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, 2005
or
o **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 o

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 o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes o No x

State the aggregate market value of the voting stock held by non-affiliates of the registrant as of August 19, 2005, which is within 60 days prior to the date of filing:

Common Stock, Par Value $1.00 Per Share: $55,843,831

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of August 19, 2005:

Class	Shares Outstanding
Common Stock, $1.00 Par Value	6,542,706 Shares

DOCUMENTS INCORPORATED BY REFERENCE

In Part III, portions of the registrant's 2005 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

General

Flexsteel Industries, Inc. and Subsidiaries (the "Company") was incorporated in 1929 and is one of the oldest and largest manufacturers, importers and marketers of residential, recreational vehicle, hospitality and healthcare upholstered and wooden furniture products in the country. The Company'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. Product offerings include a wide variety of wood and upholstered furniture such as sofas, loveseats, chairs, reclining and rocker-reclining chairs, swivel rockers, sofa beds, convertible bedding units, occasional tables, desks, dining tables and chairs and bedroom furniture. The Company's products are intended for use in home, office, motor home, travel trailer, yacht, health care and hotel applications. Featured as a basic component in most of the upholstered furniture is a unique drop-in-seat spring. The Company primarily distributes its products throughout the United States through the Company's sales force to furniture dealers, department stores, recreational vehicle manufacturers, and hospitality and healthcare facilities. The Company's products are also sold to several national and regional chains, some of which sell on a private label basis.

The Company has two wholly-owned subsidiaries: (1) Desert Dreams, Inc., which owns and leases a commercial building to an unrelated entity, and (2) DMI Furniture, Inc. ("DMI"), acquired effective September 17, 2003, which 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. DMI's divisions are WYNWOOD, Homestyles and DMI Commercial Office Furniture. A third wholly-owned subsidiary, Four Seasons, Inc., operated retail furniture stores until their closure in November 2003.

During fiscal 2004 and 2003, the Company operated in two reportable operating segments: (1) Furniture Products (formerly known as Seating Products) and (2) Retail Stores. The Furniture Products segment involves the distribution of manufactured and imported products consisting of a broad line of upholstered and wooden furniture for residential, recreational vehicle, and commercial 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 involved the operation of retail furniture stores that offered the Company's residential products for sale directly to consumers. The retail operations were discontinued in November 2003. No single customer accounted for more than 10% of sales in either of the Company's two segments.

The Company's furniture products have three primary areas of application — residential, recreational vehicle and commercial. Set forth below is information for the past three fiscal years showing the Company's net sales attributable to each of the areas of application (in thousands):

	FOR THE YEARS ENDED JUNE 30,		
	2005	**2004**	**2003**
Residential	$ 261,900	$ 266,300	$ 194,000
Recreational Vehicle	78,800	85,400	75,600
Commercial	69,300	49,500	22,400
	$ 410,000	$ 401,200	$ 292,000

Strategy

The Company continues to pursue and refine a "blended" strategy, offering customers fully manufactured goods, products manufactured utilizing imported component parts, and ready-to-deliver imported products. The Company believes that it best serves customers by offering products from each of these categories to assist customers in reaching specific consumers with varied price points, styles and product categories. This blended focus on products allows the Company to provide a wide range of options to satisfy customer requirements.

Seasonality

The Company's business is not considered seasonal.

Foreign Operations

The Company makes minimal export sales. The Company has no foreign manufacturing operations. At June 30, 2005, the Company had approximately 100 employees located in Asia to inspect and coordinate the delivery of purchased products.

Customer Backlog

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 (in thousands):

June 30, 2005	June 30, 2004	June 30, 2003
$ 48,600*	$ 44,700	$ 29,100

*This entire amount is expected to be filled in the fiscal year ending June 30, 2006.

Raw Materials

The Company'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 finishing materials, bar and wire stock, high carbon spring steel, fabrics, leather and polyurethane. While the Company purchases these materials from outside suppliers, it is not dependent upon any single source of supply. The costs of certain raw materials are increasing, however, all continue to be readily available.

Industry Factors

The Company has exposure to actions by governments, including tariffs. Tariffs are a possibility on any imported or exported products**.**

Trademarks, Patents and Licenses

The Company 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. The Company owns certain trademarks in connection with its furniture products, which trademarks are due to expire on dates ranging from 2005 to 2018. The Company does not consider its trademarks, patents and licenses material to its business.

It is not common in the furniture industry to obtain a patent for a furniture design. If a particular design of a furniture manufacturer is well accepted in the marketplace, it is common for other manufacturers to imitate the same design without recourse by the furniture manufacturer who initially introduced the design. The Company often engages independent designers to work in conjunction with its own personnel in designing furniture products.

Furniture products are designed by the Company's own design staff and through the services of independent designers. New models and designs of furniture, as well as new fabrics, are introduced continuously. In the last three fiscal years, these design activities involved the following expenditures (in thousands):

Fiscal Year Ended June 30,	Expenditures
2005	$2,990
2004	$2,880
2003	$2,660

Competition

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

Employees

The Company had approximately 2,400, 2,600 and 2,300 employees as of June 30, 2005, 2004 and 2003, respectively, including approximately 870 employees that are covered by collective bargaining agreements at June 30, 2005. Management believes it has good relations with employees.

Item 2. Properties

The Company owns the following facilities:

Location	Approximate Size (square feet)	Principal Operations
Dubuque, Iowa	853,000	Upholstered Furniture - Recreational Vehicle - Metal Working and Corporate Offices
Lancaster, Pennsylvania	216,000	Upholstered Furniture
Riverside, California	236,000	Upholstered Furniture - Recreational Vehicle
Dublin, Georgia	300,000	Upholstered Furniture
Harrison, Arkansas	221,000	Upholstered Furniture - Woodworking
Starkville, Mississippi	349,000	Upholstered Furniture - Woodworking
New Paris, Indiana	168,000	Recreational Vehicle - Metal Working
Huntingburg, Indiana	612,000	Case Goods Production and Assembly - Woodworking - Warehouse

Ferdinand, Indiana	47,000	Woodworking

The Company leases the following facilities:

Location	Approximate Size (square feet)	Principal Operations
Riverside, California	30,000	Warehouse and Distribution
Vancouver, Washington	16,000	Warehouse and Distribution
Louisville, Kentucky	11,000	Corporate Offices
Ferdinand, Indiana	57,000	Warehouse and Distribution
Jasper, Indiana	123,000	Warehouse and Distribution

The Company's operating plants are well suited for their manufacturing purposes and have been updated and expanded from time to time as conditions warrant. Management believes there is adequate production capacity at the Company's facilities to meet present market demands.

The Company leases showrooms for displaying its products in the furniture marts in High Point, North Carolina and Las Vegas, Nevada.

One of the Company's wholly-owned subsidiaries, 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, 2005 no matter was submitted to a vote of security holders.

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 Company's common stock is traded.

	Sale Price of Common Stock *				Cash Dividends Per Share	
	Fiscal 2005		Fiscal 2004			
	High	Low	High	Low	Fiscal 2005	Fiscal 2004
First Quarter	$ 23.50	$ 17.54	$ 20.59	$ 16.20	$ 0.13	$ 0.13
Second Quarter	18.50	16.00	22.89	17.99	0.13	0.13
Third Quarter	17.99	15.02	23.53	19.75	0.13	0.13
Fourth Quarter	16.78	13.65	24.35	19.85	0.13	0.13

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

The Company estimates there were approximately 1,800 and 2,000 holders of common stock of the Company as of June 30, 2005 and 2004, 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,				
	2005	2004 (2)	2003	2002	2001
SUMMARY OF OPERATIONS					
Net sales	$ 410,023	$ 401,222	$ 291,977	$ 279,671	$ 284,773
Cost of goods sold	333,170	318,047	226,438	218,151	224,352

Operating income	9,066	16,602	13,284	8,129	6,238
Interest and other income	628	977	1,084	1,052	1,063
Interest expense	990	839	127	22	26
Income before income taxes	8,704	16,740	14,241	9,160	7,274
Provision for income taxes	2,660	6,610	5,950	3,500	2,680
Net income (1) (3) (4)	6,044	10,130	8,291	5,660	4,594
Earnings per common share: (1) (3) (4)					
Basic	0.93	1.57	1.33	0.93	0.75
Diluted	0.92	1.55	1.30	0.92	0.74
Cash dividends per common share	$ 0.52	$ 0.52	$ 0.52	$ 0.52	$ 0.52

STATISTICAL SUMMARY

Average common shares outstanding:					
Basic	6,531	6,440	6,255	6,095	6,108
Diluted	6,601	6,530	6,367	6,159	6,174
Total assets	166,658	169,519	120,700	119,159	110,294
Property, plant and equipment, net	26,141	30,327	20,378	20,558	24,554
Capital expenditures	3,347	6,030	5,100	1,100	2,817
Long-term debt	12,800	17,583			
Working capital	85,388	83,352	67,666	62,228	55,402
Shareholders' equity	$ 104,798	$ 101,612	$ 93,753	$ 87,717	$ 85,062

SELECTED RATIOS

Net income as percent of sales	1.5%	2.5%	2.8%	2.0%	1.6%
Current ratio	3.0 to 1	2.9 to 1	4.0 to 1	3.3 to 1	3.6 to 1
Return on ending shareholders' equity	5.8%	10.0%	8.8%	6.5%	5.4%
Return on beginning shareholders' equity	6.0%	10.8%	9.5%	6.7%	5.4%
Average number of employees	2,440	2,610	2,320	2,260	2,410

(1) Fiscal 2005 net income and per share amounts reflect a net gain (after tax) on the sale of facilities of approximately $0.5 million or $0.08 per share.

(2) The Company acquired DMI Furniture, Inc. (“DMI”) in a business combination accounted for as a purchase on September 17, 2003. The amounts herein include the operations of DMI since that date.

(3) Fiscal 2003 net income and per share amounts reflect a net gain (after tax) on the sale of land of approximately $0.2 million or $0.04 per share.

(4) Fiscal 2002 net income and per share amounts reflect a net loss (after tax) related to restructuring costs of approximately $1.3 million or $0.21 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, warranty costs 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 consolidated 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.

Valuation of long-lived assets – the Company periodically reviews the carrying value of long-lived assets and estimated depreciable or amortizable lives for continued appropriateness. This review is based upon projections of anticipated future cash flows and is performed whenever events or changes in circumstances indicate that asset carrying values may not be recoverable or that the estimated depreciable or amortizable lives may have changed. These evaluations could result in a change in estimated useful lives in future periods.

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 purchases specific stop-loss insurance for individual health care claims in excess of $150,000 per plan year, with a $1.0 million individual lifetime maximum. For workers' compensation the Company retains the first $350,000 per claim and purchases excess coverage up to the statutory limits for amounts in excess of the retention limit. 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.

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.

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

Revenue recognition – is upon delivery of product to our customer. Our ordering process creates persuasive evidence of the sale arrangement and the sales amount is determined. The delivery of the goods to our customer completes the earnings process. Net sales consist of product sales and related delivery charge revenue, net of adjustments for returns and allowances. Shipping and handling costs are included in cost of goods sold.

Accounting Developments

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 123 (R) (revised 2004), "Share-Based Payment", which amends SFAS No. 123 and will be effective for the Company in fiscal 2006. The new standard will require the Company to expense employee stock options and other share-based payments. The Company is currently evaluating how it will adopt the standard and evaluating the effect that the adoption of SFAS No. 123(R) will have on its financial position and results of operations.

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs, an amendment of ARB No. 43, Chapter 4*. This Statement amends the guidance in Accounting Research Bulletin ("ARB") No. 43, Chapter 4, *Inventory Pricing*, to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Paragraph 5 of ARB No. 43, Chapter 4, previously stated that "...under some circumstances, items such as idle facility expense, excessive spoilage, double freight, and rehandling costs may be so abnormal as to require treatment as current period charges..." SFAS No. 151 requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal." In addition, this Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The provisions of SFAS No. 151 shall be applied prospectively and are effective for the Company in fiscal 2006. The adoption of SFAS No. 151 is not expected to have a material impact on the Company's financial position or results of operations.

In December 2004, the FASB staff issued FASB Staff Position ("FSP") Financial Accounting Standard No. 109-1, "Application of SFAS No. 109, *Accounting for Income Taxes*, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004" (the "FSP") to provide guidance on the application of SFAS No. 109 to the provision within the American Jobs Creation Act of 2004 (the "Act") that provides tax relief to U.S. domestic manufacturers. The FSP states that the manufacturers' deduction provided for under the Act should be accounted for as a special deduction in accordance with SFAS No. 109 and not as a tax rate reduction. A special deduction is accounted for by recording the benefit of the deduction in the year in which it can be taken in the company's tax return, and by not adjusting deferred tax assets and liabilities in the period of the Act's enactment (which would have been done if the deduction on qualified production activities were treated as a change in enacted tax rates). The FSP was effective upon issuance. The adoption of the FSP has not had a material impact on the Company's financial position or results of operations. The Company is currently evaluating the future effects of the FSP.

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, 2005, 2004 and 2003. Amounts presented are percentages of the Company's net sales.

	FOR THE YEARS ENDED JUNE 30,		
	2005	2004	2003
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	(81.3)	(79.3)	(77.6)
Gross margin	18.7	20.7	22.4
Selling, general and administrative	(16.7)	(16.6)	(18.0)
Gain on sale of facilities	0.2	—	0.1
Operating income	2.2	4.1	4.5
Other (expense) income, net	(0.1)	—	0.3
Income before income taxes	2.1	4.1	4.8
Provision for income taxes	(0.6)	(1.6)	(2.0)

Net income	1.5%	2.5%	2.8%

Fiscal 2005 Compared to Fiscal 2004

The Company acquired DMI Furniture, Inc. (“DMI”) in a business combination accounted for as a purchase as of September 17, 2003. The accompanying discussion of results of operations includes the operations of DMI for the period September 18, 2003 through June 30, 2005.

Net sales for fiscal 2005 increased by $8.8 million or 2.2% compared to fiscal 2004. Residential net sales decreased $4.4 million or 1.6%. Recreational vehicle net sales decreased $6.6 million or 7.7%. Commercial net sales increased $19.7 million or 39.8%. The increase in net sales reflects improved industry performance for commercial products in addition to the inclusion of DMI net sales for the entire fiscal year.

Gross margin decreased $6.3 million to $76.9 million, or 18.7% of net sales, in fiscal 2005, from $83.2 million, or 20.7% of net sales in fiscal 2004. The decreased gross margin percentage in fiscal 2005 reflects increased costs for steel and component parts that have steel content. Costs were also higher for petroleum products and poly foam. The cost of these materials has increased faster than the Company has been able to pass these costs onto consumers through higher selling prices. During fiscal 2005 the quantities of LIFO inventory (steel and lumber) were reduced, resulting in a favorable impact on gross margin of 0.3%.

Selling, general and administrative expenses as a percentage of sales were 16.7% and 16.6% for fiscal 2005 and 2004, respectively. During fiscal 2005, the Company incurred costs in excess of $0.4 million, including approximately 5,700 employee hours related to planning, documenting and performing testing and walkthroughs of internal controls over accounting and information systems in preparation for the fiscal 2005 implementation of Section 404 of the Sarbanes-Oxley Act of 2002. Additionally, the Company expects to incur higher audit and audit-related fees and expenses. These types of expenses, included in selling, general, and administrative expenses in the accompanying consolidated statements of income, are expected to repeat in future fiscal years.

During the current fiscal year the Company recorded pre-tax gains of $0.8 million on the sale of former manufacturing facilities.

The effective tax rate in fiscal 2005 was 30.6% compared to 39.5% in fiscal 2004. During fiscal year 2005, an examination by the Internal Revenue Service of the Company’s federal income tax returns for the fiscal years ended June 30, 2003 and 2004 was completed. Due to the favorable results, the Company has reviewed and reduced its estimate of accrued tax liabilities resulting in a $0.7 million reduction in the tax expenses during that quarter. The Company expects that the effective income tax rate for future periods will be approximately 37%.

The above factors resulted in fiscal 2005 net income of $6.0 million, or $0.92 per share, compared to $10.1 million, or $1.55 per share, in fiscal 2004, a decrease of $4.1 million or $0.63 per share.

All earnings per share amounts are on a diluted basis.

Fiscal 2004 Compared to Fiscal 2003

The Company acquired DMI Furniture, Inc. (“DMI”) in a business combination accounted for as a purchase as of September 17, 2003. The accompanying discussion of results of operations includes the operations of DMI for the period September 18, 2003 through June 30, 2004.

Net sales for fiscal 2004 increased by $109.2 million or 37.4% compared to fiscal 2003. Residential net sales increased $72.3 million (includes $67.9 million of DMI) or 37.3%. Recreational vehicle net sales increased $9.8 million or 13.0%. Commercial net sales increased $27.1 million (includes $24.6 million of DMI) or 121.4%. The increase in net sales reflects improved industry performance for recreational vehicle and commercial products in addition to the inclusion of DMI net sales.

Gross margin increased $17.7 million to $83.2 million, or 20.7% of net sales, in fiscal 2004, from $65.5 million, or 22.4% of net sales in fiscal 2003. The decreased gross margin percentage in fiscal 2004 reflects increased costs for steel and component parts that have steel content. Costs were also higher for wood and petroleum products, such as fuel and poly foam. The cost of these materials has increased faster than the Company has been able to pass these costs onto consumers through higher selling prices. In addition, DMI products have a lower gross margin due to their different customer base, further decreasing the Company’s overall gross margin percentage.

Selling, general and administrative expenses as a percentage of sales were 16.6% and 18.0% for fiscal 2004 and 2003, respectively. The lower percentage of selling, general and administrative expenses in fiscal 2004 is primarily due to the lower percentage of such costs related to DMI net sales and the discontinuation of the Company’s retail stores.

During fiscal 2004, the Company incurred costs in excess of $0.2 million, including approximately 4,400 employee hours related to planning, documenting and performing preliminary testing and walkthroughs of internal controls over accounting and information systems in preparation for the fiscal 2005 implementation of Section 404 of the Sarbanes-Oxley Act of 2002. These types of expenses, included in selling, general, and administrative expenses in the accompanying consolidated statements of income, are expected to repeat in future fiscal years. Additionally, the Company expects to incur higher audit and audit-related fees and expenses.

During November 2003, one of the Company's wholly-owned subsidiaries, Four Seasons, Inc., closed its two remaining retail furniture stores. The final payments for lease obligations that were included in facility closing costs were paid during the quarter ended March 31, 2004. The Company expects no future expenses related to retail operations.

The effective tax rate in fiscal 2004 was 39.5% compared to 41.8% in fiscal 2003. The higher effective income tax rate in fiscal 2003 was 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 2004 net income of $10.1 million, or $1.55 per share, compared to $8.3 million, or $1.30 per share, in fiscal 2003, an increase of $1.8 million or $0.25 per share.

All earnings per share amounts are on a diluted basis.

Liquidity and Capital Resources

Working capital at June 30, 2005, was $85.4 million, which includes cash, cash equivalents and investments of $3.2 million.

Net cash provided by operating activities was $12.7 million, $7.5 million and $9.2 million in fiscal 2005, 2004 and 2003, respectively. Fluctuations in net cash provided by operating activities were primarily the result of changes in net income, inventories and accounts payable. The increase in inventories and accounts payable relates primarily to the expansion of import programs.

On September 17, 2003, the Company effectively acquired 100% of the outstanding common stock of DMI for $3.30 per share in cash. The results of DMI's operations have been included in the consolidated financial statements of the Company since that date. The aggregate purchase price was $54.9 million. The purchase price consisted of $16.7 million in cash paid to the shareholders of DMI, $2.8 million in acquisition costs paid by the Company, and the assumption of all DMI liabilities totaling $35.4 million, including $25.5 million of long-term debt.

Capital expenditures were $3.3 million, $6.0 million and $5.1 million in fiscal 2005, 2004 and 2003, respectively. Fiscal 2005 expenditures were incurred for delivery and manufacturing equipment. Projected capital spending for fiscal 2006 is $6.0 million and will be used for manufacturing and delivery equipment. Cash generated from operations and available lines of credit are expected to provide funds necessary for projected capital expenditures.

Financing activities utilized net cash of $12.0 million, $0.8 million and $4.3 million in fiscal 2005, 2004 and 2003, respectively. For fiscal year 2005 repayment of debt and the payment of dividends were the primary financing activities utilizing cash. In fiscal years 2004 and 2003, the payment of dividends was the primary financing activity utilizing cash.

The Company has adequate cash, cash equivalents, short-term investment and credit arrangements to meet its operating and capital requirements. In the opinion of management, the Company's liquidity and credit resources provide it with the ability to react to opportunities as they arise, the ability to pay quarterly dividends to its shareholders, and ensures that productive capital assets that enhance safety and improve operations are purchased as needed.

The Company's contractual obligations as of June 30, 2005 are as follows (in thousands):

	FOR THE YEARS ENDING JUNE 30,					
	2006	2007	2008	2009	2010	Total
Debt obligations	$ 5,000	$	$12,800	$	$	$17,800
Interest	704	458	249	15		1,426
Operating lease obligations	2,445	1,711	883	612	311	5,962
Total contractual obligations	$ 8,149	$ 2,169	$13,932	$ 627	$ 311	$25,188

At June 30, 2005 the Company had no capital lease obligations, and no purchase obligations for raw materials or finished goods extending more than six months. The purchase price on all open purchase orders was fixed and denominated in U.S. dollars.

Financing Arrangements

The Company has lines of credit of $41.0 million with banks, borrowings at differing rates based on the date and type of financing utilized.

In June 2005, the Company restructured its primary credit agreement reducing its long-term availability to $13.0 million, extending its existing short-term facility to June 29, 2006 and reducing the letter of credit facility to $5.0 million. The credit agreement provides for a $38.0 million unsecured credit facility and provides the Company with flexibility between long-term and short-term financing. The short-term portion of the credit facility provides working capital financing up to $20.0 million, of which $5.0 million was outstanding at June 30, 2005, with interest selected at the option of the Company at prime (6.3% at June 30, 2005) or LIBOR (3.5% at June 30, 2005) plus 0.5%. The short-term portion also provides overnight credit when required for operations at prime. The short-term line of credit expires June 29**,** 2006. The long-term portion of the credit facility provides up to $13.0 million, of which $12.8 million was outstanding at June 30, 2005, and expires September 30, 2007. Variable interest is set monthly at the option of the Company at prime or LIBOR plus 0.75%. The credit facility also provides $5.0 million to support letters of credit issued by the Company. All interest rates are adjusted monthly, except for the overnight portion of the short-term line of credit, which varies daily at the prime rate. The Company has effectively fixed the interest rates at 3.9% on approximately $12.6 million of its long-term debt through the use of interest rate swaps. See *Interest Rate Risk* below.

The credit agreement contains certain restrictive covenants that require the Company, among other things, to maintain an interest coverage ratio, leverage ratio, consolidated net worth ratio, and limitations on capital disposals, all as defined in the credit agreement. At June 30, 2005, the Company was in compliance with all financial covenants contained in the credit agreement.

Outlook

For the fiscal year ended June 30, 2005, residential net sales have been weaker than the prior year and we expect that this softness will continue through the first half of fiscal year 2006 due to rising interest rates and higher energy costs that may dampen consumer confidence. Net sales of vehicle seating have fallen off as several manufacturers of recreational vehicles adjust inventory levels of finished units due to weakness in demand for recreational vehicles. We expect that net sales will remain relatively stable during the first quarter of fiscal 2006. We expect lower net sales in our second fiscal quarter due to lower demand for recreational vehicles. Additionally, the volatility and high cost of fuel may temper the favorable longer-term demographics that exist in the recreational vehicle industry. Our commercial marketing channels provide an opportunity to expand distribution and increase net sales in the first half of fiscal 2006. Commercial office furniture net sales will benefit from a continued general increase in demand for these products. Hospitality occupancy rates have improved with an increase in business and recreational travel. This improvement has led to increased construction and renovation activity that has led to increased demand for the hospitality products we offer.

Margin pressures continued through all of fiscal year 2005 and we expect pressures on margins to continue through the first half of fiscal 2006, with the cost of fuel being a key element. The rise in fuel cost continues to negatively impact the cost of bringing raw materials into our factories, as well as the cost of delivering finished products to our customers. Petroleum prices are setting record prices weekly, if not daily, and we anticipate that prices will remain volatile and at record or near record levels for at least the first half of fiscal year 2006. The result will be continuing increasing costs and we believe a factor keeping consumer confidence at relative low levels, negatively affecting demand for residential and vehicle seating products. The cost of steel appears to have steadied during the second half of the fiscal year just ended, albeit at relatively high historical prices. The cost of chemicals required in manufacturing poly foam used in our seating products increased throughout fiscal 2005. At this time there are no announced price increases for poly foam.

The furniture industry is in an unprecedented period of change. There are increases in the cost of raw materials and fuel accompanied by an increased flow of competing product from all over the world that have added to pricing pressures. The distribution channels are changing and increasingly include such non-traditional customers such as mass merchandisers, wholesale clubs and specialty retail chains in addition to e-commerce opportunities.

Flexsteel continues to take actions to address the above concerns including: new product introductions, refining existing product offerings, adjusting selling and delivery prices, adjusting production levels and implementing cost control measures for inventory and capital expenditures. These actions occur regularly regardless of operating performance, but will continue to receive additional attention under current business conditions.

Flexsteel is also in a unique position to take advantage of the rapid change that is affecting most of the markets we serve. We have had tremendous success in the introduction of our complete new line of Wrangler Home ® Collection. We continue to develop products for the marine industry to augment our vehicle seating products. Our commercial office product lineup is strong and expanded to continue to take full advantage as demand for this product increases. Our hospitality team is poised to deliver the needed products as this market expansion continues.

We continue to believe that our strategy of providing furniture from a wide selection of domestically manufactured and imported products is sound business practice. This blended strategy gives Flexsteel the opportunity to successfully participate in all the important avenues of furniture distribution in the United States.

Item 7a. Quantitative and Qualitative Disclosures About Market Risk

General – Market risk represents the risk of changes in the 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. The ability to import furniture products can be adversely affected by political issues in the countries where suppliers are located and disruptions associated with shipping distances. Other risks related to furniture product importation include government imposition of regulations and/or quotas; duties and taxes on imports; and significant fluctuation in the value of the U.S. dollar against foreign currencies. Any of these factors could interrupt supply, increase costs and decrease earnings.

Foreign Currency Risk – During fiscal 2005, 2004 and 2003, the Company did not have sales, purchases, or other expenses denominated in foreign currencies, nor did it have any active 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 – The Company’s primary market risk exposure with regard to financial instruments is changes in interest rates. At June 30, 2005, a hypothetical 100 basis point increase in short-term interest rates would decrease annual pre-tax earnings by approximately $50,000, assuming no change in the volume or composition of debt. The Company has effectively fixed the interest rates at 3.9% on approximately $12.6 million of its long-term debt through the use of interest rate swaps, and the above estimated earnings reduction takes these swaps into account. As of June 30, 2005, the fair value of these swaps is an asset of approximately $28,000 and is included in other assets.

Tariffs – The Company has exposure to actions by governments, including tariffs. Tariffs are a possibility on any imported or exported products.

Cautionary Statement Relevant to Forward-Looking Information for the Purpose of "Safe Harbor" Provisions and 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 long-term goals or anticipated results, including statements contained in the Company'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, foreign currency revaluations, actions by governments including taxes and tariffs, the amount of sales generated and the profit margins thereon, competition (both foreign and domestic), changes in interest rates, credit exposure with customers, the ability to successfully integrate DMI into the Company's operations 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.

Item 8. Financial Statements and Supplementary Data

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

As Flexsteel Industries, Inc.'s Chief Executive Officer and Chief Financial Officer, we are responsible for the presentation, accuracy, and objectivity of the information contained in our financial statements. Flexsteel Industries, Inc. has enjoyed a long-standing reputation for integrity, candor, and high quality earnings. We intend to protect the reputation. To that end, we employ a formal system of corporate conduct, internal control and audit, external audit, and Board of Directors oversight.

- We promote a strong ethical climate and encourage employees to conduct the Company's business according to high personal corporate standards. Our Guidelines for Business Conduct, which is distributed annually, requires employees to comply with all applicable laws, protect the Company's assets, keep proprietary information confidential, and disclose potential conflicts of interest.

- Our internal control and audit systems are designed to provide reasonable assurance that financial reports are reliable, and are prepared in accordance with generally accepted accounting principles. Our report on internal control appears separately below.

- Deloitte & Touche LLP, an independent registered public accounting firm, audits the Company's consolidated financial statements.

- The Board of Directors, through its Audit and Ethics Committee, meets with Management, the internal auditors, and Deloitte & Touche LLP to ensure that each is performing its responsibilities properly. Both the internal auditors and Deloitte & Touche LLP have open and direct access to the Audit and Ethics Committee, without Management present, to discuss the results of their work, including internal accounting controls and the quality of financial reporting.

Accordingly, we are confident that the consolidated financial statements in this Annual Report on Form 10-K have been prepared in accordance with generally accepted accounting principles. Financial information elsewhere in this Annual Report on Form 10-K is consistent with the information in the financial statements.

K. Bruce Lauritsen	**Timothy E. Hall**
Chief Executive Officer	*Chief Financial Officer*

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management (including ourselves), we conducted an evaluation of the effectiveness of our internal control over financial reporting as of June 30, 2005, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under this framework, management concluded that the internal control over financial reporting was effective as of June 30, 2005. Management's assessment of the effectiveness of our internal control over financial reporting as of June 30, 2005, has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report on the following page.

K. Bruce Lauritsen
Chief Executive Officer

Timothy E. Hall
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Flexsteel Industries, Inc. and Subsidiaries (the "Company") as of June 30, 2005 and 2004, 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, 2005. We also have audited management's assessment, included in the accompanying Management's Report On Internal Controls Over Financial Reporting that the Company maintained effective internal control over financial reporting as of June 30, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on these financial statements, an opinion on management's assessment, and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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, 2005 and 2004, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2005, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of June 30, 2005, is fairly stated, in all material respects, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2005, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

DELOITTE & TOUCHE LLP

Minneapolis, Minnesota

August 29, 2005

FLEXSTEEL INDUSTRIES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

	JUNE 30, 2005	JUNE 30, 2004
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,706,584	$ 2,476,521
Investments	1,508,751	1,271,417
Trade receivables – less allowance for doubtful accounts: 2005, $3,060,000; 2004, $2,820,000	48,355,070	48,169,780
Inventories	69,945,400	68,880,118
Deferred income taxes	4,430,000	3,760,000
Other	1,851,869	2,930,979
Total current assets	127,797,674	127,488,815
NONCURRENT ASSETS:		
Property, plant and equipment, net	26,140,914	30,326,505
Deferred income taxes	1,830,000	1,350,000
Other assets	10,889,090	10,353,391
TOTAL	$ 166,657,678	$ 169,518,711
LIABILITIES AND SHAREHOLDERS’ EQUITY		
CURRENT LIABILITIES:		
Accounts payable – trade	$ 16,259,905	$ 12,272,405
Notes payable	5,000,000	9,022,090
Accrued liabilities:		
Payroll and related items	7,278,474	10,341,853
Insurance	7,622,551	6,428,709
Other	6,248,403	6,071,458
Total current liabilities	42,409,333	44,136,515
LONG-TERM LIABILITIES:		
Long-term debt	12,800,000	17,583,336
Deferred compensation	5,061,951	5,023,604
Other liabilities	1,588,674	1,163,514
Total liabilities	61,859,958	67,906,969
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 2005, 6,541,436 shares; 2004, 6,494,228 shares	6,541,436	6,494,228
Additional paid-in capital	2,954,398	2,111,477
Retained earnings	95,196,022	92,552,045
Accumulated other comprehensive income	105,864	453,992
Total shareholders’ equity	104,797,720	101,611,742
TOTAL	$ 166,657,678	$ 169,518,711

See accompanying Notes to Consolidated Financial Statements.

FLEXSTEEL INDUSTRIES, INC. AND SUBSIDIARIES
Consolidated Statements of Income

	FOR THE YEARS ENDED JUNE 30, 2005	2004	2003
NET SALES	$ 410,022,809	$ 401,221,510	$ 291,977,165
COST OF GOODS SOLD	(333,170,329)	(318,046,939)	(226,437,717)
GROSS MARGIN	76,852,480	83,174,571	65,539,448
SELLING, GENERAL AND ADMINISTRATIVE	(68,595,788)	(66,572,362)	(52,658,237)
GAIN ON SALE OF FACILITIES	809,022		403,065
OPERATING INCOME	9,065,714	16,602,209	13,284,276
OTHER INCOME (EXPENSE):			
Interest and other income	627,996	976,918	1,083,854
Interest expense	(989,754)	(838,870)	(126,853)
Total	(361,758)	138,048	957,001
INCOME BEFORE INCOME TAXES	8,703,956	16,740,257	14,241,277
PROVISION FOR INCOME TAXES	(2,660,000)	(6,610,000)	(5,950,000)
NET INCOME	$ 6,043,956	$ 10,130,257	$ 8,291,277
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:			
Basic	6,531,293	6,440,298	6,255,113
Diluted	6,600,905	6,529,813	6,367,241
EARNINGS PER SHARE OF COMMON STOCK:			
Basic	$ 0.93	$ 1.57	$ 1.33
Diluted	$ 0.92	$ 1.55	$ 1.30

See accompanying Notes to Consolidated Financial Statements.

FLEXSTEEL INDUSTRIES, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Shareholders' Equity

	Common Stock Shares	Common Stock Par Value	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total	Comprehensive Income
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	
Issuance of common stock	199,589	199,589	757,838			957,427	
Investment valuation adjustment, net of tax					219,197	219,197	$ 219,197
Change in interest rate swaps valuation, net of tax					140,884	140,884	140,884
Additional minimum pension liability, net of tax					(223,315)	(223,315)	(223,315)
Cash dividends				(3,366,035)		(3,366,035)	
Net income				10,130,257		10,130,257	10,130,257
Comprehensive income							$10,267,023
Balance at June 30, 2004	6,494,228	6,494,228	2,111,477	92,552,045	453,992	101,611,742	
Issuance of common stock	47,208	47,208	842,921			890,129	
Investment valuation adjustment, net of tax					209,352	209,352	$ 209,352
Change in interest rate swaps valuation, net of tax					(6,810)	(6,810)	(6,810)
Additional minimum pension liability, net of tax					(550,670)	(550,670)	(550,670)
Cash dividends				(3,399,979)		(3,399,979)	
Net income				6,043,956		6,043,956	6,043,956
Comprehensive income							$ 5,695,828
Balance at June 30, 2005	6,541,436	$ 6,541,436	$ 2,954,398	$95,196,022	$ 105,864	$104,797,720	

See accompanying Notes to Consolidated Financial Statements.

FLEXSTEEL INDUSTRIES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	FOR THE YEARS ENDED JUNE 30,		
	2005	2004	2003
OPERATING ACTIVITIES:			
Net income	$ 6,043,956	$ 10,130,257	$ 8,291,277
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	5,785,354	5,680,391	4,767,612
Gain on disposition of capital assets	(879,462)	(94,456)	(424,580)
Changes in operating assets and liabilities, net of acquisition:			
Trade receivables	(185,290)	(6,316,462)	1,428,745

Inventories	(1,065,282)	(9,261,855)	(2,150,999)
Other current assets	1,079,110	294,024	402,228
Other assets	(472,751)	(22,569)	(417,953)
Accounts payable – trade	3,987,500	8,024,639	(1,845,970)
Accrued liabilities	(325,542)	(3,413,992)	(674,421)
Other long-term liabilities	(132,318)	(313,657)	
Deferred compensation	38,347	233,378	280,443
Deferred income taxes	(1,150,000)	2,554,813	(430,000)
Net cash provided by operating activities	12,723,622	7,494,511	9,226,382
INVESTING ACTIVITIES:			
Purchases of investments	(860,312)	(4,126,310)	(21,150,304)
Proceeds from sales of investments	584,981	12,049,572	27,369,890
Payments received from customers on notes receivable		320,371	710,086
Proceeds from sale of capital assets	2,121,083	115,859	635,271
Capital expenditures	(3,346,984)	(6,029,968)	(5,099,791)
Acquisition of DMI Furniture, Inc., net of cash acquired		(19,322,174)	
Net cash provided by (used in) investing activities	(1,501,232)	(16,992,650)	2,465,152
FINANCING ACTIVITIES:			
Repayment of borrowings	(40,054,650)	(42,615,156)	(650,000)
Proceeds from borrowings	31,249,224	43,673,971	
Dividends paid	(3,393,842)	(2,521,785)	(4,065,345)
Proceeds from issuance of common stock	206,941	626,245	459,513
Net cash used in financing activities	(11,992,327)	(836,725)	(4,255,832)
Decrease in cash and cash equivalents	(769,937)	(10,334,864)	7,435,702
Cash and cash equivalents at beginning of year	2,476,521	12,811,385	5,375,683
Cash and cash equivalents at end of year	$ 1,706,584	$ 2,476,521	$ 12,811,385

See accompanying Notes to Consolidated Financial Statements.

FLEXSTEEL INDUSTRIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS – Flexsteel Industries, Inc. and Subsidiaries (the "Company") is one of the oldest and largest manufacturers and marketers, as well as an importer, of residential, recreational vehicle, hospitality and healthcare upholstered and wooden furniture products in the country. The Company's furniture products include a broad line of quality upholstered and wooden furniture for residential, recreational vehicle and commercial use. Furniture products include sofas, love seats, chairs, reclining and rocker-reclining chairs, swivel rockers, sofa beds, convertible bedding units, bedroom, dining room, occasional tables, and home and commercial office furniture. The Company has two wholly owned subsidiaries: (1) Desert Dreams, Inc. which owns and leases a commercial building to an unrelated entity, and (2) DMI Furniture, Inc. ("DMI"), a Louisville, Kentucky-based, vertically integrated manufacturer, importer and marketer of residential and commercial furniture with manufacturing plants and warehouses in Indiana and manufacturing sources in Asia. DMI's divisions are WYNWOOD, Homestyles and DMI Commercial Office Furniture. A third wholly-owned subsidiary, Four Seasons, Inc., operated retail furniture stores until their closure in November 2003.

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 3.

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

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 consolidated financial statements based on collection experience and actual returns and allowances.

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.

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 to the Company's customer. The Company's ordering process creates persuasive evidence of the sale arrangement and the sales amount is determined. The delivery of the goods to the customer completes the earnings process. Net sales consist of product sales and related delivery charge revenue, net of adjustments for returns and allowances. Shipping and handling costs are included in cost of goods sold.

ADVERTISING COSTS – are charged to selling, general and administrative expense in the periods incurred. The Company conducts no direct-response advertising programs and there are no assets related to advertising recorded on the consolidated balance sheet. Advertising expenditures, primarily shared customer advertising and national trade-advertising programs were approximately $3,051,000, $3,017,000 and $3,032,000 in fiscal 2005, 2004 and 2003, respectively.

RESEARCH AND DEVELOPMENT COSTS – are charged to selling, general and administrative expense in the periods incurred. Expenditures for research and development costs were approximately $2,990,000, $2,880,000 and $2,660,000 in fiscal 2005, 2004 and 2003, respectively.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES – The Company utilizes interest rate swaps to hedge against adverse changes in interest rates relative to its variable rate debt. The notional principal amounts of the outstanding interest rate swaps totaled $12.6 million with a weighted average fixed rate of 3.9% at June 30, 2005. The interest rate swaps are not utilized to take speculative positions. The Board of Directors established the Company's policies with regards to activities involving derivative instruments. Management, along with the Board of Directors, periodically reviews those policies, along with the actual derivative related results. The Company recorded the fair market value of its interest rate swaps as cash flow hedges on its balance sheet and has marked them to fair value through other comprehensive income. The fair values of the swaps were an asset of $28,000 as of June 30, 2005 and are reflected as noncurrent other assets on the accompanying consolidated balance sheet. All of the derivatives used by the Company in its risk management are highly effective hedges because all of the critical terms of the derivative instruments match those of the hedged item.

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 purchases specific stop-loss insurance for individual health care claims in excess of $150,000 per plan year, with a $1.0 million individual lifetime maximum. For workers' compensation the Company retains the first $350,000 per claim and purchases excess coverage up to the statutory limits for amounts in excess of the retention limit. 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 $4.4 million. 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 consolidated 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 fiscal 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 69,612 shares, 89,515 shares and 112,128 shares in fiscal 2005, 2004 and 2003, respectively. The Company calculates the dilutive effect of outstanding options using the treasury stock method. Options to purchase 147,895 shares and 163,050 shares of common stock were outstanding in fiscal 2005 and 2003, 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. No options to purchase common stock were excluded in the computation of diluted earnings per share in fiscal 2004, as their exercise prices were less 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.

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:

	2005	2004	2003
Net income as reported	$ 6,043,956	$10,130,257	$ 8,291,277
Less stock-based employee compensation expense determined under fair value method for all awards, net of tax	(301,000)	(427,000)	(291,000)
Pro forma net income	$ 5,742,956	$ 9,703,257	$ 8,000,277
Earnings per share:			
Basic			
– as reported	$ 0.93	$ 1.57	$ 1.33
– pro forma	0.88	1.51	1.28
Diluted			
– as reported	$ 0.92	$ 1.55	$ 1.30
– pro forma	0.87	1.49	1.26

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 2005, 2004 and 2003, respectively; dividend yield of 3.2%, 2.7% and 3.3%; expected volatility of 24.4%, 25.8% and 25.4%; risk-free interest rates of 4.2%, 4.3% and 4.1%; and an expected life of 10 years on all options.

ACCOUNTING DEVELOPMENTS – In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 123 (R) (revised 2004), "Share-Based Payment", which amends SFAS No. 123 and will be effective for the Company in fiscal 2006. The new standard will require the Company to expense employee stock options and other share-based payments. The Company is currently evaluating how it will adopt the standard and evaluating the effect that the adoption of SFAS No. 123(R) will have on its financial position and results of operations.

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs, an amendment of ARB No. 43, Chapter 4*. This Statement amends the guidance in Accounting Research Bulletin ("ARB") No. 43, Chapter 4, *Inventory Pricing*, to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Paragraph 5 of ARB No. 43, Chapter 4, previously stated that "...under some circumstances, items such as idle facility expense, excessive spoilage, double freight, and rehandling costs may be so abnormal as to require treatment as current period charges..." SFAS No. 151 requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal." In addition, this Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The provisions of SFAS No. 151 shall be applied prospectively and are effective for the Company in fiscal 2006. The adoption of SFAS No. 151 is not expected to have a material impact on the Company's financial position or results of operations.

In December 2004, the FASB staff issued FASB Staff Position ("FSP") Financial Accounting Standard No. 109-1, "Application of SFAS No. 109, *Accounting for Income Taxes*, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004" (the "FSP") to provide guidance on the application of SFAS No. 109 to the provision within the American Jobs Creation Act of 2004 (the "Act") that provides tax relief to U.S. domestic manufacturers. The FSP states that the manufacturers' deduction provided for under the Act should be accounted for as a special deduction in accordance with SFAS No. 109 and not as a tax rate reduction. A special deduction is accounted for by recording the benefit of the deduction in the year in which it can be taken in the company's tax return, and by not adjusting deferred tax assets and liabilities in the period of the Act's enactment (which would have been done if the deduction on qualified production activities were treated as a change in enacted tax rates). The FSP was effective upon issuance. The adoption of the FSP has not had a material impact on the Company's financial position or results of operations. The Company is currently evaluating the future effects of the FSP.

RECLASSIFICATIONS – certain prior years' amounts have been reclassified to conform to the fiscal 2005 presentation. These reclassifications had no impact on net income or shareholders' equity as previously reported.

2. ACQUISITION

On September 17, 2003, the Company effectively acquired 100% of the outstanding common stock of DMI for $3.30 per share in cash. The results of DMI's operations have been included in the consolidated financial statements of the Company since that date. The aggregate purchase price was $54.9 million. The purchase price consisted of $16.7 million in cash paid to the shareholders of DMI, $2.8 million in acquisition costs paid by the Company, and the assumption of all DMI liabilities totaling $35.4 million, including $25.5 million of long-term debt.
The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

	September 17, 2003
Current assets	$ 44,599
Property, plant, and equipment	9,710
Intangible asset – customer relationships	596
Other assets	40
Total assets acquired	54,945
Current liabilities	(8,912)
Long-term debt	(24,508)
Other liabilities	(2,029)
Total liabilities assumed	(35,449)
Net assets acquired	$ 19,496

The customer relationships intangible asset will be amortized on an accelerated basis over an expected useful life of five years. None of the amortization of the customer relationships intangible asset is expected to be deductible for income tax purposes.

The unaudited pro forma financial information below assumes that DMI had been acquired at July 1, 2002 and includes the effect of amortization of the customer relationships intangible asset, additional depreciation expense, additional interest expense, reduction in interest income, and the related income tax effects. This pro forma financial information is presented for informational purposes only and is not necessarily indicative of the results of operations that would have been achieved had the acquisition taken place at the beginning of fiscal 2003. Pro forma information follows (in thousands, except per share amounts):

	Fiscal Year Ended June 30, 2004	2003
Net sales	$422,214	344,614
Net income	10,496	8,702
Earnings per share of common stock:		
Basic	1.63	1.39
Diluted	1.61	1.37

3. 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, 2005			
	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Recorded Basis
Debt securities	$ 2,268,210	$ 70	$ (33,879)	$ 2,234,401
Equity securities	3,036,530	1,236,673		4,273,203
	$ 5,304,740	$ 1,236,743	$ (33,879)	$ 6,507,604

	June 30, 2004			
	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Recorded Basis
Debt securities	$ 2,108,458	$ 868	$ (28,216)	$ 2,081,110
Equity securities	3,028,083	914,263		3,942,346
	$ 5,136,541	$ 915,131	$ (28,216)	$ 6,023,456

	June 30, 2005		June 30, 2004	
	Investments	Other Assets	Investments	Other Assets
Debt securities	$ 297,375	$ 1,937,026	$ 231,130	$ 1,849,445
Equity securities	1,211,376	3,061,827	1,040,287	2,902,059
	$ 1,508,751	$ 4,998,853	$ 1,271,417	$ 4,751,504

As of June 30, 2005, the maturities of debt securities are $2,027,697 within one year, $197,344 in one to five years and $9,360 over five years.

4. INVENTORIES

Inventories valued on the LIFO method would have been approximately $3.6 million and $3.0 million higher at June 30, 2005 and 2004, respectively, if they had been valued on the FIFO method. At June 30, 2005 and 2004 the total value of LIFO inventory was $3.3 million and $4.4 million, respectively. During the fiscal year 2005, inventory quantities for steel and wood were reduced. This reduction resulted in a liquidation of LIFO inventory quantities carried at lower costs prevailing in prior years as compared with the cost of 2005 purchases, the effect of which decreased cost of goods sold by approximately $1.1 million and increased net income by approximately $0.7 million. A comparison of inventories is as follows:

	June 30,	
	2005	2004
Raw materials	$19,720,319	$22,662,771
Work in process and finished parts	8,292,502	9,341,785
Finished goods	41,932,579	36,875,562
Total	$69,945,400	$68,880,118

5. PROPERTY, PLANT AND EQUIPMENT

	Estimated Life (Years)	June 30,	
		2005	2004
Land		$ 2,370,959	$ 2,504,159
Buildings and improvements	3-39	36,633,896	38,911,316
Machinery and equipment	3-10	36,107,997	35,419,791
Delivery equipment	3-7	17,758,539	16,978,381
Furniture and fixtures	3-5	5,281,564	5,349,206
Total		98,152,955	99,162,853
Less accumulated depreciation		(72,012,041)	(68,836,348)
Net		$ 26,140,914	$ 30,326,505

6. OTHER ASSETS

	June 30,	
	2005	2004
Cash value of life insurance	$ 5,550,679	$ 5,122,099
Investments designated for deferred compensation plans	4,998,853	4,751,504
Other	339,558	479,788
Total	$10,889,090	$10,353,391

7. ACCRUED LIABILITIES – OTHER

	June 30,	
	2005	2004
Dividends	$ 850,387	$ 844,250
Advertising	1,536,823	2,074,477
Warranty	1,151,000	1,190,000
Other	2,710,193	1,962,731

Total	$ 6,248,403	$ 6,071,458

8. BORROWINGS AND CREDIT ARRANGEMENTS

At June 30, 2005, borrowings and credit arrangements consisted of the following:

Current	
$20.0 million working capital line of credit through June 29, 2006; interest rate at LIBOR +0.5%; unsecured	$ 5,000,000
Long-Term	
$13.0 million revolving note; expires September 30, 2007; interest rate at LIBOR +0.75%; unsecured	12,800,000
Total	$ 17,800,000

The Company has lines of credit of $41.0 million with banks, borrowings at differing rates based on the date and type of financing utilized.

In June 2005, the Company restructured its primary credit agreement reducing its long-term availability to $13.0 million, extending its existing short-term facility to June 29, 2006 and reducing the letter of credit facility to $5.0 million. The credit agreement provides for a $38.0 million unsecured credit facility and provides the Company with flexibility between long-term and short-term financing. The short-term portion of the credit facility provides working capital financing up to $20.0 million, of which $5.0 million was outstanding at June 30, 2005, with interest selected at the option of the Company at prime (6.3% at June 30, 2005) or LIBOR (3.5% at June 30, 2005) plus 0.5%. The short-term portion also provides overnight credit when required for operations at prime. The short-term line of credit expires June 29**,** 2006. The long-term portion of the credit facility provides up to $13.0 million, of which $12.8 million was outstanding at June 30, 2005, and expires September 30, 2007. Variable interest is set monthly at the option of the Company at prime or LIBOR plus 0.75%. The credit facility also provides $5.0 million to support letters of credit issued by the Company. All interest rates are adjusted monthly, except for the overnight portion of the short-term line of credit, which varies daily at the prime rate. The Company has effectively fixed the interest rates at 3.9% on approximately $12.6 million of its long-term debt through the use of interest rate swaps.

The credit agreement contains certain restrictive covenants that require the Company, among other things, to maintain an interest coverage ratio, leverage ratio, consolidated net worth ratio, and limitations on capital disposals, all as defined in the financing agreements. At June 30, 2005, the Company was in compliance with all financial covenants contained in the credit agreement.

Two officers of the Company are directors at one of the banks where the Company maintains a $3.0 million line of credit and where its routine daily banking transactions are processed. The Company receives no special services or pricing on the services performed by the bank due to the directorships of the two officers.

9. INCOME TAXES

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

	2005	2004	2003
Federal – current	$ 1,050,000	$ 4,220,000	$ 5,390,000
State – current	460,000	800,000	960,000
Deferred	1,150,000	1,590,000	(400,000)
Total	$ 2,660,000	$ 6,610,000	$ 5,950,000

The total income tax provision in fiscal 2005, 2004 and 2003 was 30.6%, 39.5% and 41.8%, respectively, of income before income taxes. During fiscal 2005, an examination by the Internal Revenue Service of the Company's federal income tax returns for the fiscal years ended June 30, 2003 and 2004 was completed. Due to the favorable results, the Company has reviewed and reduced its estimate of accrued tax liabilities resulting in a $0.7 million reduction in tax expense. The Company expects that the effective income tax rate for future periods will be approximately 37%. 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:

	2005	2004	2003
Federal statutory tax rate	35.0%	35.0%	35.0%
State taxes, net of federal effect	3.5	3.1	4.4
Other	(7.9)	1.4	2.4
Effective tax rate	30.6%	39.5%	41.8%

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

	June 30, 2005	June 30, 2004

	Current	Long-term	Current	Long-term
Asset allowances	$ 880,000	0	$ 970,000	
Other current accruals and allowances	3,550,000		2,790,000	
Deferred compensation		$ 2,530,000		$ 2,710,000
Other long-term accruals and allowances		(700,000)		(1,360,000)
Total	$ 4,430,000	$ 1,830,000	$ 3,760,000	$ 1,350,000

10. 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, 2005, 285,700 shares were available for future grants.

A summary of the status of the Company's stock option plans as of June 30, 2005, 2004 and 2003 and the changes during the years then ended is presented below:

	Shares	Weighted Average Exercise Price
Outstanding at June 30, 2002	492,365	$ 11.39
Granted	154,050	15.93
Exercised	(88,570)	11.04
Outstanding at June 30, 2003	557,845	12.70
Granted	162,126	19.27
Exercised	(362,361)	11.89
Canceled	(1,969)	21.68
Outstanding at June 30, 2004	355,641	16.47
Granted	153,450	16.49
Exercised	(4,595)	12.68
Canceled	(895)	20.26
Outstanding at June 30, 2005	503,601	$ 16.50

The following table summarizes information for options outstanding and exercisable at June 30, 2005:

		Weighted Average	
Range of Prices	Options Outstanding	Remaining Life (Years)	Exercise Price
$ 10.30 – 11.44	28,200	5.2	$ 10.69
12.66 – 13.59	55,200	4.1	13.18
15.37 – 16.52	272,306	8.5	16.25
19.21 – 20.27	147,895	8.4	19.32
$ 10.30 – 20.27	503,601	7.8	$ 16.50

11. ACCRUED WARRANTY COSTS

The following table presents the changes in the Company's product warranty liability for the years ended June 30:

	2005	2004	2003
Accrued warranty costs at beginning of year	$ 1,190,000	$ 535,000	$ 500,000
Payments made for warranty and related costs	(3,525,554)	(3,408,840)	(3,226,299)
Estimated liability assumed in DMI acquisition		675,000	
Accrual for product warranty and related costs	3,486,554	3,388,840	3,261,299
Accrued warranty costs at end of year	$ 1,151,000	$ 1,190,000	$ 535,000

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 5,700, 38,620 and

20,590 shares were awarded, and the amounts charged to income were $85,000, $680,000 and $340,000 in fiscal 2005, 2004 and 2003, respectively. At June 30, 2005, 78,896 shares were available for future grants.

13. BENEFIT 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 $2,007,000, $2,026,000 and $1,790,000 in fiscal 2005, 2004, 2003, respectively. The amounts include $518,0000, $513,000 and $377,000 in fiscal 2005, 2004 and 2003, 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 $1,166,000, $1,286,000 and $1,332,000 in fiscal 2005, 2004 and 2003, respectively.

The Company has unfunded post-retirement benefit and deferred compensation plans with executive officers. The plans require various annual contributions for the participants based upon compensation levels and age. All participants are fully vested. For fiscal 2005, 2004 and 2003, the benefit obligation was increased by interest expense of $150,557, $133,848 and $118,869, service costs of $440,000, $412,561 and $434,575, and decreased by payments of $298,060, $337,500 and $273,000, respectively. At June 30, 2005, the benefit obligation was $4,964,089, including $612,497 for defined benefits.

Under provisions of the Company's Voluntary Deferred Compensation Plan, certain executive officers may defer common stock awards received as participants of the Management Incentive Plan until retirement. In fiscal 2005, 2004 and 2003, the Company awarded 2,650, 18,507 and 10,541 shares with an award value of $39,000, $327,000 and $173,000, respectively, based on quoted market prices at the applicable award dates that have been deferred by the plan participants. At June 30, 2005 and 2004, 65,714 and 65,114 shares with an award value of $952,000 and $940,000, respectively, had been deferred and are being held in trust on behalf of the employees. Under the plan 2,050 and 1,028 shares were redeemed in fiscal 2005 and 2004, respectively. No shares were redeemed in fiscal 2003.

The Company's defined benefit pension plan covers 87 active hourly production employees of DMI. There are a total of 513 participants in the plan. Retirement benefits are based on years of credited service multiplied by a dollar amount negotiated under collective bargaining agreements. The Company's policy is to fund normal costs and amortization of prior service costs at a level that is equal to or greater than the minimum required under the Employee Retirement Income Security Act of 1974 (ERISA). According to an agreement reached with the collective bargaining unit, all benefits and participants are fixed. Future benefits will accrue to current participants; however, new participants cannot be added to the plan. As of June 30, 2005, the accrued benefit liability related to the defined benefit pension plan recognized on the Company's consolidated balance sheet was $1.6 million.

14. COMMITMENTS AND CONTINGENCIES

FACILITY LEASES – the Company leases certain facilities and equipment under various operating leases. These leases require the Company to pay the lease cost, operating costs, including property taxes, insurance, and maintenance. Total lease expense related to the various operating leases was approximately $2,320,000, $1,980,000 and $1,180,000 in fiscal 2005, 2004 and 2003, respectively.

Expected future minimum commitments under operating leases and lease guarantee as of June 30, 2005 were as follows (in thousands):

Year Ended June 30:	
2006	$ 2,445
2007	1,711
2008	883
2009	612
2010	311
Thereafter	0
	$ 5,962

GUARANTEE – the Company has guaranteed the future lease payments of a third party ending August 2007. The annual minimum lease payments are approximately $230,000, and the remaining minimum payments are approximately $501,000 at June 30, 2005. The Company has not been required to make any payments under the guarantee.

15. SUPPLEMENTAL CASH FLOW INFORMATION

Non-Cash Investing Activities – In September 2003, the Company purchased all of the common stock of DMI for $19.5 million (including acquisition costs of $2.8 million). In conjunction with the acquisition, liabilities were assumed as follows:

Fair value of assets acquired	$54,945,000
Cash paid for common stock	19,496,000
Liabilities assumed	$35,449,000

Supplemental Information – Cash paid during the period for:

	Fiscal Year Ended June 30,		
	2005	2004	2003
Interest	$ 1,087,000	$ 1,026,000	$ 129,000
Income taxes	$ 2,228,000	$ 6,636,000	$ 7,270,000

16. SEGMENTS

The Company has operated in two reportable operating segments: (1) Furniture Products and (2) Retail Stores. The Furniture Products segment involves the distribution of manufactured and imported products consisting of a broad line of upholstered and wood furniture for residential, recreational vehicle, and commercial 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 involved the operation of retail furniture stores that offered the Company's residential products for sale directly to consumers. In November 2003, the retail stores were closed. 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, 2004 is as follows (in thousands):

	Furniture Products	Retail Stores	Total
Net sales	398,999	$ 2,222	$ 401,221
Operating income (loss)	16,935	(333)	16,602
Depreciation and amortization	5,654	26	5,680
Capital expenditures	6,030	—	6,030
Assets	169,519	—	169,519

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

	Furniture Products	Retail Stores	Total
Net sales	286,766	$ 5,211	$ 291,977
Operating income (loss)	14,493	(1,209)	13,284
Depreciation and amortization	4,654	114	4,768
Capital expenditures	5,100	—	5,100
Assets	119,420	1,280	120,700

17. 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 2005:				
Net sales	$ 97,856	$ 105,051	$ 101,348	$ 105,768
Gross margin	17,855	20,400	18,173	20,424
Net income	1,200	1,605	1,699	1,540
Earnings per share:				
Basic	0.18	0.25	0.26	0.24
Diluted	0.18	0.24	0.26	0.23

	FOR THE QUARTER ENDED			
	September 30	December 31	March 31	June 30
Fiscal 2004:				
Net sales	$ 76,857	$ 109,102	$ 106,964	$ 108,298
Gross margin	16,850	23,206	21,195	21,924
Net income	1,865	3,016	2,539	2,710
Earnings per share:				
Basic	0.29	0.47	0.39	0.42
Diluted	0.29	0.46	0.39	0.41

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

During fiscal 2005, 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-15(b) 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.

Management's Annual Report on Internal Control Over Financial Reporting –The report of management required under this ITEM 9A is contained in ITEM 8 of this Annual Report on Form 10-K under the caption "Management's Report on Internal Control Over Financial Reporting."

Attestation Report of Registered Public Accounting Firm –The attestation report required under this ITEM 9A is contained in ITEM 8 of this Annual Report on Form 10-K under the caption "Report of Independent Registered Public Accounting Firm."

PART III

Item 10. Directors and Executive Officers of the Registrant

The information identifying directors of the Company, information regarding the Company's Code of Ethics and Section 16(a) beneficial ownership reporting compliance will be contained in the Company's fiscal 2005 definitive proxy statement to be filed with the Securities and Exchange Commission and are incorporated herein by reference. The executive officers of the Company, their ages, positions (in each case as of June 30, 2005), 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. Bruce Lauritsen (62)	Chief Executive Officer (November 1979)
Ronald J. Klosterman (57)	President / Chief Operating Officer & Secretary (June 1989)
James R. Richardson (61)	Senior Vice President of Residential Sales and Marketing (November 1979)
Thomas D. Burkart (62)	Senior Vice President of Vehicle Seating (February 1984)
Patrick M. Crahan (57)	Senior Vice President of Commercial Seating (June 1989)
Jeffrey T. Bertsch (50)	Senior Vice President of Corporate Services (June 1989)
James E. Gilbertson (55)	Vice President of Vehicle Seating (December 2004)
Donald D. Dreher (56)	Senior Vice President, President & CEO of DMI Furniture, Inc. (December 2004)
Timothy E. Hall (47)	Vice President, Chief Financial Officer, Treasurer & Assistant Secretary (December 2000)

Each named executive officer has held the same office or an executive or management position with the Company for at least five years except Mr. Dreher who has served as President and CEO of DMI Furniture, Inc. from 1986 to present.

Items 11, 12. Executive Compensation and Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information identifying executive compensation and beneficial ownership of stock and supplementary data will be contained in the Company's fiscal 2005 definitive proxy statement to be filed with the Securities and Exchange Commission and are incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

This information will be contained under the heading "Certain Relationships and Related Transactions" in the Company's fiscal 2005 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 registered public accounting firm in fiscal 2005. 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 2005.

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:

	2005	2004	2003
Audit Fees (1)	$ 383,000	$ 203,000	$ 148,000
Audit Related Fees (2)	70,000	170,000	57,000
Tax Services (3)	45,000	117,000	53,000
All Other Fees (4)	—	—	—
Total	$ 498,000	$ 490,000	$ 258,000

(1) Professional fees and expenses for audit of financial statements and internal control over financial reporting services billed in fiscal 2005, 2004 and 2003 consisted of (i) audit of the Company's annual consolidated financial statements; (ii) reviews of the Company's quarterly consolidated financial statements; (iii) consents and other services related to Securities and Exchange Commission matters; and (iv) consultations on financial accounting and reporting matters arising during the course of the audit and reviews.

(2) Professional fees and expenses for audit-related services billed in fiscal 2005, 2004 and 2003 consisted of (i) Sarbanes-Oxley Act Section 404 advisory services and internal accounting controls related services, $48,000, $43,000 and $0, respectively; (ii) due diligence and consultation on acquisitions or other business transactions, $0 and $103,000 and $0, respectively; and (iii) employee benefit plan audits, $22,000, $24,000 and $57,000, respectively.

(3) Professional fees and expenses for tax services billed in fiscal 2005, 2004 and 2003 consisted of tax compliance and tax planning and advice. Tax compliance services totaled $33,000, $108,000 and $35,000 in fiscal 2005, 2004 and 2003, respectively, and consisted of (i) tax return assistance; (ii) assistance with tax return filings in certain foreign jurisdictions; (iii) assistance with tax audits and appeals; and (iv) preparation of expatriate tax returns. Tax planning and advice services totaled $12,000, $9,000 and $18,000 in fiscal 2005, 2004 and 2003, respectively, and consisted of (i) tax advice related to structuring certain proposed transactions; and (ii) general tax planning matters.

(4) No other professional services were provided during fiscal 2005, 2004 and 2003.

PART IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) (1) Financial Statements

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

(2) Schedules

The following financial statement schedules for the years ended June 30, 2005, 2004 and 2003 are submitted herewith:

SCHEDULE II

RESERVES

For the Years Ended June 30, 2005, 2004 and 2003

Description	Balance at Beginning of Year	Additions Charged to Income	Deductions from Reserves (Note)	Balance at End of Year
Allowance for Doubtful Accounts:				
2005	$ 2,820,000	$ 1,140,000	$ (900,000)	$ 3,060,000
2004	$ 2,110,000	$ 880,000	$ (170,000)	$ 2,820,000
2003	$ 2,540,000	$ 460,000	$ (890,000)	$ 2,110,000

NOTE — In fiscal 2004, uncollectible accounts charged against reserve less recoveries of $900,000 and purchase accounting adjustment of $730,000.

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

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

10.3 1999 Stock Option Plan incorporated by reference from the 1999 Flexsteel definitive proxy statement.*

10.4 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.*

10.5 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.*

10.6 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.*

10.7 2002 Stock Option Plan incorporated by reference from the 2002 Flexsteel definitive proxy statement.*

10.8 Agreement and Plan of Merger, dated as of August 12, 2003, by and among Flexsteel, Churchill Acquisition Corp. and DMI (incorporated by reference to Exhibit 99(d)(1) of Flexsteel Industries, Inc.'s Tender Offer Statement on Schedule TO filed with the Securities and Exchange Commission on August 20, 2003) incorporated by reference to Form 8-K and Amendments No. 1 to Form 8-K, as filed with Securities and Exchange Commission on October 2, 2003.

23.1 Report of Independent Registered Public Accounting Firm. Filed herewith.

23.2 Consent of Independent Registered Public Accounting Firm. Filed herewith.

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. Filed herewith.

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. Filed herewith.

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. Filed herewith.

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

(b) Reports on Form 8-K

On June 21, 2005, the Company filed a report on Form 8-K announcing Flexsteel Aligns Management Team.

On June 23, 2005, the Company filed a report on Form 8-K announcing Amendment to Credit Agreement.

On August 18, 2005, the Company filed a report on Form 8-K announcing Fourth Quarter and Fiscal 2005 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.

FLEXSTEEL INDUSTRIES, INC.

Date: August 29, 2005

By: */S/ K. Bruce Lauritsen*

K. Bruce Lauritsen

Chief Executive Officer
and
Principal Executive Officer

By: */S/ Timothy E. Hall*

K. Bruce Lauritsen
Chief Financial Officer
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, 2005 */S/ K. Bruce Lauritsen*

K. Bruce Lauritsen
Vice Chairman

Date: August 29, 2005 */S/ James R. Richardson*

James R. Richardson
Director

Date: August 29, 2005 */S/ Jeffrey T. Bertsch*

Jeffrey T. Bertsch
Director

Date: August 29, 2005 */S/ L. Bruce Boylen*

L. Bruce Boylen
Director

Date: August 29, 2005 */S/ Patrick M. Crahan*

Patrick M. Crahan
Director

Date: August 29, 2005 */S/ Lynn J. Davis*

Lynn J. Davis
Director

Date: August 29, 2005 */S/ Thomas E. Holloran*

Thomas E. Holloran
Director

Date: August 29, 2005 */S/ Robert E. Deignan*

	Robert E. Deignan *Director*
Date: August 29, 2005	*/S/ Eric S. Rangen*
	Eric S. Rangen *Director*
Date: August 29, 2005	*/S/ Mary C. Bottie*
	Mary C. Bottie *Director*
Date: August 29, 2005	*/S/ R. J. Klosterman*
	R. J. Klosterman *Director*

EXHIBIT 23.1

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the consolidated financial statements of Flexsteel Industries, Inc. and Subsidiaries (“the Company”) as of June 30, 2005 and 2004, and for each of the three years in the period ended June 30, 2005, and have issued our report thereon dated August 19, 2005; 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 29, 2005

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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 19, 2005 appearing in this Annual Report on Form 10-K of Flexsteel Industries, Inc. and Subsidiaries for the year ended June 30, 2005.

DELOITTE & TOUCHE LLP

Minneapolis, Minnesota
August 29, 2005

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. and Subsidiaries (the “Company”), certify that:

1. I have reviewed this annual report on Form 10-K of the Company;

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 Company as of, and for, the periods presented in this annual report;

4. The Registrant’s other certifying officer 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Company’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

   d) disclosed in this report any changes in the Company’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 Company’s internal control over financial reporting; and

5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’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 Company’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 Company’s internal control over financial reporting.

Date: August 29, 2005

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, Timothy E. Hall, Chief Financial Officer of Flexsteel Industries, Inc. and Subsidiaries (the “Company”), certify that:

1. I have reviewed this annual report on Form 10-K of the Company;

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 Company as of, and for, the periods presented in this annual report;

4. The Registrant’s other certifying officer 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) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Company’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

   d) disclosed in this report any changes in the Company’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 Company’s internal control over financial reporting; and

5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’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 Company’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 Company’s internal control over financial reporting.

Date: August 29, 2005

By: */S/ Timothy E. Hall*

Timothy E. Hall
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 "Company") on Form 10-K for the fiscal year ended June 30, 2005 as filed with the Securities and Exchange Commission (the "Report"), we, K. Bruce Lauritsen, Chief Executive Officer, and Timothy E. Hall, Chief Financial Officer, of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §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 Company.

Date: August 29, 2005

By: */S/ K. Bruce Lauritsen*

K. Bruce Lauritsen
Chief Executive Officer

By: */S/ Timothy E. Hall*

Timothy E. Hall
Chief Financial Officer