

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 [NO FEE REQUIRED]
 For the quarterly period ended September 30, 2000

or
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
 SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
 For the transition period from to
 Commission file number 0-5151

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 . No .

Common Stock - \$1.00 Par Value
 Shares Outstanding as of September 30, 2000 6,213,137

FLEXSTEEL INDUSTRIES, INC.
 BALANCE SHEETS (UNAUDITED)

	September 30, 2000	June 30, 2000
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,407,811	\$ 4,000,855
Investments	4,836,862	5,730,888
Trade receivables - less allowance for doubtful accounts:		
September 30, 2000, \$2,395,000;		
June 30, 2000, \$2,250,000	33,727,392	32,053,104
Inventories	32,414,831	32,456,058
Deferred income taxes	3,200,000	3,200,000
Other	950,635	543,711
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Total current assets	76,537,531	77,984,616
PROPERTY, PLANT, AND EQUIPMENT		
at cost less accumulated depreciation:		
September 30, 2000, \$57,647,145;		
June 30, 2000, \$56,914,987	27,696,293	26,837,475
NOTES RECEIVABLE	3,045,185	2,752,130
OTHER ASSETS	7,274,552	7,302,095
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TOTAL	\$114,553,561	\$114,876,316
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable - trade	\$ 5,965,709	\$ 6,921,533
Accrued liabilities:		
Payroll and related items	5,453,937	6,344,417
Insurance	5,614,845	5,977,525

Other accruals	5,507,813	5,364,921
Industrial revenue bonds payable	1,300,000	1,300,000
	-----	-----
Total current liabilities	23,842,304	25,908,396
DEFERRED COMPENSATION	3,877,152	3,772,152
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Total liabilities	27,719,456	29,680,548
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SHAREHOLDERS' EQUITY:		
Common Stock - \$1 par value; authorized 15,000,000 shares; issued September 30, 2000, 6,213,137 shares; issued June 30, 2000, 6,170,789 shares	6,213,137	6,170,789
Additional paid-in capital	464,651	
Retained earnings	79,342,514	78,268,436
Unrealized investment gain	813,803	756,543
	-----	-----
Total shareholders' equity	86,834,105	85,195,768
	-----	-----
TOTAL	\$114,553,561	\$114,876,316
	=====	=====

See accompanying Notes.

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

STATEMENTS OF INCOME

	Three Months Ended September 30,	
	2000	1999
NET SALES	\$ 66,643,085	\$ 67,700,750
COST OF GOODS SOLD	(52,129,832)	(52,671,229)
GROSS MARGIN	14,513,253	15,029,521
SELLING, GENERAL AND ADMINISTRATIVE	(11,797,296)	(11,473,675)
OPERATING INCOME	2,715,957	3,555,846
OTHER:		
Interest and other income	359,428	282,558
Interest and other expense	(93,009)	(83,714)
Total	266,419	198,844
INCOME BEFORE INCOME TAXES	2,982,376	3,754,690
PROVISION FOR INCOME TAXES	(1,100,000)	(1,390,000)
NET INCOME	\$ 1,882,376	\$ 2,364,690
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:		
BASIC	6,206,161	6,540,966
DILUTED	6,270,806	6,653,334
EARNINGS PER SHARE OF COMMON STOCK:		
BASIC	\$ 0.30	\$ 0.36
DILUTED	\$ 0.30	\$ 0.36

STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended September 30,	
	2000	1999
NET INCOME	\$ 1,882,376	\$ 2,364,690
OTHER COMPREHENSIVE INCOME BEFORE TAX:		
Unrealized gains (losses) on securities arising during period	72,110	(365,500)
Less: reclassification adjustment for (gains) losses included in net income	18,750	
Other comprehensive income, before tax	90,860	(365,500)
INCOME TAX BENEFIT (EXPENSE):		
Income tax benefit (expense) related to securities (gains) losses arising during period	(26,662)	135,235
Income tax benefit (expense) related to securities reclassification Adjustment	(6,938)	
Income tax expense related to other comprehensive income	(33,600)	135,235
OTHER COMPREHENSIVE INCOME, NET OF TAX	57,260	(230,265)
COMPREHENSIVE INCOME	\$ 1,939,636	\$ 2,134,425

See accompanying Notes.

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

	Three Months Ended September 30,	
	2000	1999
OPERATING ACTIVITIES:		
Net Income	\$ 1,882,376	\$ 2,364,690
Adjustments to reconcile net income to net cash provided by operating activities	(1,985,187)	(2,066,996)
Net cash provided by operating activities	(102,811)	297,694
INVESTING ACTIVITIES:		
Purchases of investments	(241,084)	(109,792)
Proceeds from sales of investments	1,234,990	601,125
Payments received from customers on notes	32,844	
Loans to customers on notes receivable ..	(325,000)	
Proceeds from sales of capital assets ...	71,833	13,625
Capital expenditures	(2,321,075)	(2,222,648)
Net cash used in investing activities	(1,547,492)	(1,717,690)
FINANCING ACTIVITIES:		
Payment of dividends	(803,273)	(850,420)
Proceeds from issuance of common stock ..	17,407	52,251
Repurchase of common stock	(156,875)	(472,500)
Net cash used in financing activities	(942,741)	(1,270,669)
Increase (decrease) in cash and cash equivalents	(2,593,044)	(2,690,665)
Cash and cash equivalents at beginning of year .	4,000,855	4,886,038
Cash and cash equivalents at end of period	\$ 1,407,811	\$ 2,195,373
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for		
Interest	\$ 15,000	\$ 15,000
Income taxes	\$ 900,000	\$ 1,290,000

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, 2000 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2001.
2. The inventories are categorized as follows:

		September 30, 2000		June 30, 2000
		-----		-----
Raw materials.....	\$	15,060,363	\$	16,711,084
Work in process and finished parts.....		8,592,283		9,125,346
Finished goods.....		8,762,185		6,619,628
		-----		-----
Total.....	\$	32,414,831	\$	32,456,058
		=====		=====

3. Earnings Per Share - Basic earnings per share of common stock is based on the weighted average number of common shares outstanding during each year. Diluted earnings per share of common stock takes into effect the dilutive effect of potential common shares outstanding. The Company's only potential common shares outstanding are stock options, which resulted in a dilutive effect of 64,645 shares, and 112,368 shares in quarters ended September 30, 2000 and 1999 respectively. The Company calculates the dilutive effect of outstanding options using the treasury stock method.
4. ACCOUNTING DEVELOPMENTS - In June 1998, the Financial Accounting Standards Board (FASB) issued Statement No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. The FAS subsequently issued FAS No. 137 delaying the effective date for one year, to fiscal years beginning after June 15, 2000. The Company adopted this standard on July 1, 2000 and there was no impact on the Company's financial position and results of operations.
5. 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, 2000 compared to three months ended September 30, 1999.

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, 2000 and 1999. Amounts presented are percentages of the Company's net sales.

	First Quarter Ended September 30,	
	2000	1999
Net Sales.....	100.0 %	100.0 %
Cost of Goods Sold.....	78.2	77.8
Gross Margin.....	21.8	22.2
Selling, General and Administrative Expense.....	17.7	16.9
Operating Income.....	4.1	5.3
Other Income, Net.....	0.4	0.3
Income Before Income Taxes.....	4.5	5.6
Income Tax Expense.....	1.7	2.1
Net Income.....	2.8 %	3.5 %

Net sales for the quarter ended September 30, 2000 decreased by \$1,058,000 or 2% compared to the prior year quarter. Residential sales volume increased \$5,180,000 or 13%. Recreational vehicle seating sales decreased \$6,434,000 or 27%. Commercial seating volume increased \$196,000 or 4%.

The increased demand for residential products was more than offset by the substantial decline in demand for recreational vehicle seating products. The decreased demand for recreational seating products appears to be caused by several factors, including higher interest rates, the instability of fuel costs and a high buildup of inventory in prior quarters by suppliers.

Gross margin decreased \$516,000 to \$14,513,000 or 21.8% of net sales in the current year, from \$15,030,000 or 22.2% in the prior year. The decline in gross margin reflects the lower production volume associated with vehicle seating products which resulted in reduced absorption of fixed costs.

Selling, general and administrative expenses as a percentage of sales were 17.7% and 16.9% for the current year and prior year, respectively. The cost percentage increase was due to the fixed portion of SG&A costs in relation to the lower sales volume.

The above factors resulted in current fiscal year net income of \$1,882,000 or \$0.30 per diluted share compared to \$2,365,000 or \$0.36 per diluted share in the prior year, a decrease of \$483,000 or \$0.06 per diluted share.

Liquidity and Capital Resources:

Working capital at September 30, 2000 is \$52,695,000 which includes cash, cash equivalents and investments of \$6,245,000. Working capital increased by \$619,000 from the June 30, 2000 amount.

Cash and cash equivalents decreased by \$2,593,000 during the quarter compared to a decrease of \$2,691,000 in the prior year quarter. Net cash used by operating activities was \$103,000 during the first three months of fiscal year 2001 versus net cash provided by operating activities of \$298,000 in the first quarter of fiscal year 2000. The decrease in cash and cash equivalents resulted from increases in accounts receivable and a decrease in current liabilities.

Capital expenditures were \$2,321,000 during the first three months of fiscal year 2001 and \$2,223,000 in 2000. The current year expenditures were incurred primarily for manufacturing equipment and delivery equipment. During the next nine months approximately \$2,700,000 will be spent on manufacturing and delivery equipment. The funds for projected capital expenditures are expected to be provided by cash generated from operations and available cash.

The Company has repurchased shares of its common stock under plans approved by the Company's Board of Directors. During the quarter ended September 30, 2000 the Company repurchased 12,500 shares of its common stock. At September 30, 2000, under existing authorizations, the Company may repurchase 192,878 shares.

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 27, 2000

By:

/s/ R.J. Klosterman

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

3-MOS
 JUN-30-2001
 JUL-01-2000
 SEP-30-2000
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