FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the fiscal year ended June 30, 2003
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

FLEXSTEEL INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

MINNESOTA	42-0442319
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P.O. BOX 877, DUBUQUE, IOWA	52004-0877
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (563) 556-7730

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered:
	NASDAQ

Securities registered pursuant to Section 12(g) of the Act:
COMMON STOCK, $1.00 PAR VALUE
(Title of Class)

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 [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).
YES [X] No [ ]

State the aggregate market value of the voting stock held by non-affiliates of the registrant as of August 4, 2003, which is within 60 days prior to the date of filing:

Common Stock, Par Value $1.00 Per Share: $55,400,000

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of August 4, 2003:

CLASS	SHARES OUTSTANDING
Common Stock, $ 1.00 Par Value	6,296,081 Shares

DOCUMENTS INCORPORATED BY REFERENCE

IN PART III, PORTIONS OF THE REGISTRANT'S 2003 PROXY STATEMENT TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION WITHIN 120 DAYS OF THE REGISTRANT'S FISCAL YEAR END.

PART I

ITEM 1. BUSINESS

The registrant was incorporated in 1929 and has been in the furniture seating business ever since. The registrant's primary business is the design, manufacture and sale of a broad line of quality upholstered furniture for residential, commercial, and recreational vehicle seating use. The registrant's classes of products include a variety of wood and upholstered furniture including upholstered sofas, loveseats, chairs, reclining and rocker-reclining chairs, swivel rockers, sofa beds, convertible bedding units and occasional tables, some of which are for home, office, motor home, travel trailer, yacht, health care and hotels. Featured as a basic component in most of the upholstered furniture is a unique drop-in-seat spring. The registrant primarily distributes its products throughout most of the United States through the registrant's sales force to approximately 2,800 furniture dealers (including two Company owned stores), department stores, recreational vehicle manufacturers, and hospitality and healthcare facilities. The registrant's products are also sold to several national chains, some of which sell on a private label basis. The registrant's business is not considered seasonal. The registrant has no foreign operations and makes minimal export sales. Financial information about operations is included herein.

The registrant's significant operating segment is the manufacture of upholstered seating. The second segment is the operation of two retail furniture stores.

The registrant's upholstered seating business has three primary areas of application -- residential seating, recreational vehicle seating and commercial seating. Set forth below is information for the past three fiscal years showing the registrant's net sales attributable to each of the areas of application described above:

	FOR THE YEARS ENDED JUNE 30,		
	2003	2002	2001
Residential Seating	$194,000,000	$193,200,000	$199,900,000
Recreational Vehicle Seating	75,600,000	67,900,000	66,400,000
Commercial Seating	22,400,000	18,600,000	18,500,000
	$292,000,000	$279,700,000	$284,800,000

The approximate backlog of customer orders believed to be firm as of the end of the current fiscal year and the prior two fiscal years were as follows:

JUNE 30, 2003	JUNE 30, 2002	JUNE 30, 2001
$29,100,000 *	$30,000,000	$25,700,000

* All of this amount is expected to be filled in the fiscal year ending June 30, 2004.

The registrant's furniture products utilize various species of hardwood lumber obtained from Arkansas, Mississippi, Missouri and elsewhere. In addition to hardwood lumber and engineered wood products, principal raw materials utilized in the manufacturing process include bar and wire stock, high carbon spring steel, fabrics, leather and polyurethane. While the registrant purchases these materials from outside suppliers, it is not dependent upon any single source of supply. The raw materials are all readily available.

The registrant owns the American and Canadian improvement patents to its Flexsteel seat spring, as well as patents on convertible beds and various other recreational vehicle seating products. In addition, it holds licenses to manufacture certain rocker-recliners. The registrant does not consider its patents and licenses material to its business.

The furniture industry is highly competitive. There are numerous furniture manufactures in the United States. Although the registrant is one of the largest manufacturers of upholstered furniture in the United States, according to the registrant's best information it manufactures and sells less than 2% of the upholstered furniture sold in the United States. The registrant's principal method of meeting competition is by emphasizing its product performance and to use its sales force.

Most items in the upholstered seating line are designed by the registrant's own design staff. New models and designs of furniture, as well as new fabrics, are introduced continuously. The registrant estimates that approximately 40% of its upholstered seating line is redesigned in whole or in part each year. In the last three fiscal years, these redesign activities involved the following expenditures:

FISCAL YEAR ENDED	EXPENDITURES
June 30, 2003	$2,660,000
June 30, 2002	$1,970,000
June 30, 2001	$2,090,000

The registrant had approximately 2,300, 2,300, and 2,400 employees as of June 30, 2003, 2002, and 2001, respectively, including approximately 900 employees that are covered by collective bargaining agreements. Management believes it has good relations with employees.

ITEM 2. PROPERTIES

The registrant owns or leases the following manufacturing plants:

LOCATION	APPROXIMATE SIZE (SQUARE FEET)	PRINCIPAL OPERATIONS
Dubuque, Iowa	853,000	Upholstered Furniture - Recreational Vehicle - Metal Working
Lancaster, Pennsylvania	216,000	Upholstered Furniture
Riverside, California	236,000	Upholstered Furniture - Recreational Vehicle
Dublin, Georgia	243,600	Upholstered Furniture
Harrison, Arkansas	123,000	Woodworking Plant
Starkville, Mississippi	349,000	Upholstered Furniture - Woodworking Plant
New Paris, Indiana	168,000	Recreational Vehicle - Metal Working

The registrant's operating plants are well suited for their manufacturing purposes and have been updated and expanded from time to time as conditions warrant. The Dublin, Georgia facility is currently being expanded by approximately 56,200 square feet and the addition will be completed in the fall of 2003. There is adequate production capacity at the remaining locations to meet present market demands.

The registrant leases one production facility in Harrison, Arkansas of approximately 93,000 square feet for manufacturing upholstered furniture.

The registrant leases showrooms for displaying its products in the furniture marts in High Point, North Carolina and San Francisco, California.

The registrant leases one warehouse in Vancouver, Washington of approximately 15,750 square feet for storing its products prior to distribution.

The registrant owns and leases two commercial buildings in Elkhart, Indiana to unrelated entities.

The registrant's wholly-owned subsidiary, Desert Dreams, Inc., owns and leases a commercial building in Phoenix, Arizona to an unrelated entity.

ITEM 3. LEGAL PROCEEDINGS

The Company has no material legal proceedings pending. All pending litigation is considered to be routine litigation incidental to the business.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During the quarter ended June 30, 2003 no matter was submitted to a vote of security holders.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the registrant, their ages, positions (in each case as of June 30, 2003), and the month and year they were first elected or appointed an officer of the registrant, are as follows:

NAME (AGE)	POSITION (DATE FIRST BECAME OFFICER)
K. B. Lauritsen (60)	President / Chief Executive Officer (November 1979)
E. J. Monaghan (64)	Executive Vice President / Chief Operating Officer (November 1979)
R. J. Klosterman (55)	Vice President Finance / Chief Financial Officer & Secretary (June 1989)
J. R. Richardson (59)	Senior Vice President of Marketing (November 1979)
T. D. Burkart (60)	Senior Vice President of Vehicle Seating (February 1984)
P. M. Crahan (55)	Vice President (June 1989)
J. T. Bertsch (48)	Vice President (June 1989)

Each named executive officer has held the same office of an executive or management position with the registrant for at least five years.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The NASDAQ National Market System is the principal market on which the registrant's Common Stock is traded.

	Sale Price of Common Stock *				Cash Dividends Per Share	
	Fiscal 2003		Fiscal 2002		Fiscal 2003	Fiscal 2002
	High	Low	High	Low		
First Quarter	$15.48	$12.87	$12.45	$10.69	$0.13	$0.13
Second Quarter	16.78	13.12	11.84	9.25	0.13	0.13
Third Quarter	17.08	12.00	15.00	11.38	0.13	0.13
Fourth Quarter	16.98	12.80	17.84	14.00	0.13	0.13

* Reflects the market price as quoted by the National Association of Securities Dealers, Inc.

The Company estimates there were approximately 2,100, 1,800, and 1,800 holders of Common Stock of the registrant as of June 30, 2003, 2002, and 2001, respectively.

A copy of the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission (SEC), and other SEC filings are available on the Company's web site at www.flexsteel.com without charge. Copies of SEC filings, and the Guidelines for Business Conduct, can also be obtained, without charge, by writing to Office of the Secretary, Flexsteel Industries, Inc., P. O. Box 877, Dubuque, IA 52004-0877.

ITEM 6. SELECTED FINANCIAL DATA

FIVE-YEAR REVIEW

(Amounts in thousands, except per share data)

	FOR THE YEARS ENDED JUNE 30,				
	2003	2002	2001	2000	1999
SUMMARY OF OPERATIONS					
Net sales	$291,977	$279,671	$284,773	$300,066	$272,130
Cost of goods sold	226,438	218,151	224,352	235,824	212,576
Operating income	13,284	8,129	6,238	17,336	15,151
Interest and other income	1,084	1,052	1,063	1,439	1,134
Interest expense	127	22	26	117	68
Income before income taxes	14,241	9,160	7,274	18,658	16,217
Provision for income taxes	5,950	3,500	2,680	6,730	5,900
Net income (1) (2) (3)	8,291	5,660	4,594	11,928	10,317
Earnings per common share: (1) (2) (3)					
Basic	1.33	0.93	0.75	1.85	1.52
Diluted	1.30	0.92	0.74	1.82	1.51
Cash dividends per common share	$ 0.52	$ 0.52	$ 0.52	$ 0.52	$ 0.48
STATISTICAL SUMMARY					
Average common shares outstanding:					
Basic	6,255	6,095	6,108	6,458	6,775
Diluted	6,367	6,159	6,174	6,562	6,850
Book value per common share	$ 14.89	$ 14.15	$ 14.10	$ 13.81	$ 12.50
Total assets	120,700	119,159	110,294	114,876	112,684
Property, plant and equipment, net	20,378	20,558	24,554	26,837	25,912
Capital expenditures	5,100	1,100	2,817	6,718	8,398
Working capital	67,666	62,228	55,402	52,016	50,210
Shareholders' equity	$ 93,753	$ 87,717	$ 85,062	$ 85,196	$ 81,166
SELECTED RATIOS					
Net income as percent of sales	2.8%	2.0%	1.6%	4.0%	3.8%
Current ratio	4.0.to.1	3.3 to 1	3.6 to 1	3.0 to 1	2.8 to 1
Return on ending shareholders' equity	8.8%	6.5%	5.4%	14.0%	12.7%
Return on beginning shareholders' equity	9.5%	6.7%	5.4%	14.7%	13.2%
Average number of employees	2,320	2,260	2,410	2,570	2,400

(1) For the fiscal year ended June 30, 2003, net income and per share amounts reflect a net gain (after tax) on the sale of land of approximately $200,000 or $0.04 per share.

(2) For the fiscal year ended June 30, 2002, net income and per share amounts were reduced by $1,290,000 or $0.21 per share related to restructuring costs.

(3) For the fiscal year ended June 30, 2000, net income and per share amounts reflect a gain on the sale of land of approximately $790,000 or $0.12 per share and a non-taxable gain from life insurance proceeds of approximately $405,000 or $0.06 per share.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The following analysis of the results of operations and financial condition of Flexsteel Industries, Inc. (the Company) should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this document.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of the Company's consolidated financial statements and results of operations are based on consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America. Preparation of these consolidated financial statements requires the use of estimates and judgments that affect the reported results. Actual results may differ from these estimates under different assumptions or conditions.

Use of estimates - the Company uses estimates based on the best information available in recording transactions and balances resulting from business operations. Estimates are used for such items as collectability of trade accounts receivable, inventory valuation, depreciable lives, self-insurance programs, restructuring costs, warranties and income taxes.

Allowance for doubtful accounts - the Company establishes an allowance for doubtful accounts through review of open accounts, and historical collection and allowances amounts. The allowance for doubtful accounts is intended to reduce trade accounts receivable to the amount that reasonably approximates their fair value due to their short-term nature. The amount ultimately realized from trade accounts receivable may differ from the amount estimated in the financial statements based on collection experience and actual returns and allowances.

Inventories - the Company values inventory at the lower of cost or market. Raw steel, lumber and wood frame parts are valued on the last-in, first-out (LIFO) method. Other inventories are valued on the first-in, first-out (FIFO) method. Changes in the market conditions could require a write down of inventory.

Self-insurance programs - the Company is self-insured for health care and most workers' compensation up to predetermined amounts above which third party insurance applies. The Company is contingently liable to insurance carriers under its comprehensive general, product, and vehicle liability policies, as well as some workers' compensation. Losses are accrued based upon the Company's estimates of the aggregate liability of claims incurred using certain actuarial assumptions followed in the insurance industry and based on Company experience. The actual claims experience could differ from the estimates made by the Company.

Restructuring - the Company established an accrual for restructuring liabilities in fiscal 2002 for estimated employee separation costs and facility closing costs related to the closure of (1) the Elkhart, Indiana manufacturing facility and (2) a retail store. The accrual includes estimated employee severance, inventory write-offs, and lease commitments with no future benefit to the Company. Utilization of the accrual may differ from the initial restructuring charge as amounts are paid and become known to the Company.

Warranty - the Company estimates the amount of warranty claims on sold product that may be incurred based on current and historical data. The actual warranty expense could differ from the estimates made by the Company based on product performance.

Revenue recognition - is upon delivery of product. Net sales consist of product sales and related delivery charge revenue, net of adjustments for returns and allowances. The actual amounts for returns and allowances could differ from the estimated amounts.

ACCOUNTING DEVELOPMENTS

In November 2002, the FASB issued FASB Interpretation No. 45, GUARANTOR'S ACCOUNTING AND DISCLOSURE REQUIREMENTS FOR GUARANTEES, INCLUDING INDIRECT GUARANTEES OF INDEBTEDNESS OF OTHERS (FIN 45). FIN 45 clarifies the requirements for a guarantor's accounting for and disclosure of certain guarantees issued and outstanding. The initial recognition and initial measurement provisions of FIN 45 are applicable to guarantees issued or modified after December 31, 2002. The Company adopted the provisions of FIN 45 in fiscal 2003.

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 years ended June 30, 2003, 2002 and 2001. Amounts presented are percentages of the Company's net sales.

	FOR THE YEARS ENDED JUNE 30,		
	2003	2002	2001
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	(77.6)	(78.0)	(78.8)
Gross margin	22.4	22.0	21.2
Selling, general and administrative	(18.0)	(19.1)	(18.9)
Gain on sale of land	0.1		
Operating income	4.5	2.9	2.3
Other income, net	0.3	0.4	0.3
Income before income taxes	4.8	3.3	2.6
Provision for income taxes	(2.0)	(1.3)	(1.0)
Net income	2.8%	2.0%	1.6%

FISCAL 2003 COMPARED TO FISCAL 2002

Net sales for fiscal 2003 increased by $12.3 million or 4.4% compared to fiscal 2002. Residential seating sales volume increased $0.8 million or 0.4%. Vehicle seating sales increased $7.7 million or 11.3%. Commercial seating sales volume increased $3.8 million or 20.4%.

Gross margin increased $4.0 million to $65.5 million, or 22.4% of net sales, in fiscal 2003, from $61.5 million, or 22.0% of net sales in fiscal 2002. The fiscal 2002 gross margin was reduced by a charge of $1.2 million for estimated facility closing costs.

Selling, general and administrative expenses as a percentage of sales were 18.0% and 19.1% for fiscal 2003 and 2002, respectively. The lower percentage in fiscal 2003 primarily represents reductions in provision for doubtful accounts and estimated retail facility closing costs.

During fiscal 2003, the Company sold land adjacent to the Lancaster, Pennsylvania factory at a net gain (after tax) of $0.2 million or $0.04 per share.

The effective tax rate in fiscal 2003 was 41.8% compared to 38.2% in fiscal 2002. The higher effective income tax rate in fiscal 2003 is attributable to the Company's settlement of federal income tax audits for its latest three fiscal years and amended state income tax returns.

The above factors resulted in fiscal 2003 net income of $8.3 million, or $1.30 per diluted share, compared to $5.7 million, or $0.92 per diluted share, in fiscal 2002, a net increase of $2.6 million or $0.38 per diluted share.

FISCAL 2002 COMPARED TO FISCAL 2001

Net sales for fiscal 2002 decreased by $5.1 million or 1.8% compared to fiscal 2001. Residential seating sales volume decreased $6.6 million or 3.3%. Vehicle seating sales increased $1.5 million or 2.2%. Commercial seating sales volume remained approximately the same as the prior year.

During the quarter ended December 31, 2001, the Company recorded a charge to cost of goods sold of $0.9 million for estimated facility closing costs. During the quarter ended June 30, 2002, the Company recorded a charge of $1.2 million for estimated retail operation closing costs. Of the total of $1.2 million charge, $0.3 million was recorded as cost of goods sold and $0.9 million was charged to selling, general and administrative expenses.

Gross margin increased $1.1 million to $61.5 million, or 22.0% of net sales, in fiscal 2002, from $60.4 million, or 21.2% in fiscal 2001. The increase in gross margin was due to changes in product mix, improved utilization of production capacity and lower depreciation expense offset by increased health insurance and facility closing costs.

Selling, general and administrative expenses as a percentage of sales were 19.0% and 18.9% for fiscal 2002 and 2001, respectively. Selling, general and administrative expenses in fiscal 2002 include lower bad debts expense partially offset by the aforementioned facility closing costs.

The effective tax rate in fiscal 2002 was 38.2% compared to 36.8% in fiscal 2001. The higher effective income tax rate in fiscal 2002 is attributable to increased state income taxes.

The above factors resulted in fiscal 2002 net income of $5.7 million, or $0.92 per diluted share, compared to $4.6 million, or $0.74 per diluted share, in fiscal 2001, a net increase of $1.1 million or $0.18 per diluted share.

LIQUIDITY AND CAPITAL RESOURCES

Working capital at June 30, 2003, was $67.7 million, which includes cash, cash equivalents and investments of $22.3 million. Working capital increased by $5.4 million from June 30, 2002.

Net cash provided by operating activities was $9.2 million, $12.1 million and $13.1 million in fiscal 2003, 2002, and 2001, respectively. Fluctuations in net cash provided by operating activities were primarily the result of changes in net income, trade receivables, inventories and accounts payable.

Capital expenditures were $5.1 million, $1.1 million and $2.8 million in fiscal 2003, 2002, and 2001, respectively. Fiscal 2003 expenditures were incurred primarily for delivery and manufacturing equipment. Projected capital spending for fiscal 2004 is $5.5 million and will be used for the expansion of the Dublin, Georgia facility, manufacturing and delivery equipment. The funds for projected capital expenditures are expected to be provided from cash generated from operations and available cash, cash equivalents, and investments.

Financing activities utilized net cash of $4.3 million, $3.2 million, and $5.7 million in fiscal 2003, 2002, and 2001, respectively. The payment of dividends was the primary financing activity utilizing cash. Under then existing Board of Directors authority, the Company repurchased 200,038 shares of its outstanding common stock during fiscal 2001. No shares were repurchased during fiscal 2003 and 2002.

The Company's contractual obligations as of June 30, 2003 are as follows:

	FOR THE YEARS ENDING JUNE 30,						
	2004	2005	2006	2007	2008	THEREAFTER	TOTAL
Operating leases and lease guarantees......	$1,151,000	$455,000	$325,000	$332,000	$339,000	$500,000	$3,102,000

Management of the Company believes that a combination of cash expected to be generated from operations and borrowing capacity available under its lines of credit will be adequate to meet the anticipated liquidity and capital resource requirements of its business through at least June 30, 2004.

On August 13, 2003, the Company announced that it had signed a definitive purchase agreement to acquire DMI Furniture, Inc. (NASDAQ Small Cap: DMIF) at a price of $3.30 per share, payable in cash. The total value of the transaction is approximately $44 million, including the assumption of the outstanding debt of DMI Furniture, Inc., which is approximately $27 million. The transaction is expected to be completed in September 2003.

DMI Furniture, Inc. is a Louisville, Kentucky-based vertically integrated manufacturer, importer, and marketer of residential and commercial office furniture with four manufacturing plants and warehouses in Indiana and manufacturing sources in Asia and South America. DMI Furniture Inc.'s divisions are WYNWOOD, Homestyles and DMI Commercial Office Furniture.

FINANCING ARRANGEMENTS

During fiscal 2003, the Company repaid $650,000 of Industrial Revenue Bonds that were issued for the financing of property, plant and equipment. The Company has lines of credit of $3.0 million with banks, which renew annually in October and December, for short-term borrowings at the prime rate in effect at the date of the loan. On $1.0 million of such lines the Company is required to maintain compensating bank balances equal to 5% of the line of credit plus 5% of any amounts borrowed. There were no bank borrowings outstanding as of June 30, 2003 or 2002.

In connection with the definitive purchase agreement for the acquisition of DMI Furniture, Inc. described above, the Company has obtained a $35 million commitment for a line of credit from a bank. The commitment expires March 31, 2004.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

GENERAL - Market risk represents the risk of changes in value of a financial instrument, derivative or non-derivative, caused by fluctuations in interest rates, foreign exchange rates and equity prices. As discussed below, management of the Company does not believe that changes in these factors could cause material fluctuations in the Company's results of operations or cash flows.

FOREIGN CURRENCY RISK - During fiscal 2003, 2002 and 2001 the Company did not have sales denominated in foreign currencies nor did it have any subsidiaries located in foreign countries. As such, the Company is not exposed to market risk associated with currency exchange rates and prices.

INTEREST RATE RISK - As of June 30, 2003, the Company had no outstanding long-term debt. Accordingly, changes in interest rates do not significantly affect the Company's cash flows or the fair value of any of its financial instruments.

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

The registrant and its representatives may from time to time make written or oral forward-looking statements with respect to long-term goals or anticipated results of the registrant, including statements contained in the registrant's filings with the Securities and Exchange Commission and in its reports to shareholders.

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 cyclical nature of the furniture industry, the effectiveness of new product introductions, the product mix of sales, the cost of raw materials, the amount of sales generated and the profit margins thereon, competition, both foreign and domestic, credit exposure with customers, and general economic conditions.

The registrant 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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Flexsteel Industries, Inc.
Dubuque, Iowa

We have audited the accompanying consolidated balance sheets of Flexsteel Industries, Inc. (the Company) as of June 30, 2003 and 2002, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended June 30, 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2003 and 2002, and the results of its operations and cash flows for each of the three years in the period ended June 30, 2003 in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP
Minneapolis, Minnesota
August 13, 2003

REPORT OF MANAGEMENT

To the Shareholders of Flexsteel Industries, Inc.
Dubuque, Iowa

Management is responsible for the integrity and objectivity of the financial and operating information contained in this Annual Report, including the consolidated financial statements covered by the report of our independent auditors. The statements were prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on estimates and judgments of management.

The Company maintains accounting systems and related internal controls to provide reasonable assurance that assets are safeguarded and transactions are properly recorded. Our code of conduct states that our affairs are to be conducted under the highest ethical standards.

The independent auditors provide an independent review of the financial statements and the fairness of the information presented therein. The Audit and Ethics Committee of the Board of Directors, composed solely of outside directors, meets regularly with us and our independent auditors to review audit activities, internal controls, and other accounting, reporting, and financial matters. The independent auditors have unrestricted access to the Audit and Ethics Committee.

K. BRUCE LAURITSEN	RONALD J. KLOSTERMAN
PRESIDENT	VICE PRESIDENT, FINANCE
CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER
	SECRETARY

FLEXSTEEL INDUSTRIES, INC.

CONSOLIDATED BALANCE SHEETS

ASSETS	JUNE 30, 2003	JUNE 30, 2002
CURRENT ASSETS:		
Cash and cash equivalents	$ 12,811,385	$ 5,375,683
Investments	9,531,913	15,876,088
Trade receivables - less allowance for doubtful accounts: 2003, $2,110,000; 2002, $2,540,000	29,612,278	31,361,285
Inventories	32,473,287	30,322,288
Deferred income taxes	4,070,000	4,500,000
Other	1,323,426	1,725,654
Total current assets	89,822,289	89,160,998
PROPERTY, PLANT AND EQUIPMENT, net	20,377,797	20,558,338
DEFERRED INCOME TAXES	1,560,000	700,000
OTHER ASSETS	8,940,196	8,739,940
TOTAL	$120,700,282	$119,159,276
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable - trade	$ 2,747,226	$ 4,593,196
Accrued liabilities:		
Payroll and related items	7,565,256	6,480,072
Insurance	6,373,626	6,766,421
Restructuring	710,784	1,700,609
Other	4,759,838	6,742,627
Industrial revenue bonds payable		650,000
Total current liabilities	22,156,730	26,932,925
DEFERRED COMPENSATION	4,790,225	4,509,782
Total liabilities	26,946,955	31,442,707
COMMITMENTS AND CONTINGENCIES (Note 14)		
SHAREHOLDERS' EQUITY:		
Cumulative preferred stock - $50 par value; authorized 60,000 shares; outstanding - none		
Undesignated (subordinated) stock - $1 par value; authorized 700,000 shares; outstanding - none		
Common stock - $1 par value; authorized 15,000,000 shares; outstanding 2003, 6,294,639 shares; 2002, 6,198,551 shares	6,294,639	6,198,551
Additional paid-in capital	1,353,639	492,223
Retained earnings	85,787,823	80,756,107
Accumulated other comprehensive income	317,226	269,688
Total shareholders' equity	93,753,327	87,716,569
TOTAL	$120,700,282	$119,159,276

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

FLEXSTEEL INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF INCOME

	FOR THE YEARS ENDED JUNE 30,		
	2003	2002	2001
NET SALES	$ 291,977,165	$ 279,671,402	$ 284,772,510
COST OF GOODS SOLD	(226,437,717)	(218,150,740)	(224,352,469)
GROSS MARGIN	65,539,448	61,520,662	60,420,041
SELLING, GENERAL AND ADMINISTRATIVE	(52,658,237)	(53,391,377)	(54,182,538)
GAIN ON SALE OF LAND	403,065		
OPERATING INCOME	13,284,276	8,129,285	6,237,503
OTHER:			
Interest and other income	1,083,854	1,052,158	1,062,629
Interest expense	(126,853)	(21,899)	(26,127)
Total	957,001	1,030,259	1,036,502
INCOME BEFORE INCOME TAXES	14,241,277	9,159,544	7,274,005
PROVISION FOR INCOME TAXES	(5,950,000)	(3,500,000)	(2,680,000)
NET INCOME	$ 8,291,277	$ 5,659,544	$ 4,594,005
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:			
BASIC	6,255,113	6,095,184	6,107,785
DILUTED	6,367,241	6,158,522	6,174,320
EARNINGS PER SHARE OF COMMON STOCK:			
BASIC	$ 1.33	$ 0.93	$ 0.75
DILUTED	$ 1.30	$ 0.92	$ 0.74

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

FLEXSTEEL INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive		Comprehensive
	Shares	Par Value	Capital	Earnings	Income	Total	Income
Balance at June 30, 2000	6,170,789	$ 6,170,789		$78,268,436	$756,543	$85,195,768	
Purchase of common stock	(200,038)	(200,038)	$(678,171)	(1,418,202)		(2,296,411)	
Issuance of common stock	63,459	63,459	678,171			741,630	
Investment valuation adjustment, net of tax					(1,525)	(1,525)	$ (1,525)
Cash dividends				(3,171,243)		(3,171,243)	
Net income				4,594,005		4,594,005	4,594,005
Comprehensive income							$ 4,592,480
Balance at June 30, 2001	6,034,210	6,034,210		78,272,996	755,018	85,062,224	
Issuance of common stock	164,341	164,341	492,223			656,564	
Investment valuation adjustment, net of tax					(485,330)	(485,330)	$ (485,330)
Cash dividends				(3,176,433)		(3,176,433)	
Net income				5,659,544		5,659,544	5,659,544
Comprehensive income							$ 5,174,214
Balance at June 30, 2002	6,198,551	6,198,551	492,223	80,756,107	269,688	87,716,569	
Issuance of common stock	96,088	96,088	861,416			957,504	
Investment valuation adjustment, net of tax					47,538	47,538	$ 47,538
Cash dividends				(3,259,561)		(3,259,561)	
Net income				8,291,277		8,291,277	8,291,277
Comprehensive income							$ 8,338,815
Balance at June 30, 2003	6,294,639	$ 6,294,639	$ 1,353,639	$85,787,823	$ 317,226	$ 93,753,327	

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

FLEXSTEEL INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED JUNE 30,		
	2003	2002	2001
OPERATING ACTIVITIES:			
Net income	$ 8,291,277	$ 5,659,544	$ 4,594,005
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	4,767,612	4,976,637	5,726,298
Gain on disposition of capital assets	(424,580)	(44,459)	(35,542)
Changes in operating assets and liabilities:			
Trade receivables	1,428,745	(3,469,976)	5,637,605
Inventories	(2,150,999)	421,484	1,805,222
Other current assets	402,228	(178,943)	(1,003,000)
Other assets	(417,953)	(393,788)	(362,326)
Accounts payable - trade	(1,845,970)	(684,411)	(1,643,926)
Accrued liabilities	(674,421)	7,553,340	(2,106,659)
Deferred compensation	280,443	450,596	287,034
Deferred income taxes	(430,000)	(2,200,000)	200,000
Net cash provided by operating activities	9,226,382	12,090,024	13,098,711
INVESTING ACTIVITIES:			
Purchases of investments	(21,150,304)	(19,880,090)	(2,014,525)
Proceeds from sales of investments	27,369,890	6,275,994	4,425,506
Payments received from customers on notes receivable	710,086	965,851	211,974
Loans to customers on notes receivable			(1,325,000)
Proceeds from sale of capital assets	635,271	179,219	178,997
Capital expenditures	(5,099,791)	(1,099,914)	(2,817,180)
Net cash provided by (used in) investing activities	2,465,152	(13,558,940)	(1,340,228)
FINANCING ACTIVITIES:			
Repayment of borrowings	(650,000)	(325,000)	(325,000)
Dividends paid	(4,065,345)	(3,155,096)	(3,190,069)
Proceeds from issuance of common stock	459,513	276,133	100,704
Repurchase of common stock			(2,296,411)
Net cash used in financing activities	(4,255,832)	(3,203,963)	(5,710,776)
Increase (decrease) in cash and cash equivalents	7,435,702	(4,672,879)	6,047,707
Cash and cash equivalents at beginning of year	5,375,683	10,048,562	4,000,855
Cash and cash equivalents at end of year	$ 12,811,385	$ 5,375,683	$ 10,048,562
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid during the year for:			
Interest	$ 129,000	$ 24,000	$ 61,000
Income taxes	7,270,000	3,004,000	4,442,000

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS - Flexsteel Industries, Inc. (the Company) manufactures a broad line of quality upholstered furniture for residential, recreational vehicle and commercial seating use. Products include sofas, love seats, chairs, reclining and rocker-reclining chairs, swivel rockers, sofa beds, and convertible bedding units. The Company has two wholly owned subsidiaries: (1) Desert Dreams, Inc. owns and leases a commercial building to an unrelated entity, and (2) Four Seasons, Inc. operates two retail furniture stores. All significant intercompany accounts and transactions have been eliminated.

USE OF ESTIMATES - the preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

FAIR VALUE - the Company's cash, accounts receivable, accounts payable, accrued liabilities and other liabilities are carried at amounts which reasonably approximate their fair value due to their short-term nature. Notes receivable are carried at amounts, which reasonably approximate their fair value due to their short-term nature. Fair values of investments in debt and equity securities are disclosed in Note 2.

CASH EQUIVALENTS - the Company considers highly liquid investments with original maturities of three months or less as the equivalent of cash.

INVENTORIES - are stated at the lower of cost or market. Raw steel, lumber and wood frame parts are valued on the last-in, first-out (LIFO) method. Other inventories are valued on the first-in, first-out (FIFO) method.

PROPERTY, PLANT AND EQUIPMENT - is stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. For internal use software, the Company's policy is to capitalize external direct costs of materials and services, directly-related internal payroll and payroll-related costs, and interest costs.

REVENUE RECOGNITION - is upon delivery of product. Net sales consist of product sales and related delivery charge revenue, net of adjustments for returns and allowances.

RESEARCH AND DEVELOPMENT COSTS - are charged to expense in the periods incurred. Expenditures for research and development costs were approximately $2,660,000, $1,970,000, and $2,090,000 in fiscal 2003, 2002, and 2001, respectively.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES - the Company has no free-standing or embedded derivatives. All contracts that contain provisions meeting the definition of a derivative also meet the requirements of, and have been designated as, normal purchases or sales. The Company's policy is to not use free-standing derivatives and to not enter into contracts with terms that cannot be designated as normal purchases or sales.

INSURANCE - the Company is self-insured for health care and most workers' compensation up to predetermined amounts above which third party insurance applies. The Company is contingently liable to insurance carriers under its comprehensive general, product, and vehicle liability policies, as well as some workers' compensation, and has provided letters of credit in the amount of $4,557,000. Losses are accrued based upon the Company's estimates of the aggregate liability for claims incurred using certain actuarial assumptions followed in the insurance industry and based on Company experience.

INCOME TAXES - deferred income taxes result from temporary differences between the tax basis of an asset or liability and its reported amount in the financial statements.

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 includes 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 112,128 shares, 63,338 shares, and 66,535 shares in fiscal 2003, 2002 and 2001, respectively. The Company calculates the dilutive effect of outstanding options using the treasury stock method. Options to purchase 163,050 shares, 14,000 shares and 210,360 shares of common stock were outstanding in fiscal 2003, 2002 and 2001, respectively, but were not included in the computation of diluted earnings per share as their exercise prices were greater than the average market price of the common shares.

STOCK-BASED COMPENSATION - the Financial Accounting Standards Board (FASB) has issued Statement of Financial Accounting Standards (SFAS) No. 148, ACCOUNTING FOR STOCK-BASED COMPENSATION-TRANSITION AND DISCLOSURE, which amends SFAS No. 123, ACCOUNTING FOR STOCK-BASED COMPENSATION. SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirement of SFAS No. 123 to require more prominent and more frequent disclosures in financial statements of the effects of stock-based compensation.

The Company has elected to continue to apply Accounting Principles Board (APB) Opinion No. 25 and related interpretations in accounting for its stock option plans, as permitted under SFAS No. 123 and SFAS No. 148. Accordingly, no compensation cost has been recognized for its stock option plans. Had the compensation cost for the Company's incentive stock option plans been determined based on the fair value at the grant dates for awards under those plans consistent with the fair-value methodology of SFAS No. 123 and SFAS No. 148, the Company's net income and earnings per share would have been reduced to the following pro forma amounts for the years ended June 30:

	2003	2002	2001
Net income as reported	$8,291,277	$5,659,544	$4,594,005
Less stock-based employee compensation expense determined under fair value method for all awards, net of tax...........	(291,000)	(162,000)	(163,000)
Pro forma net income	$8,000,277	$5,497,544	$4,431,005
Earnings per share:			
Basic - as reported	$ 1.33	$ 0.93	$ 0.75
- pro forma	1.28	0.90	0.73
Diluted - as reported	$ 1.30	$ 0.92	$ 0.74
- pro forma	1.26	0.89	0.72

The fair value of each option grant is estimated on the date of grant using the Black-Sholes option-pricing model with the following weighted-average assumptions used for grants in fiscal 2003, 2002, and 2001, respectively: dividend yield of 3.3%, 5.0% and 4.8%; expected volatility of 25.4%, 24.8% and 24.6%; risk-free interest rates of 4.1%, 6.5% and 6.5%; and an expected life of 10 years on all options.

ACCOUNTING DEVELOPMENTS - in November 2002, the FASB issued FASB Interpretation No. 45, GUARANTOR'S ACCOUNTING AND DISCLOSURE REQUIREMENTS FOR GUARANTEES, INCLUDING INDIRECT GUARANTEES OF INDEBTEDNESS OF OTHERS (FIN 45). FIN 45 clarifies the requirements for a guarantor's accounting for and disclosure of certain guarantees issued and outstanding. The initial recognition and initial measurement provisions of FIN 45 are applicable to guarantees issued or modified after December 31, 2002. The Company adopted the provisions of FIN 45 in fiscal 2003.

RECLASSIFICATIONS - certain prior years' amounts have been reclassified to conform to the fiscal 2003 presentation. These reclassifications had no impact on net income or shareholders' equity as previously reported.

2. INVESTMENTS

Debt and equity securities are included in Investments and in Other Assets (designated for deferred compensation plans), at fair value based on quoted market prices, and are classified as available for sale. A summary of the carrying values and fair values of the Company's investments is as follows:

	June 30, 2003			
		Gross Unrealized		
	Cost Basis	Gains	Losses	Recorded Basis
Debt securities	$ 9,327,860	$134,919	$(42,076)	$ 9,420,703
Equity securities	3,854,112	452,172		4,306,284
	$13,181,972	$587,091	$(42,076)	$13,726,987

	June 30, 2002			
		Gross Unrealized		
	Cost Basis	Gains	Losses	Recorded Basis
Debt securities	$16,349,332	$ 79,349	$(38,021)	$16,390,660
Equity securities	3,119,345	451,569	(56,507)	3,514,407
	$19,468,677	$530,918	$(94,528)	$19,905,067

	June 30, 2003		June 30, 2002	
	Investments	Other Assets	Investments	Other Assets
Debt securities	$ 7,816,336	$1,604,367	$14,634,657	$1,756,003
Equity securities	1,715,577	2,590,707	1,241,431	2,272,976
	$ 9,531,913	$4,195,074	$15,876,088	$4,028,979

As of June 30, 2003, the maturities of debt securities are $8,835,742 within one year, $136,012 in one to five years, and $448,949 over five years.

3. INVENTORIES

Inventories valued on the LIFO method would have been approximately $1,756,000 and $1,452,000 higher at June 30, 2003 and 2002, respectively, if they had been valued on the FIFO method. A comparison of inventories is as follows:

	June 30, 2003	June 30, 2002
Raw materials.......................	$15,991,880	$15,623,962
Work in process and finished parts..	8,865,537	8,092,398
Finished goods......................	7,615,870	6,605,928
Total..........................	$32,473,287	$30,322,288

4. PROPERTY, PLANT AND EQUIPMENT

	Estimated Life (Years)	June 30, 2003	June 30, 2002
Land........................		$ 2,053,659	$ 2,212,790
Buildings and improvements..	3-39	30,690,717	30,037,022
Machinery and equipment.....	3-10	31,896,173	31,399,729
Delivery equipment..........	3-7	16,448,471	15,150,048
Furniture and fixtures......	3-5	5,201,537	5,433,082
Total..................		86,290,557	84,232,671
Less accumulated depreciation.............		(65,912,760)	(63,674,333)
Net....................		$ 20,377,797	$ 20,558,338

5. OTHER ASSETS

	June 30, 2003	June 30, 2002
Cash value of life insurance..........	$4,745,122	$4,321,137
Investments designated for deferred compensation plans..................	4,195,074	4,028,979
Notes receivable......................		389,824
Total............................	$8,940,196	$8,739,940

6. OTHER ACCRUED LIABILITIES

	June 30, 2003	June 30, 2002
Dividends	$	$ 808,139
Income Taxes	1,130,056	1,956,148
Advertising	2,020,112	1,968,149
Warranty	535,000	500,000
Other	1,074,670	1,510,191
Total	$4,759,838	$6,742,627

7. BORROWINGS AND CREDIT ARRANGEMENTS

During fiscal 2003, the Company repaid $650,000 of Industrial Revenue Bonds that were issued for the financing of property, plant and equipment. The Company has lines of credit of $3,000,000 with banks, which renew annually in October and December, for short-term borrowings at the prime rate in effect at the date of the loan. On $1,000,000 of such lines, the Company is required to maintain compensating bank balances equal to 5% of the line of credit plus 5% of any amounts borrowed. There were no bank borrowings outstanding as of June 30, 2003 or 2002.

Two officers of the Company are directors at one of the banks where the Company maintains a line of credit and where its routine daily banking transactions are processed. The Company receives no special services nor pricing on the services performed by the bank due to the directorships of the two officers.

8. INCOME TAXES

The provision for income taxes is as follows for the years ended June 30:

	2003	2002	2001
Federal - current	$5,390,000	$ 5,180,000	$2,550,000
State - current	960,000	520,000	330,000
Deferred	(400,000)	(2,200,000)	(200,000)
Total	$5,950,000	$ 3,500,000	$2,680,000

The total income tax provision for the years ended June 30, 2003, 2002 and 2001 was 41.8%, 38.2% and 36.8%, respectively, of income before income taxes. The higher effective income tax rate in fiscal 2003 is attributable to the Company's settlement of federal income tax audits for its latest three fiscal years and amended state income tax returns. The effect of such settlement is included in "Other" in the table below. A reconciliation between the U.S. Federal statutory tax rate and the effective tax rate is as follows for the years ended June 30:

	2003	2002	2001
Federal statutory tax rate	35.0%	35.0%	35.0%
State taxes, net of federal effect	4.4	3.7	3.0
Other	2.4	(0.5)	(1.2)
Effective tax rate	41.8%	38.2%	36.8%

The primary components of deferred tax assets and (liabilities) are as follows:

	June 30, 2003		June 30, 2002	
	Current	Long-term	Current	Long-term
Asset allowances	$ 590,000		$ 940,000	
Other accruals and allowances	3,480,000		3,560,000	
Deferred compensation		$1,980,000		$ 1,800,000
Property, plant and equipment		(420,000)		(1,100,000)
Total	$4,070,000	$1,560,000	$4,500,000	$ 700,000

9. STOCK OPTIONS

The Company has stock option plans for key employees and directors that provide for the granting of incentive and nonqualified stock options. Under the plans, options are granted at an exercise price equal to the fair market value of the underlying common stock at the date of grant, and may be exercisable for up to 10 years. All options are exercisable when granted. At June 30, 2003, 593,400 shares were available for future grants.

A summary of the status of the Company's stock option plans as of June 30, 2003, 2002 and 2001 and the changes during the years then ended is presented below:

	Shares	Price Range
Outstanding at June 30, 2000.....	625,745	$10.25 - 15.75
Granted........................	135,150	10.56 - 10.75
Exercised......................	(8,000)	10.25 - 10.50
Outstanding at June 30, 2001.....	752,895	10.25 - 15.75
Granted........................	147,950	10.30 - 16.52
Exercised......................	(333,370)	10.25 - 13.25
Canceled.......................	(75,110)	10.75 - 14.88
Outstanding at June 30, 2002.....	492,365	10.25 - 16.52
Granted........................	154,050	15.92
Exercised......................	(88,570)	10.25 - 13.25
Outstanding at June 30, 2003.....	557,845	$10.25 - 16.52

The following table summarizes information for options outstanding and exercisable at June 30, 2003:

		Weighted - Average	
Range of Prices	Options Outstanding	Remaining Life (Years)	Exercise Price
$10.25 - 10.75	224,020	7.1	$10.52
11.13 - 11.45	65,475	3.3	11.35
12.66 - 12.75	14,000	5.0	12.73
13.25 - 13.60	91,300	6.3	13.27
15.75 - 15.93	161,050	9.1	15.92
16.52	2,000	8.9	16.52
10.25 - 16.52	557,845	7.0	12.70

10. ACCRUED WARRANTY COSTS

The Company estimates the amount of warranty claims on sold product that may be incurred based on current and historical data. The actual warranty expense could differ from the estimates made by the Company based on product performance. The following table presents the changes in the Company's product warranty liability for the years ended June 30:

	2003	2002	2001
Accrued warranty costs at June 30..............	$ 500,000	$ 500,000	$ 500,000
Payments made for warranty and related costs....	(3,226,299)	(3,194,430)	(3,258,493)
Accrual for product warranty and related costs..	3,261,299	3,194,430	3,258,493
Accrued warranty costs at June 30..............	$ 535,000	$ 500,000	$ 500,000

11. PENSION AND RETIREMENT PLANS

The Company sponsors various defined contribution pension and retirement plans, which cover substantially all employees, other than employees covered by multi-employer pension plans under collective bargaining agreements. It is the Company's policy to fund all pension costs accrued. Total pension and retirement plan expense was $1,790,000, $1,691,000, and $1,683,000 in fiscal 2003, 2002, 2001, respectively. The amounts include $377,000, $367,000, and $380,000 in fiscal 2003, 2002, and 2001, respectively, for the Company's matching contribution to retirement savings plans. The Company's cost for pension plans is generally determined as 2% - 6% of each covered employee's wages. The Company's matching contribution for the retirement savings plans is generally 25% - 50% of employee contributions (up to 4% of employee earnings). In addition to the above, amounts charged to pension expense and contributed to multi-employer defined benefit pension plans administered by others under collective bargaining agreements were $1,332,000, $1,252,000, and $1,355,000 in fiscal 2003, 2002, and 2001, respectively.

The Company has unfunded post-retirement benefit and deferred compensation plans with certain officers. The plans require various annual contributions for the participants based upon compensation levels and age. All participants are fully vested. For fiscal 2003, 2002 and 2001, the benefit obligation was increased by interest expense of $118,869, $139,399 and $228,084, service costs of $434,575, $582,197 and $362,950, and decreased by payments of $273,000, $271,000 and $304,000, respectively. At June 30, 2003, the benefit obligation was $4,790,225.

12. MANAGEMENT INCENTIVE PLAN

The Company has an incentive plan that provides for shares of common stock to be awarded to key employees based on a targeted rate of earnings to common equity as established by the Board of Directors. Shares awarded to employees are subject to the restriction of continued employment, with one-third of the stock received by the employee on the award date and the remaining shares issued after one and two years. Under the plan 20,398, 37,641 and 34,397 shares were awarded, and the amounts charged to income were $335,548, $500,000 and $380,000 in fiscal 2003, 2002 and 2001, respectively. At June 30, 2003, 122,242 shares were available for future grants. Under the Company's voluntary deferred compensation plan, certain employees may defer common stock awards until retirement. In fiscal 2003 and 2002, the Company awarded 19,410 and 17,684 shares with an award value of $256,794 and $195,585, respectively, based on quoted market prices at the applicable award dates. At June 30, 2003 and 2002, 37,094 and 17,684 shares with an award value of $452,379 and $195,585, respectively, had been deferred. No shares have been redeemed under the deferred compensation plan.

13. RESTRUCTURING

During the quarter ended December 31, 2001, the Company recorded an $890,000 charge to cost of goods sold for estimated facility closing costs related to the Elkhart, Indiana manufacturing facility. The charge principally represents employee separation costs and facility closing costs with no future benefit to the Company. The decision to close the facility was driven by the weakening demand for vehicle seating products especially for van conversions, which was the primary product of the Elkhart plant. A total of 84 employees representing all of Elkhart's employees were affected by the closure, including 32 employees who had been laid off previously. At June 30, 2003, there are no remaining accrued costs related to this facility closing.

During the quarter ended June 30, 2002, the Company recorded a total charge of $1,200,000 for estimated retail store closing costs. Of the total charge, $300,000 was recorded as cost of goods sold and $900,000 was charged to selling, general and administrative expenses. The decision to close the retail store was driven by the continued struggling operations of the store. There were a minimal number of employees affected and insignificant amounts of employee separation costs associated with this retail store closing. The charge principally represents store closing costs with no future benefit to the Company. During fiscal 2003, the Company paid $1,035,032 related to the retail facility closing. The Company expects to pay the remaining restructuring accrual during the next fiscal year.

The following table summarizes the activity related to the restructuring charges during fiscal 2003 and 2002:

	Employee Separation Costs	Facility Closing Costs	Total
Accrued restructuring costs at June 30, 2001..	$ --	$ --	$ --
Restructuring expense	750,000	1,340,000	2,090,000
Payments	(318,207)	(71,184)	(389,391)
Accrued restructuring costs at June 30, 2002..	431,793	1,268,816	1,700,609
Restructuring (income) expense	(431,793)	477,000	45,207
Payments	--	(1,035,032)	(1,035,032)
Accrued restructuring costs at June 30, 2003..	$ --	$ 710,784	$ 710,784

14. COMMITMENTS AND CONTINGENCIES

FACILITY LEASES - the Company leases certain facilities under various operating leases. These leases require the Company to pay operating costs, including property taxes, insurance, and maintenance. Total lease expense related to the various operating leases was approximately $1,180,000, $1,530,000 and $1,410,000 in fiscal 2003, 2002 and 2001, respectively.

Expected future minimum commitments under operating leases and lease guarantees as of June 30, 2003, were as follows:

Year Ended June 30:

2004	$1,151,000
2005	455,000
2006	325,000
2007	332,000
2008	339,000
Thereafter	500,000
	$3,102,000

GUARANTEE - the Company has guaranteed the future lease payments of a third party for a six-year period ending August 2007. The annual minimum lease payments are approximately $220,000, and the remaining minimum payments are approximately $933,000 at June 30, 2003. The Company has not been required to make any payments under the guarantee.

15. SEGMENTS

The Company operates in two reportable operating segments: (1) Seating Products and (2) Retail Stores. The Seating Products segment involves the manufacturing of a broad line of upholstered furniture for residential, recreational vehicle, and commercial seating markets. The Company's products are sold primarily throughout the United States by the Company's internal sales force and various independent representatives. The Retail Stores segment involves the operation of two retail furniture stores that offer the Company's residential seating products for sale directly to consumers. No single customer accounted for more than 10% of sales in either of the Company's two segments.

The accounting policies of the operating segments are the same as those described in Note 1. Segment operating income is based on profit or loss from operations before interest income and expense, other income and income taxes.

Segment information for the year ended June 30, 2003 is as follows:

	Seating Products	Retail Stores	Total
Net sales	$286,766,425	$ 5,210,740	$291,977,165
Operating income (loss)	14,493,120	(1,208,844)	13,284,276
Depreciation	4,653,584	114,028	4,767,612
Capital expenditures	5,099,791	--	5,099,791
Assets	119,420,546	1,279,736	120,700,282

Segment information for the year ended June 30, 2002 is as follows:

	Seating Products	Retail Stores	Total
Net sales	$272,497,903	$ 7,173,499	$279,671,402
Operating income (loss)	11,323,944	(3,055,260)	8,268,684
Depreciation	4,800,651	175,986	4,976,637
Capital expenditures	1,001,654	98,260	1,099,914
Assets	117,359,929	1,799,347	119,159,276

Segment information for the year ended June 30, 2001 is as follows:

	Seating Products	Retail Stores	Total
Net sales	$280,337,237	$ 4,435,273	$284,772,510
Operating income (loss)	8,821,939	(2,356,352)	6,465,587
Depreciation	5,620,332	105,966	5,726,298
Capital expenditures	2,185,736	631,444	2,817,180
Assets	107,927,164	2,367,305	110,294,469

16. SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION - UNAUDITED
(in thousands of dollars, except per share amounts)

	FOR THE QUARTER ENDED			
	September 30	December 31	March 31	June 30
Fiscal 2003:				
Net sales	$ 70,019	$73,580	$73,461	$74,916
Gross margin	15,293	17,365	15,453	17,428
Net income	2,031	2,216	1,421	2,623
Earnings per share:				
Basic	0.33	0.35	0.23	0.42
Diluted	0.32	0.35	0.22	0.41

	FOR THE QUARTER ENDED			
	September 30	December 31	March 31	June 30
Fiscal 2002:				
Net sales	$ 63,208	$65,826	$73,742	$76,895
Gross margin	12,760	13,227	16,530	19,004
Net income	197	711	2,015	2,737
Earnings per share:				
Basic	0.03	0.12	0.33	0.44
Diluted	0.03	0.12	0.33	0.44

17. SUBSEQUENT EVENT

On August 13, 2003, the Company announced that it had signed a definitive purchase agreement to acquire DMI Furniture, Inc. (NASDAQ Small Cap: DMIF) at a price of $3.30 per share, payable in cash. The total value of the transaction is approximately $44 million, including the assumption of the outstanding debt of DMI Furniture, Inc., which is approximately $27 million. The transaction is expected to be completed in September 2003.

DMI Furniture, Inc. is a Louisville, Kentucky-based vertically integrated manufacturer, importer, and marketer of residential and commercial office furniture with four manufacturing plants and warehouses in Indiana and manufacturing sources in Asia and South America. DMI Furniture, Inc.'s divisions are WYNWOOD, Homestyles and DMI Commercial Office Furniture.

In connection with the definitive purchase agreement for the acquisition of DMI Furniture, Inc., the Company has obtained a $35 million commitment for a line of credit from a bank. The commitment expires March 31, 2004.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

During fiscal 2003, there were no changes in or disagreements with accountants on accounting procedures or accounting and financial disclosures.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures - Based on their evaluation as of the date of this Annual Report on Form 10-K, the Company's chief executive officer and chief financial officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, as amended) were effective as of the date of such evaluation to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

Changes in internal controls - There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls. As a result, no corrective actions were required or undertaken.

PART III

ITEMS 10, 11, 12. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT, EXECUTIVE COMPENSATION AND SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information identifying directors of the registrant, executive compensation and beneficial ownership of registrant stock and supplementary data is contained in the registrant's fiscal 2003 definitive Proxy Statement to be filed with the Securities and Exchange Commission and are incorporated herein by reference. Executive officers are identified in Part I, Item 4 above.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

This information is contained under the heading "Certain Relationships and Related Transactions" in the registrant's fiscal 2003 definitive Proxy Statement to be filed with the Securities and Exchange Commission and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Deloitte & Touche LLP was the Company's independent auditor in fiscal 2003. In addition to performing the audit of the Company's consolidated financial statements, Deloitte & Touche LLP provided various audit-related and tax services during fiscal 2003.

The Audit and Ethics Committee pre-approves both the type of services to be provided by Deloitte & Touche LLP and the estimated fees related to these services. The Audit and Ethics Committee reviewed professional services and the possible effect on Deloitte & Touche LLP's independence was considered. The Audit and Ethics Committee has considered and found the provision of services for non-audit services compatible with maintaining Deloitte & Touche LLP's independence.

The aggregate fees billed for each of the past two fiscal years ended June 30 for each of the following categories of services are set forth below:

	2003	2002
Audit Fees (1)	$146,800	$136,800
Audit Related Fees (2)	53,000	21,900
Tax Services (3)	53,000	37,300
All Other Fees (4)	--	--
Total	$252,800	$196,000

(1) Audit Fees - Professional fees and expenses for the audit of the consolidated financial statements of the Company, review of financial statements included in Forms 10-K and 10-Q and services provided in connection with statutory and regulatory filings.

(2) Audit Related Fees - Professional fees and expenses for employee benefit plan audits and reviews and related matters.

(3) Tax Services - Professional fees and expenses for tax compliance, including the preparation of tax returns, tax advice and tax planning.

(4) All Other Fees - No other professional services were provided during fiscal 2003 and 2002.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) (1) Financial Statements

The financial statements of the registrant are set forth above in Item 8.

(2) Schedules

The following financial schedules for the years ended June 30, 2003, 2002 and 2001 are submitted herewith:

SCHEDULE II

RESERVES

FOR THE YEARS ENDED JUNE 30, 2003, 2002 AND 2001

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS CHARGED TO INCOME	DEDUCTIONS FROM RESERVES (NOTE)	BALANCE AT END OF YEAR
Allowance for Doubtful Accounts:				
2003	$2,540,000	$ 460,000	($ 890,000)	$2,110,000
2002	$1,950,000	$ 1,581,000	($ 991,000)	$2,540,000
2001	$2,250,000	$ 4,178,000	($ 4,478,000)	$1,950,000

NOTE -- UNCOLLECTIBLE ACCOUNTS CHARGED AGAINST RESERVE LESS RECOVERIES.

Other schedules are omitted because they are not required or are not applicable or because the required information is included in the financial statements.

(3) Exhibit No.

3.1 Restated Article of Incorporation by reference to Exhibits to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1988.

3.2 Bylaws of the Registrant incorporated by reference to Exhibits to the Annual Report on Form 10-K for the fiscal year ended June 30, 1994.

10.1 1989 Stock Option Plan, as amended, incorporated by reference from the 1992 Flexsteel definitive proxy statement.*

10.2 1995 Stock Option Plan incorporated by reference from the 1995 Flexsteel definitive proxy statement.*

10.3 Management Incentive Plan incorporated by reference from the 1980 Flexsteel definitive proxy statement - commission file #0-5151.*

10.4 1999 Stock Option Plan incorporated by reference from the 1999 Flexsteel definitive proxy statement.*

10.5 Flexsteel Industries, Inc. Voluntary Deferred Compensation Plan incorporated by reference to Exhibits to the Annual Report on Form 10-K for the fiscal year ended June 30, 2001.*

10.6 Flexsteel Industries, Inc. Restoration Retirement Plan incorporated by reference to Exhibits to the Annual Report on Form 10-K for the fiscal year ended June 30, 2001.*

10.7 Flexsteel Industries, Inc. Senior Officer Supplemental Retirement Plan incorporated by reference to Exhibits to the Annual Report on Form 10-K for the fiscal year ended June 30, 2001.*

10.8 2002 Stock Option Plan incorporated by reference from the 2002 Flexsteel definitive proxy statement.*

22 2003 definitive Proxy Statement incorporated by reference is to be filed with the Securities Exchange Commission on or before December 1, 2003. However, the Nominating and Compensation Committee Report and Audit Committee Report are not incorporated herein as soliciting material or filed material.

23.1 Independent Auditors' Report.

23.2 Independent Auditors' Consent.

31.1 Certification by Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification by Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32 Certification by Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Management contracts, compensatory plans and arrangements required to be filed as an exhibit to this report.

(b) Reports on Form 8-K

On April 15, 2003, the Company filed a report on Form 8-K announcing Third Quarter and Year-to-Date Operating Results.

On August 8, 2003, the Company filed a report on Form 8-K announcing Fourth Quarter and Year-to-Date Operating Results.

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: August 29, 2003 FLEXSTEEL INDUSTRIES, INC.

By: /s/ K. BRUCE LAURITSEN

K. BRUCE LAURITSEN
PRESIDENT, CHIEF EXECUTIVE OFFICER
and
PRINCIPAL EXECUTIVE OFFICER

By: /s/ R. J. KLOSTERMAN

RONALD J. KLOSTERMAN
VICE PRESIDENT OF FINANCE
and
PRINCIPAL FINANCIAL OFFICER

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: August 29, 2003	/S/ K. BRUCE LAURITSEN K. Bruce Lauritsen DIRECTOR
Date: August 29, 2003	/S/ EDWARD J. MONAGHAN Edward J. Monaghan DIRECTOR
Date: August 29, 2003	/S/ JAMES R. RICHARDSON James R. Richardson DIRECTOR
Date: August 29, 2003	/S/ JEFFREY T. BERTSCH Jeffrey T. Bertsch DIRECTOR
Date: August 29, 2003	/S/ L. BRUCE BOYLEN L. Bruce Boylen DIRECTOR
Date: August 29, 2003	/S/ PATRICK M. CRAHAN Patrick M. Crahan DIRECTOR
Date: August 29, 2003	/S/ LYNN J. DAVIS Lynn J. Davis DIRECTOR
Date: August 29, 2003	/S/ THOMAS E. HOLLORAN Thomas E. Holloran DIRECTOR
Date: August 29, 2003	/S/ MARVIN M. STERN Marvin M. Stern DIRECTOR
Date: August 29, 2003	/S/ ROBERT E. DEIGNAN Robert E. Deignan DIRECTOR
Date: August 29, 2003	/S/ ERIC S. RANGEN Eric S. Rangen DIRECTOR

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Flexsteel Industries, Inc.
Dubuque, Iowa

We have audited the consolidated financial statements of Flexsteel Industries, Inc. (the Company) as of June 30, 2003 and 2002, and for each of the three years in the period ended June 30, 2003, and have issued our report thereon dated August 13, 2003; such report is included elsewhere in this Form 10-K. Our audits also included the financial statement schedule of the Company listed in Item 15. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP

Minneapolis, Minnesota
August 13, 2003

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 33-1836, 33-26267, 333-1413, 333-45768, and 333-105951 on Form S-8 of our report dated August 13, 2003 appearing in this Annual Report on Form 10-K of Flexsteel Industries, Inc. for the year ended June 30, 2003.

DELOITTE & TOUCHE LLP

Minneapolis, Minnesota
August 29, 2003

EXHIBIT 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, K. Bruce Lauritsen, Chief Executive Officer of Flexsteel Industries, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Flexsteel Industries, Inc.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The registrant's other certifying officers 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 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 annual 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 report based on such evaluation; and

   c) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that materially affected, or is likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers 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 functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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 control over financial reporting.

Date: August 29, 2003

By: /S/ K. BRUCE LAURITSEN
K. Bruce Lauritsen
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Ronald J. Klosterman, Chief Financial Officer of Flexsteel Industries, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Flexsteel Industries, Inc.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-15(e) for the registrant and have:

   a) designed such disclosure controls and procedures 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 annual 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 report based on such evaluation; and

   c) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that materially affected, or is likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers 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 functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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 control over financial reporting.

Date: August 29, 2003

By: /S/ R. J. KLOSTERMAN
Ronald J. Klosterman
Chief Financial Officer

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 Annual Report of Flexsteel Industries, Inc. (the Issuer) on Form 10-K for the fiscal year ended June 30, 2003 as filed with the Securities and Exchange Commission (the Report), we, K. Bruce Lauritsen, Chief Executive Officer, and Ronald J. Klosterman, Chief Financial Officer, of the Issuer, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: August 29, 2003

By: /S/ K. BRUCE LAURITSEN
K. Bruce Lauritsen
Chief Executive Officer

By: /S/ R. J. KLOSTERMAN
Ronald J. Klosterman
Chief Financial Officer