principles for complete financial statements. However, in the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal recurring nature. Operating results for the three month period ended September 30, 1999 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2000.

2. The inventories are categorized as follows:

	September 30, 1999	June 30, 1999
Raw materials	$ 15,351,264	$ 15,871,466
Work in process and finished parts	8,045,245	7,416,826
Finished goods	7,391,925	6,214,917
Total	$ 30,788,434	$ 29,503,209

3. In 1997, the Financial Accounting Standards board issued Statement No. 128, EARNINGS PER SHARE (SFAS 128). SFAS 128 replaced the calculation of primary and fully dilated earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of stock options. All earnings per share amounts for all periods have been presented and, where appropriate, restated to conform to the SFAS 128 requirements.

	Three Months Ended September 30, 1999	1998
Basic Earnings Per Share:		
Income available to common shareowners	$ 2,364,690	$ 1,794,903
Weighted average shares outstanding	6,540,966	6,822,343
Earnings Per Share - Basic	0.36	0.26
Diluted Earnings Per Share:		
Income available to common shareowners	$ 2,364,690	$ 1,794,903
Weighted average shares outstanding	6,540,966	6,822,343
Dilutive shares issuable in connection with stock option plans	472,807	417,995
Less shares purchasable with proceeds	(360,439)	(355,650)
Total Shares	6,653,334	6,884,688
Earnings Per Share - Diluted	$ 0.36	$ 0.26

4. RECLASSIFICATIONS - certain prior year amounts have been reclassified to conform to the current period presentation. These reclassifications had no impact on net income or shareholders' equity as previously reported.

FLEXSTEEL INDUSTRIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CONDENSED STATEMENT OF EARNINGS

Results of Operations:

Three months ended September 30, 1999 compared to three months ended September 30, 1998.

The following table has been prepared as an aid in understanding the Company's results of operations on a comparative basis for the first quarters ended September 30, 1999 and 1998. Amounts presented are percentages of the Company's net sales.

	First Quarters Ended September 30, 1999	First Quarters Ended September 30, 1998
Net Sales	100.0%	100.0%
Cost of Goods Sold	77.8	78.1
Gross Margin	22.2	21.9
Selling, General and Administrative Expense	16.7	17.6
Operating Income	5.5	4.3
Other Income, Net	0.1	0.4
Income Before Income Taxes	5.6	4.7
Income Tax Expense	2.1	1.7
Net Income	3.5%	3.0%

Net sales for the quarter ended September 30, 1999 increased by $7,647,000 or 13% compared to the prior year quarter. Residential sales volume increased $3,644,000 or 10%. Recreational vehicle seating sales increased $4,316,000 or 22%. Commercial seating volume decreased $313,000 or 6%.

Gross margin increased $1,879,207 to $15,029,521 or 22.2% of net sales, in the current year, from $13,150,314 or 21.9% in the prior year. The gross margin increase was due primarily to improved utilization of available production capacity.

Selling, general and administrative expenses as a percentage of sales were 16.7% and 17.6% for the current year and prior year, respectively. The cost percentage decrease was due to control of SG&A costs in relation to the higher sales volume.

The above factors resulted in current fiscal year earnings of $2,364,690 or $0.36 per diluted share compared to $1,794,903 or $0.26 per diluted share in the prior year, a net increase of $569,787 or $0.10 per share.

Liquidity and Capital Resources:

Working capital at September 30, 1999 is $51,027,000 which includes cash, cash equivalents and investments of $10,441,000. Working capital increased by $817,000 from the June 30, 1999 amount.

Cash and cash equivalents decreased by $2,691,000 during the quarter compared to an increase of $1,006,000 in the prior year quarter. Net cash provided by operating activities was $298,000 during the first three months of fiscal year 2000 versus $3,343,000 in 1999. The decrease in cash and cash equivalents resulted from increases in accounts receivable and inventory, reflecting the increased sales and production volume, and higher income tax payments, offset by improved net income.

Capital expenditures were $2,223,000 during the first three months of fiscal year 2000 and $1,175,000 in 1999. The current year expenditures were incurred primarily for manufacturing equipment and delivery equipment. During the next nine months approximately $4,000,000 will be spent on manufacturing and delivery equipment, and an expansion project in Riverside, CA. The funds for projected capital expenditures are expected to be provided by cash generated from operations and available cash.

The Company has repurchased 398,600 shares of its common stock under a plan approved November 4, 1998 authorizing the repurchase of up to 700,000 shares. During the quarter ended September 30, 1999 the Company repurchased 35,000 shares of its common stock.

Year 2000 Issue - The Company developed a plan to identify and modify its computer information systems to ensure that transactions will be properly processed on and after January 1, 2000. The Company also reviewed its computer-dependent manufacturing activities to identify areas of concern related to the year 2000 issues. The plan has been completed and tested. The Company believes that it is prepared internally for January 1, 2000. The internal conversion costs were not material to the Company's financial position or operations. None of the Company's other information technology projects have been delayed due to the implementation of the year 2000 plan. As a part of the Company's contingency plan for year 2000 issues, the Company will continue testing each of the major systems. The Company continues to communicate with major suppliers to emphasize that operations must continue without interruption through January 1, 2000, and beyond. However, there can be no assurances that systems of other companies, on which the Company's systems rely, will be converted in a timely manner or that any failure to convert by another company would not have an adverse effect on the Company's ability to conduct operations.

CAUTIONARY STATEMENT RELEVANT TO FORWARD-LOOKING INFORMATION FOR THE PURPOSE OF "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

The Company and its representatives may from time to time make written or oral forward-looking statements with respect to goals and expectations of the Company, including statements contained in the Company's filings with the Securities and Exchange Commission and in its reports to stockholders.

Statements, including those in this report, which are not historical or current facts are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. There are certain important factors that could cause results to differ materially from those anticipated by some of the statements made herein. Investors are cautioned that all forward-looking statements involve risk and uncertainty. Some of the factors that could affect results are the effectiveness of new product introductions, the product mix of our sales, the cost of raw materials, the amount of sales generated and the profit margins thereon or volatility in the major markets, competition and general economic conditions.

The Company specifically declines to undertake any obligation to publicly revise any forward-looking statements that have been made to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

PART II OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

The registrant did not file a report on Form 8-K during the quarter for which this report is filed.

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 officer thereunto duly authorized.

FLEXSTEEL INDUSTRIES, INC.

Date: November 12, 1999

By: /s/ R. J. Klosterman

R.J. Klosterman
Financial Vice President &
Principal Financial Officer

3-MOS
SEP-30-1999
JUN-30-2000
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