

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1995 Commission file number 0-5151

FLEXSTEEL INDUSTRIES, INC.

Incorporated in State of Minnesota I.R.S. Identification No. 42-0442319

FLEXSTEEL INDUSTRIES, INC.
P. O. BOX 877
DUBUQUE, IOWA 52004-0877

Area code 319 Telephone 556-7730

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X . No. ____.

Common Stock - \$1.00 Par Value
Shares Outstanding as of March 31, 1995 7,187,290

FLEXSTEEL INDUSTRIES, INC.
CONDENSED BALANCE SHEETS (UNAUDITED)

	MARCH 31, 1995	JUNE 30, 1994
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents.....	\$ 4,042,007	\$ 3,385,573
Temporary investments	7,898,751	9,718,350
Trade receivables - Less allowance for doubtful accounts: March 31, 1995, \$2,343,260; June 30, 1994, \$1,960,231	30,548,727	25,615,426
Inventories	26,411,816	26,585,397
Deferred income tax	2,340,000	2,340,000
Other assets	804,922	913,301
Total current assets	72,046,223	68,558,047
PROPERTY, PLANT, AND EQUIPMENT - At cost less accumulated depreciation: March 31, 1995, \$42,767,345; June 30, 1994, \$40,204,983	24,020,491	18,829,053
OTHER ASSETS	5,964,514	7,701,079
TOTAL	\$ 102,031,228	\$ 95,088,179

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable - trade.....	\$ 8,050,421	\$ 4,871,630
Dividends payable	862,586	858,601
Accrued liabilities	12,777,400	11,755,413
Current portion of long-term debt	3,285,000	3,285,000
Total current liabilities	24,975,407	20,770,644
LONG-TERM DEBT	70,000	105,000
DEFERRED COMPENSATION	2,946,429	2,923,729
SHAREHOLDERS' EQUITY:		
Common Stock - \$1 par value; authorized 15,000,000 shares; issued March 31, 1995,		

7,187,290 shares; June 30, 1994,		
7,155,012 shares	7,187,290	7,155,012
Additional paid-in capital	1,329,749	1,015,940
Retained earnings	65,713,353	63,437,854
Unrealized investment (loss)	(191,000)	(320,000)
Total	74,039,392	71,288,806
TOTAL	\$ 102,031,228	\$ 95,088,179

See accompanying Notes.

FLEXSTEEL INDUSTRIES, INC.
CONDENSED STATEMENTS OF EARNINGS (UNAUDITED)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	1995	1994	1995	1994
Net Sales	\$56,782,512	\$52,637,630	\$159,945,268	\$143,580,585
Operating Expenses:				
Cost of goods sold	44,704,954	40,667,811	124,927,973	111,008,148
Selling, general and administrative expenses	9,430,329	9,336,324	27,834,181	25,927,081
Total	54,135,283	50,004,135	152,762,154	136,935,229
Operating Income	2,647,229	2,633,495	7,183,114	6,645,356
Interest and Other:				
Income	211,013	259,771	680,602	1,002,383
Expense	95,334	70,590	277,547	190,470
Net	115,679	189,181	403,055	811,913
Income Before Income Taxes	2,762,908	2,822,676	7,586,169	7,457,269
Provision for Income Taxes	995,000	1,035,000	2,725,000	2,700,000
Net Income	\$ 1,767,908	\$ 1,787,676	\$ 4,861,169	\$ 4,757,269
Average Number of Common Shares Outstanding	7,184,157	7,147,575	7,173,856	7,136,721
Per Share of Common Stock:				
Net Earnings	\$.25	\$.25	\$.68	\$.67
Dividends	\$.12	\$.12	\$.36	\$.36

See accompanying Notes.

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

	Nine Months Ended March 31,	
	1995	1994
OPERATING ACTIVITIES:		
Net Income	\$ 4,861,169	\$ 4,757,269
Adjustments to reconcile net income to net cash provided by operating activities	2,449,279	(3,600,164)
Net cash provided by operating activities	7,310,448	1,157,105
INVESTING ACTIVITIES:		
Construction funds held in escrow	1,958,276	(3,185,000)
Purchases of temporary investments	(2,144,546)	(1,197,783)
Proceeds from sales of temporary investments	3,964,145	6,096,172
Additions to property, plant and equipment .	(8,157,306)	(3,225,978)
Net cash (used in) investing activities	(4,379,431)	(1,512,589)
FINANCING ACTIVITIES:		

Proceeds from long-term debt		3,250,000
Repayment of long-term debt	(35,000)	(35,000)
Payment of dividends	(2,585,670)	(2,571,615)
Payments to reacquire stock	(720)	(4,166)
Proceeds from issuance of stock	346,807	341,797
Net cash provided by (used in) financing activities	(2,274,583)	981,016
Increase in cash and cash equivalents	656,434	625,532
Cash and cash equivalents at beginning of year	3,385,573	4,391,400
Cash and cash equivalents at end of period	\$ 4,042,007	\$ 5,016,932

See accompanying Notes.

NOTES (UNAUDITED)

1. The accompanying condensed financial statements, which are unaudited, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis, which is consistent with that followed in the financial statements for the year ended June 30, 1994. The statements include all adjustments (comprising only normal recurring accruals) which are, in the opinion of management, necessary to a fair statement of the financial position and results of operations and cash flows, prepared on a summary basis, as of such dates and for the stated dates then ended. The results of operations for the nine month period ended March 31, 1995 are not necessarily indicative of the results which may be expected for the year ending June 30, 1995.
2. The earnings per share are based on the average number of common shares outstanding during each period.
3. The inventories are categorized as follows:

	March 31, 1995	June 30, 1994
Raw materials.....	\$13,255,610	\$16,369,701
Work in process and finished parts.	8,001,874	6,621,585
Finished goods.....	5,154,332	3,594,111
Total.....	\$26,411,816	\$26,585,397

4. Interest paid during the nine month period ended March 31, 1995 and 1994 was \$101,000 and \$13,000, respectively. Income taxes paid during the nine month period ended March 31, 1995 and 1994 were \$3,173,000 and \$4,220,000, respectively.
5. In September 1993, the Company established a nonqualified trust, referred to as a "Rabbi" trust, to fund deferred compensation benefits. This arrangement offers a degree of assurance for the payment of such benefits to certain officers of the Company. Trust assets are subject to the claims of creditors and are not the property of the participants. Assets held in the trust at March 31, 1995 totaled \$2,355,000 and are classified as "Other Assets" in the Company's financial statements. The trust's earnings are recorded as an additional liability to fund the benefits and are considered to be interest expense to the Company.
6. The Company is obligated for Mississippi Industrial Revenue Bonds of \$3,250,000 which were issued in March, 1994 for the financing of plant and equipment. The obligations are variable rate demand bonds and are due in annual maturities of \$325,000 through 2004.

FLEXSTEEL INDUSTRIES, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CONDENSED STATEMENT OF EARNINGS

Financial Condition - The Company's cash, cash equivalents, and temporary investments decreased by \$1,163,165. Accounts receivable increased by \$4,933,000 reflecting a higher level of shipments, while inventories decreased by \$174,000 in comparison to June 30, 1994 levels. Capital expenditures were \$8,165,000 for plant additions, manufacturing and delivery equipment. Working capital decreased \$717,000 for the nine month period. In the next three months approximately \$1,500,000 will be spent on manufacturing and delivery equipment, and on the completion of manufacturing facility improvements.

Economic Conditions - Demand for the Company's seating products is currently lower than the strong double-digit increases recorded during the first nine months of the fiscal year. Consumer spending on residential products at the retail level has slowed and higher interest rates have reduced the demand for Recreational Vehicle products. The Company is experiencing significant increases in material costs, especially polyurethane foam, and moderate increases in labor and benefits costs. The Company is implementing moderate sell price increases to offset the higher material and labor costs, however, the sell price increases will not materially impact the Company's results until the first quarter of the next fiscal year. The Company continues its efforts to improve production efficiencies through investment in computerized manufacturing equipment, plant layout improvements and training of manufacturing associates.

Results of Operations for the Quarter - Sales increased by approximately \$4,145,000, compared to the prior year quarter. The increase in sales volume was \$3,734,000 in Home Furnishings and \$443,000 in Commercial Seating, with a \$32,000 decrease in Recreational Vehicle products. Cost of goods sold increased by approximately \$4,037,000, reflecting the volume increase, and approximately \$800,000 of additional costs due to margin erosion, increased material costs, and production inefficiencies. Selling, general, and administrative expenses increased by \$94,000 with fixed cost controls absorbing most volume related increases. The aforementioned changes resulted in a decrease in net income of \$20,000, with no change in per share earnings, compared to the quarter ended March 31, 1994.

Results of Operations for the Last Nine Months - The Company's sales increased by \$16,365,000. Home Furnishings sales increased approximately \$9,234,000, Vehicle Seating sales increased approximately \$5,174,000, and Commercial Seating sales increased approximately \$1,957,000. Cost of goods sold increased by \$13,920,000 reflecting the volume increase, and approximately \$1,250,000 of additional costs due to lower margins, increased material costs, and production inefficiencies. Selling, general, and administrative expenses increased \$1,907,000 with approximately \$1,000,000 of volume related increase absorbed through fixed cost control. Interest income decreased by \$322,000 due to lower levels of investment and decreased rate of return, while interest expense increased by \$87,000 due to financing the Starkville, MS expansion, adversely impacting net income after tax by \$.04 per share. The aforementioned changes resulted in an increase in net income after taxes of \$104,000 or \$.01 per share, compared to the nine month period ended March 31, 1995.

PART II OTHER INFORMATION

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

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

FLEXSTEEL INDUSTRIES, INC.

Date: May 4, 1995

By: /s/ R. J. Klosterman
R. J. Klosterman
Financial Vice President
and
Principal Financial Officer

FLEXSTEEL INDUSTRIES, INC.
 FORM 10-Q SUPPLEMENTAL SCHEDULE

3-MOS		
	JUN-30-1995	
	MAR-31-1995	
		4,042,007
		7,898,751
		32,891,987
		2,343,260
		26,411,816
	72,046,223	
		66,787,836
		42,767,345
		102,031,228
	24,975,407	
		70,000
		7,187,290
	0	
		0
		66,852,102
102,031,228		
		56,782,512
	56,993,525	
		44,704,954
		54,135,283
		9,430,329
		0
		95,334
		2,762,908
		995,000
	1,767,908	
		0
		0
		0
		1,767,908
		.25
		0