SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the quarterly period ended March 31, 2001
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 _X_. No ___.

Common Stock - $1.00 Par Value

Shares Outstanding as of March 31, 2001 6,035,937

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

FLEXSTEEL INDUSTRIES, INC.
BALANCE SHEETS

	UNAUDITED March 31, 2001	June 30, 2000
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 5,697,630	$ 4,000,855
Investments	2,945,073	5,730,888
Trade receivables - less allowance for doubtful accounts: March 31, 2001, $2,260,000 June 30, 2000, $2,250,000	32,868,880	32,053,104
Inventories	31,446,325	32,456,058

Deferred income taxes	3,200,000	3,200,000
Other	1,285,011	543,711
Total current assets	77,442,920	77,984,616
PROPERTY, PLANT, AND EQUIPMENT		
At cost less accumulated depreciation: March 31, 2001, $59,392,086 June 30, 2000, $56,914,987	25,996,237	26,837,475
NOTES RECEIVABLE	535,620	2,752,130
OTHER ASSETS	8,217,266	7,302,095
TOTAL	$112,192,042	$114,876,316

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable - trade	$ 4,773,548	$ 6,921,533
Accrued liabilities:		
Payroll and related items	4,858,992	6,344,417
Insurance	5,863,451	5,977,525
Other accruals	5,731,909	5,364,921
Industrial revenue bonds payable	1,300,000	1,300,000
Total current liabilities	22,527,900	25,908,396
DEFERRED COMPENSATION	4,088,152	3,772,152
Total liabilities	26,616,052	29,680,548
SHAREHOLDERS' EQUITY:		
Common Stock - $1 par value; authorized 15,000,000 shares; issued March 31, 2001, 6,035,937 shares; issued June 30, 2000, 6,170,789 shares	6,035,937	6,170,789
Retained earnings	78,905,608	78,268,436
Unrealized investment gain	634,445	756,543
Total shareholders' equity	85,575,990	85,195,768
TOTAL	$112,192,042	$114,876,316

See accompanying Notes to Financial Statements.

FLEXSTEEL INDUSTRIES, INC.

STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2001	2000	2001	2000
NET SALES	$ 68,441,058	$ 74,972,094	$ 205,286,457	$ 213,076,665
COST OF GOODS SOLD	(53,796,227)	(58,384,168)	(159,653,668)	(165,881,756)
GROSS MARGIN	14,644,831	16,587,926	45,632,789	47,194,909
SELLING, GENERAL AND ADMINISTRATIVE	(13,545,901)	(12,071,827)	(39,251,899)	35,377,502
GAIN ON SALE OF LAND				(1,249,806)
OPERATING INCOME	1,098,930	4,516,099	6,380,890	13,067,213
OTHER:				
Interest and other income	264,261	301,253	874,236	1,157,425
Interest and other expense	(74,068)	(144,403)	(260,363)	(337,520)
Total	190,293	156,850	613,873	819,905
INCOME BEFORE INCOME TAXES	1,289,223	4,672,949	6,994,763	13,887,118
PROVISION FOR INCOME TAXES	(475,000)	(1,730,000)	(2,575,000)	(4,990,000)
NET INCOME	$ 814,223	$ 2,942,949	$ 4,419,763	$ 8,897,118
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:				
BASIC	6,070,892	6,422,157	6,131,994	6,481,102
DILUTED	6,140,248	6,522,426	6,199,023	6,587,281
EARNINGS PER SHARE OF COMMON STOCK:				
BASIC	$ 0.13	$ 0.46	$ 0.72	$ 1.37
DILUTED	$ 0.13	$ 0.45	$ 0.71	$ 1.35

STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2001	2000	2001	2000
NET INCOME	$ 814,223	$ 2,942,949	$ 4,419,763	$ 8,897,118
OTHER COMPREHENSIVE INCOME (LOSS) BEFORE TAX:				
Unrealized gains (losses) on securities arising during period	(360,893)	32,034	(263,548)	(267,116)
Less: reclassification adjustment for gains included in net income	28,500	17,066	69,750	39,566
Other comprehensive income (loss), before tax	(332,393)	49,100	(193,798)	(227,550)
INCOME TAX BENEFIT (EXPENSE):				
Income tax (expense) benefit related to securities (losses) gains arising during period	133,445	(11,856)	97,508	98,594
Income tax (expense) benefit related to securities reclassification adjustment	(10,545)	(6,314)	(25,808)	(14,639)
Income tax (expense) benefit related to other comprehensive income	122,900	(18,170)	71,700	83,955

OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(209,493)	30,930	(122,098)	(143,595)
COMPREHENSIVE INCOME	$ 604,730	$ 2,973,879	$ 4,297,665	$ 8,753,523

See accompanying Notes to Financial Statements.

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

	Nine Months Ended March 31, 2001	Nine Months Ended March 31, 2000
OPERATING ACTIVITIES:		
Net Income	$ 4,419,763	$ 8,897,118
Adjustments to reconcile net income to net cash provided by operating activities	2,803,916	(4,593,725)
Net cash provided by operating activities	7,223,679	4,303,393
INVESTING ACTIVITIES:		
Purchases of investments	(1,850,565)	(761,840)
Payments received from customers on notes receivable	163,072	
Proceeds from sales of investments	3,802,635	2,611,672
Loans to customers	(325,000)	(2,272,375)
Proceeds from sales of capital assets	164,897	1,570,706
Capital expenditures	(2,899,373)	(5,621,328)
Net cash used in investing activities	(944,334)	(4,473,165)
FINANCING ACTIVITIES:		
Payment of dividends	(2,405,457)	(2,518,780)
Proceeds from issuance of common stock	52,761	697,015
Repurchase of common stock	(2,229,874)	(2,248,789)
Net cash used in financing activities	(4,582,570)	(4,070,554)
Increase (decrease) in cash and cash equivalents	1,696,775	(4,240,326)
Cash and cash equivalents at beginning of period	4,000,855	4,886,038
Cash and cash equivalents at end of period	$ 5,697,630	$ 645,712
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for		
Interest	$ 38,000	$ 47,000
Income taxes	$ 3,504,000	$ 5,265,000

See accompanying Notes to Financial Statements.

FLEXSTEEL INDUSTRIES, INC.
NOTES TO FINANCIAL STATEMENTS (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 nine-month period ended March 31, 2001 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:

	March 31, 2001	June 30, 2000
Raw materials	$13,532,012	$16,711,084
Work in process and finished parts	8,404,292	9,125,346
Finished goods	9,510,021	6,619,628
Total	$31,446,325	$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 69,356 shares and 100,269 shares in the quarters ended and 67,029 shares and 106,179 shares in the nine months ended March 31, 2001 and 2000, respectively. The Company calculates the dilutive effect of outstanding options using the treasury stock method.

4. ACCOUNTING DEVELOPMENTS--The Company adopted Financial Accounting Standards Board Statement No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES on July 1, 2000. There was no impact on the Company's financial position and results of operations.

   The Company adopted the Securities and Exchange Commission Staff Accounting Bulletin No. 101, REVENUE RECOGNITION on January 1, 2001. There was no impact on the Company's financial position and results of operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations:

The following table has been prepared as an aid in understanding the Company's results of operations on a comparative basis for the third quarter and nine months ended March 31, 2001 and 2000. Amounts presented are percentages of the Company's net sales.

	Third Quarter Ended March 31,		Nine Months Ended March 31,	
	2001	2000	2001	2000
Net Sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	(78.6%)	(77.9%)	(77.8%)	(77.9%)
Gross margin	21.4%	22.1%	22.2%	22.1%
Selling, general & administrative expense	(19.8%)	(16.1%)	(19.1%)	(16.6%)
Gain on sale of land				0.6%
Operating income	1.6%	6.0%	3.1%	6.1%
Other income, net	0.3%	0.2%	0.3%	0.4%
Income before income taxes	1.9%	6.2%	3.4%	6.5%
Income tax expense	(0.7%)	(2.3%)	(1.2%)	(2.3%)
Net income	1.2%	3.9%	2.2%	4.2%

RESULTS OF OPERATIONS FOR THE QUARTER - Net sales for the quarter ended March 31, 2001 decreased by $6.5 million or 8.7% compared to the prior year quarter. Residential seating sales volume increased $4.0 million or 8.9%. Recreational vehicle seating sales decreased $9.6 million or 37.5%. Commercial seating volume decreased $1.0 million or 20.5%.

Gross margin decreased $1.9 million to $14.6 million or 21.4% of net sales in the current year, from $16.6 million or 22.1% of net sales reflecting the lower sales volume and changes in product mix.

Selling, general and administrative expenses as a percentage of sales were 19.8% and 16.1% for the current year and prior year, respectively. Advertising, bad debts and health insurance cost increases and the cost associated with the development of retail operations negatively impacted selling, general and administrative expenses in the current period.

The above factors resulted in current fiscal period earnings of $0.8 million or $0.13 per diluted share compared to $2.9 million or $0.45 per diluted share in the prior year, a net decrease of $2.1 million or $0.32 per share.

RESULTS OF OPERATIONS FOR THE LAST NINE MONTHS - Net sales for the nine-months ended March 31, 2001 decreased by $7.8 million or 3.7% compared to the prior year nine-month period. Residential seating sales volume increased $15.6 million or 12.3%. Recreational vehicle seating sales decreased $22.6 million or 31.5%. Commercial seating volume decreased $0.9 million or 6.1%.

Gross margin decreased $1.6 million to $45.6 million or 22.2% of net sales in the current year, from $47.2 million or 22.1% of net sales reflecting the lower sales volume and changes in product mix.

Selling, general and administrative expenses as a percentage of sales were 19.1% and 16.6% for the current year and prior year, respectively. Advertising, bad debts and health insurance cost increases and the cost associated with the development of retail operations negatively impacted selling, general and administrative expenses in the current period.

The Company has five retail stores in operation, two in the Chicago area and three in the Indianapolis market. The Company does not anticipate opening additional retail locations. The retail operations are experiencing operating losses as staffing is completed, advertising is initiated and consumer traffic is established. The Company believes that operating these retail stores will aid in assuring product introductions meet consumer requirements, that advertising and marketing materials are effective and to enhance sales by providing additional floor space to display its wide product line.

Net income for the nine-months ended March 31, 2000 included a net gain (after tax) of $790,000, or $0.12 per share, on the sale of land and $405,000, or $0.06 per share, from nontaxable proceeds of life insurance.

The above factors resulted in current period earnings of $4.4 million or $0.71 per diluted share. Excluding the sale of land and life insurance proceeds in the prior year, net earnings for the nine-months ended March 31, 2001 declined $0.46 per share from the prior year nine-month period.

Liquidity and Capital Resources:

Working capital at March 31, 2001 is $54.9 million, which includes cash, cash equivalents and investments of $8.6 million. Working capital increased by $2.8 million from the June 30, 2000 amount. Net cash provided by operating activities was $7.2 million during the first nine months of fiscal year 2001 versus $4.3 million in the first nine months of fiscal year 2000.

Capital expenditures were $3.6 million and $5.6 million during the first nine months of fiscal 2001 and 2000, respectively. The current period capital expenditures include $750,000 of equipment and leasehold improvements acquired through settlement of a note receivable. The current period expenditures were incurred primarily for manufacturing and delivery equipment. The Company anticipates that minimal capital expenditures will be made during the next three months. 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 nine month period ended March 31, 2001 the Company repurchased 194,425 shares of its common stock.

Item 3. Quantitative and Qualitative Information About Market Risk

Not applicable.

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, credit risk from customers or volatility in the major markets, competition and general 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: April 17, 2001

By: ____________________________

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