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, 2002
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 563 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, 2002   6,097,036

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

FLEXSTEEL INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	UNAUDITED March 31, 2002	June 30, 2001
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 7,840,875	$ 10,048,562
Investments	9,297,577	2,536,469
Trade receivables - less allowance for doubtful accounts: March 31, 2002, $2,650,000 June 30, 2001, $1,950,000	32,780,244	28,363,058
Inventories	28,216,033	31,379,836
Deferred income taxes	2,700,000	2,700,000
Other	1,102,864	1,546,710
Total current assets	81,937,593	76,574,635
PROPERTY, PLANT, AND EQUIPMENT		
At cost less accumulated depreciation:		
March 31, 2002, $62,934,615		

June 30, 2001, $60,604,549	20,878,974	24,553,962
NOTES RECEIVABLE	422,022	415,762
DEFERRED INCOME TAXES	300,000	300,000
OTHER ASSETS	8,689,774	8,450,110
TOTAL	$112,228,363	$110,294,469

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable - trade	$ 3,265,477	$ 5,277,607
Accrued liabilities:		
Payroll and related items	4,752,468	3,803,071
Insurance	6,446,705	5,863,451
Other accruals	6,294,281	5,253,930
Industrial revenue bonds payable	975,000	975,000
Total current liabilities	21,733,931	21,173,059
DEFERRED COMPENSATION	4,555,201	4,059,186
Total liabilities	26,289,132	25,232,245
SHAREHOLDERS' EQUITY:		
Common Stock - $1 par value; authorized 15,000,000 shares; Issued March 31, 2002, 6,097,036 shares; Issued June 30, 2001, 6,034,210 shares	6,097,036	6,034,210
Additional paid-in capital	464,195	
Retained earnings	78,823,751	78,272,996
Accumulated other comprehensive income	554,249	755,018
Total shareholders' equity	85,939,231	85,062,224
TOTAL	$112,228,363	$110,294,469

See notes to consolidated financial statements.

FLEXSTEEL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2002	2001	2002	2001
NET SALES	$ 73,742,322	$ 71,972,413	$ 202,776,664	$ 215,922,618
COST OF GOODS SOLD	(57,212,434)	(57,327,582)	(160,259,481)	(170,289,829)
GROSS MARGIN	16,529,888	14,644,831	42,517,183	45,632,789
SELLING, GENERAL AND ADMINISTRATIVE	(13,426,961)	(13,545,901)	(38,321,935)	(39,251,899)
OPERATING INCOME	3,102,927	1,098,930	4,195,248	6,380,890
OTHER:				
Interest and other income	264,382	264,361	747,837	874,236
Interest expense	(82,491)	(74,068)	(210,616)	(260,363)
Total	181,891	190,293	537,221	613,873
INCOME BEFORE INCOME TAXES	3,284,818	1,289,223	4,732,469	6,994,763
PROVISION FOR INCOME TAXES	(1,270,000)	(475,000)	(1,810,000)	(2,575,000)
NET INCOME	$ 2,014,818	$ 814,223	$ 2,922,469	$ 4,419,763
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:				
BASIC	6,077,766	6,070,892	6,069,493	6,131,994
DILUTED	6,151,621	6,140,248	6,128,240	6,199,023
EARNINGS PER SHARE OF COMMON STOCK:				
BASIC	$ 0.33	$ 0.13	$ 0.48	$ 0.72
DILUTED	$ 0.33	$ 0.13	$ 0.48	$ 0.71

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2002	2001	2002	2001
NET INCOME	$ 2,014,818	$ 814,223	$ 2,922,469	$ 4,419,763
OTHER COMPREHENSIVE INCOME (LOSS) BEFORE TAX:				
Unrealized gains (losses) on securities arising during period	(136,401)	(360,893)	(299,993)	(263,548)
Less: reclassification adjustment for (gains) losses included in net income	4,500	28,500	(11,669)	69,750
Other comprehensive income (loss), before tax	(131,901)	(332,393)	(311,662)	(193,798)
INCOME TAX BENEFIT (EXPENSE):				
Income tax (expense) benefit related to securities (losses) gains arising during period	52,051	133,445	106,377	97,508
Income tax (expense) benefit related to securities reclassification adjustment	(1,665)	(10,545)	4,516	(25,808)
Income tax (expense) benefit related to other comprehensive income	50,386	122,900	110,893	71,700
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	81,515	(209,493)	(200,769)	(122,098)
COMPREHENSIVE INCOME	$ 1,933,303	$ 604,730	$ 2,721,700	$ 4,297,665

See notes to consolidated financial statements.

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FLEXSTEEL INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended March 31, 2002	Nine Months Ended March 31, 2001
OPERATING ACTIVITIES:		
Net Income	$ 2,922,469	$ 4,419,763
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	3,894,335	4,347,365
Facility closing costs	890,000	
Loss (gain) on disposition of capital assets	48,091	(21,651)
Trade receivables	(4,413,411)	33,662
Inventories	2,527,738	1,738,733
Other current assets	443,847	(741,301)
Other assets	(152,143)	(153,523)
Accounts payable - trade	(2,012,130)	(2,147,985)
Accrued liabilities	3,418,929	(567,384)
Deferred compensation	496,015	316,000
Net cash provided by operating activities	8,063,740	7,223,679
INVESTING ACTIVITIES:		
Purchases of investments	(11,858,958)	(1,850,565)
Payments received from customers on notes receivable	284,097	163,072
Proceeds from sales of investments	4,805,786	3,802,635
Loans to customers		(325,000)
Proceeds from sales of capital assets	46,352	164,897
Capital expenditures	(539,133)	(2,899,373)
Net cash used in investing activities	(7,261,856)	(944,334)
FINANCING ACTIVITIES:		
Payments of dividends	(3,156,161)	(2,405,457)
Proceeds from issuance of common stock	146,590	52,761
Repurchase of common stock		(2,229,874)
Net cash used in financing activities	(3,009,571)	(4,582,570)
Increase (decrease) in cash and cash equivalents	(2,207,687)	1,696,775
Cash and cash equivalents at beginning of period	10,048,562	4,000,855
Cash and cash equivalents at end of period	$ 7,840,875	$ 5,697,630
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for		
Interest	$ 20,000	$ 38,000
Income taxes	$ 4,417,000	$ 3,504,000

See notes to consolidated financial statements.

FLEXSTEEL INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. The accompanying consolidated financial statements are unaudited and include all adjustments, consisting of only normal recurring accruals, that management considers necessary to fairly present the results for such periods. These financial statements should be read in conjunction with the financial statements and notes contained in the Company's Annual Report on Form 10-K for the year ended June 30, 2001. Results for interim periods are not necessarily indicative of results for the full year.

   SEGMENT AND RELATED INFORMATION- Under the "management approach" methodology prescribed by Statement of Financial Accounting Standards (SFAS) No.131, DISCLOSURES ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION, the Company operates in two segments. The significant segment is the manufacture of seating products. The second segment is the operation of retail furniture stores. The retail segment had $2.3 million and $2.4 million of assets at March 31, 2002 and June 30, 2001, respectively. For the quarter ended March 31, 2002 the retail segment had net sales of $2.1 million and a net loss before income taxes of $0.4 million. For the quarter ended March 31, 2001 the retail segment had net sales of $1.3 million and a net loss before income taxes of $1.0 million. For the nine months ended March 31, 2002 the retail segment had net sales of $5.5 million and a net loss before income taxes of $1.6 million. For the nine months ended March 31, 2001 the retail segment had net sales of $2.7 million and a net loss before income taxes of $1.3 million.

2. The inventories are categorized as follows:

	March 31, 2002	June 30, 2001
Raw materials...........................	$ 13,214,581	$ 16,343,218
Work in process and finished parts.......	7,634,316	8,651,210
Finished goods..........................	7,367,136	6,385,408
Total...............	$ 28,216,033	$ 31,379,836

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 73,855 shares and 69,356 shares in the quarters ended and 58,747 shares and 67,029 shares in the nine months ended March 31, 2002 and 2001, respectively. The Company calculates the dilutive effect of outstanding options using the treasury stock method.

4. ACCOUNTING DEVELOPMENTS -The Company adopted Staff Accounting Bulletin (SAB) No. 101, REVENUE RECOGNITION IN FINANCIAL STATEMENTS, on January 1, 2001. The adoption had no impact on the Company's financial position or results of operations.

   In September 2000, the Emerging Issues Task Force (EITF) issued No. 00-10, ACCOUNTING FOR SHIPPING AND HANDLING FEES AND COSTS. EITF No. 00-10 states that all amounts billed to a customer in a sale transaction, related to shipping and handling fees, represent revenues earned for the goods provided and these amounts should be classified as revenue. The Company adopted EITF No. 00-10 on April 1, 2001. Prior period net sales and costs of goods sold have been adjusted for this change, which had no effect on previously reported net income.

   In July 2001, the Financial Accounting Standards Board issued SFAS No. 141, BUSINESS COMBINATIONS, and SFAS No.142, GOODWILL AND OTHER INTANGIBLE ASSETS. SFAS No. 141 eliminates the pooling-of-interests method of accounting for business combinations after June 30, 2001. SFAS No. 142 establishes new standards for accounting for goodwill and intangible assets and was adopted by the Company on July 1, 2001. The adoption of SFAS No. 141 and 142 had no impact on the Company's financial position or results of operations.

In June 2001, the FASB issued SFAS No. 143, ACCOUNTING FOR ASSET RETIREMENT OBLIGATIONS. This statement applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development, and/or the normal operation of a long-lived asset, except for certain obligations of leases. The statement requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. SFAS No. 143 is effective for the Company in fiscal 2003. The Company is currently assessing, but has not yet determined, what impact, if any, this statement will have on its financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, ACCOUNTING FOR THE IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS, which replaces SFAS No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF. This statement clarifies guidance in accounting for the disposal of long-lived assets. SFAS No. 144 is effective for the Company in fiscal year 2003. The Company is currently assessing, but has not yet determined, what impact, if any, this statement will have on its financial position or results of operations.

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

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, 2002 and 2001. Amounts presented are percentages of the Company's net sales.

	Third Quarter Ended March 31,		Nine Months Ended March 31,	
	2002	2001	2002	2001
Net Sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	(77.6%)	(79.7%)	(79.0%)	(78.9%)
Gross margin	22.4%	20.3%	21.0%	21.1%
Selling, general & administrative Expense	(18.2%)	(18.8%)	(18.9%)	(18.2%)
Operating income	4.2%	1.5%	2.1%	2.9%
Other income, net	0.3%	0.3%	0.3%	0.3%
Income before income taxes	4.5%	1.8%	2.4%	3.2%
Income tax expense	(1.8%)	(0.7%)	(1.0%)	(1.2%)
Net income	2.7%	1.1%	1.4%	2.0%

RESULTS OF OPERATIONS FOR THE QUARTER - Net sales for the fiscal quarter ended March 31, 2002 were $73.7 million, an increase of $1.8 million or 2% compared to the prior year quarter. Residential seating sales were $52.2 million, an increase of $0.4 million or 1%. Recreational vehicle seating sales increased $1.5 million or 9% to $17.7 million. Commercial seating sales were $3.8 million, a decrease of $0.1 million or 4%.

Gross margin improved to 22.4% of net sales in the current year quarter from 20.3% of net sales in the prior year quarter. The gross margin improvement was due to changes in product mix, improved absorption of fixed costs and lower depreciation expense.

Selling, general and administrative expenses as a percentage of net sales were 18.2% and 18.8% for the current year quarter and prior year quarter, respectively. The higher percentage in the prior year was due primarily to bad debt expense.

The Company currently has three retail stores in operation, one in the Chicago area and two in the Indianapolis market. During the quarter ended March 31, 2002 the Company closed two retail stores, one each in the Chicago and Indianapolis market areas. The Company does not anticipate opening additional retail locations. The retail operations are experiencing operating losses, however staffing is now completed, advertising is in place and customer activity is improving at the remaining stores. The Company believes that operating retail stores will aid in assuring product introductions meet consumer requirements, test that its advertising and marketing materials are effective and will enhance sales by providing additional floor space to display its wide product line. Management will continue to evaluate the retail operations as cost effective measures to test retail-marketing initiatives.

The above factors resulted in current fiscal quarterly net income of $2.0 million or $0.33 per share compared to $0.8 million or $0.13 per share in the prior year quarter, a net increase of $1.2 million or $0.20 per share.

RESULTS OF OPERATIONS FOR THE LAST NINE MONTHS - Net sales for the nine months ended March 31, 2002 were $202.8 million, a decrease of $13.1 million or 6% compared to the prior year nine month period. Residential seating sales decreased $10.5 million or 7% to $141.4 million. Recreational vehicle seating sales were $48.2 a decrease of $1.7 million or 3%. Commercial seating sales decreased $0.9 million or 6% to $13.2 million.

During the second fiscal quarter ended December 31, 2001 the Company announced a charge to cost of goods sold of $0.9 million or $0.09 per share after taxes for estimated facility closing costs. The facility closing costs consist of $0.4 million related to employee separations and facility exit costs, and $0.5 million for inventory and fixed asset write-downs. To date the Company has paid $0.1 million of the employee separation and facility exit costs.

The gross margin was 21.0% of net sales compared to 21.1% of net sales for the nine months ended March 31, 2002 and 2001, respectively. Increased health insurance costs and facility closing costs offset product mix margin improvement and lower depreciation expense.

In the second quarter of the current fiscal year the Company reported the recovery of previously written off accounts receivable of $0.5 million or $0.05 per share.

Excluding the recovery mentioned above selling, general and administrative expenses as a percentage of net sales were 19.1% and 18.2% for the current year period and prior year period, respectively. The increase in SG&A cost is primarily due to retail operations with five stores operating (prior to the closures discussed above) in the current fiscal year period and only two stores in the prior fiscal year period.

The above factors resulted in current fiscal year to date net income of $2.9 million or $0.48 per share compared to $4.4 million or $0.71 per share in the prior year, a decrease of $1.5 million or $0.23 per share from the prior year nine month period.

All earnings per share amounts are on a fully diluted basis.

Liquidity and Capital Resources:

Working capital at March 31, 2002 is $60.2 million, which includes cash, cash equivalents and investments of $17.1 million. Working capital increased by $4.8 million from the June 30, 2001 amount. Net cash provided by operating activities was $8.1 million during the first nine months of fiscal year 2002 versus $7.2 million in the first nine months of fiscal year 2001.

Capital expenditures were $0.5 million and $3.6 million during the first nine months of fiscal 2002 and 2001, respectively. The prior fiscal year to date capital expenditures includes $0.8 million of equipment and leasehold improvements acquired through settlement of a note receivable. The current period expenditures were incurred primarily for manufacturing 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.

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, news releases, 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 cyclical nature of the furniture industry, 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, competition, both foreign and domestic, credit exposure to our customers, and general economic conditions.

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

PART II OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

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

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned officer thereunto duly authorized.

FLEXSTEEL INDUSTRIES, INC.

Date: April 19, 2002

By: /s/ R. J. Klosterman

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