

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

FORM 8-K

Current Report
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 31, 2003

ETHAN ALLEN INTERIORS INC.

(Exact name of registrant as specified in its charter)

DELAWARE

1-11692

06-1275288

(State or other jurisdiction of
incorporation)

(Commission File Number)

(I.R.S. Employer
Identification No.)

ETHAN ALLEN DRIVE
DANBURY, CT

06811

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (203) 743-8000

NOT APPLICABLE

(Former name or former address, if changed since last report)

INFORMATION TO BE INCLUDED IN REPORT

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(c) Exhibits

EXHIBIT	DESCRIPTION
99.1	Press release dated July 31, 2003
99.2	Reconciliation of unaudited, non-GAAP financial information disclosed in July 31, 2003 conference call to the most directly comparable GAAP financial measure

ITEM 9. REGULATION FD DISCLOSURE

In accordance with SEC Release No. 33-8216, the following information, intended to be furnished under Item 12, "Results of Operations and Financial Condition", is instead furnished under Item 9, "Regulation FD Disclosure". The information in this Form 8-K and the Exhibits attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

On July 31, 2003, Ethan Allen Interiors Inc. ("Ethan Allen" or the "Company") issued a press release setting forth its operating results for the fourth quarter and fiscal year ended June 30, 2003. A copy of the press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

Also on July 31, 2003, Ethan Allen conducted a conference call during

which certain unaudited, non-GAAP financial information related to the Company's operations for the fourth quarter and fiscal year ended June 30, 2003 was disclosed. This information is set forth in the attached Exhibit 99.2.

Exhibit 99.2 includes references to the Company's (i) consolidated operating profit, (ii) wholesale operating profit, (iii) net income, (iv) earnings per share, and (v) earnings before interest, taxes, depreciation and amortization ("EBITDA"), all excluding the effects of restructuring and impairment charges recorded during the quarter ended March 31, 2003 and the quarter ended June 30, 2002 as a result of the Company's decision to consolidate selected manufacturing facilities during those periods. A reconciliation of these financial measures to the most directly comparable GAAP financial measure is also provided in the Exhibit.

Management believes that excluding items which are deemed to be non-recurring in nature from financial measures such as operating profit, wholesale operating profit, net income, and earnings per share, allows investors to more easily compare and evaluate the Company's financial performance relative to prior periods and industry comparables. These adjusted measures also aid investors in understanding the operating results of the Company absent such non-recurring or unusual events.

-2-

Management considers EBITDA an important indicator of the operational strength and performance of its business, including the ability of the Company to pay interest, service debt and fund capital expenditures. Given the nature of the Company's operations, including the tangible assets necessary to carry out its production and distribution activities, depreciation and amortization represent Ethan Allen's largest non-cash charge. As these non-cash charges do not affect the Company's ability to service debt or make capital expenditures, it is important to consider EBITDA in addition to, but not as a substitute for, operating income, net income and other measures of financial performance reported in accordance with generally accepted accounting principles, including cash flow measures such as operating cash flow. Further, EBITDA is one measure used to determine compliance with the Company's existing credit facilities.

-3-

SIGNATURES

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

ETHAN ALLEN INTERIORS INC.

Date: July 31, 2003

By: /s/ M. FAROOQ KATHWARI

M. Farooq Kathwari
Chairman, President and
Chief Executive Officer

-4-

EXHIBIT INDEX

EXHIBIT	DESCRIPTION
- - - - -	- - - - -
99.1	Press release dated July 31, 2003
99.2	Reconciliation of unaudited, non-GAAP financial information disclosed in July 31, 2003 conference call to the most directly comparable GAAP financial measure

-5-

FOR IMMEDIATE RELEASE

CONTACT: Peg Lupton
Ethan Allen Interiors Inc.
(203) 743-8234ETHAN ALLEN REPORTS RECORD ANNUAL SALES;
RESULTS FOR THE QUARTER AND FISCAL YEAR ENDED JUNE 30, 2003

DANBURY, CT., July 31, 2003 -- Ethan Allen Interiors Inc. (NYSE:ETH) today reported sales and earnings for the fourth quarter and fiscal year ended June 30, 2003.

The Company achieved record annual sales totaling \$907.3 million, an increase of 1.7%, from \$892.3 million in the prior year. Annual delivered sales for the Company's Retail division increased 14.5% to \$526.4 million from \$459.6 million in the prior year, while written sales increased 15.4% over that same period. Comparable Ethan Allen store delivered sales and written sales for the year decreased 3.5% and 3.1%, respectively, as compared to the prior year.

For the year ended June 30, 2003, earnings per share, including pre-tax restructuring and impairment charges of \$13.2 million, amounted to \$1.95 on net income of \$75.4 million. This compares to \$2.06 and \$82.3 million, respectively, for the prior year, which includes pre-tax restructuring and impairment charges of \$5.1 million. Excluding the impact of the restructuring and impairment charges in both periods, earnings per share and net income amounted to \$2.17 and \$83.6 million, respectively, for the current year as compared to \$2.14 and \$85.4 million, respectively, for the prior year.

Net delivered sales for the fourth quarter ended June 30, 2003 increased 0.7% to \$236.4 million from \$234.8 million in the prior year comparable period. Fourth quarter delivered sales for the Company's Retail division increased 8.8% to \$139.3 million from \$128.1 million in the prior year, and written sales increased 10.3% over that same period. Comparable Ethan Allen store delivered sales and written sales for the quarter decreased 2.8% and 2.6%, respectively, as compared to the prior year.

For the fourth quarter ended June 30, 2003, earnings per share amounted to \$0.54 on net income of \$20.5 million. This compares to \$0.54 and \$21.4 million, respectively, recorded in the prior year fourth quarter, which includes pre-tax restructuring and impairment charges of \$5.1 million. Excluding the impact of these restructuring and

1

impairment charges, earnings per share for the prior year quarter amounted to \$0.62 and net income totaled \$24.5 million.

Farooq Kathwari, Chairman and CEO, commented, "The last twelve months have

proven to be one of the more challenging periods we have experienced in our industry. Still, despite difficult times in which we have endured war and an economic downturn, both of which negatively impacted consumer confidence, we have achieved record sales levels while maintaining healthy margins, earnings and cash flow. We have used this period as an opportunity to turn our focus within toward improving operating efficiencies and strengthening the array of solutions we offer our customers. On the operating side, we consolidated three manufacturing facilities in order to improve production efficiencies and sustain our margins, which remain among the highest in the industry. During the fiscal year, we generated operating cash flows of \$100.5 million which was used to fund capital expenditures, acquisitions, and \$43.5 million in stock repurchases. In addition, in April 2003 we announced a 17% increase in our quarterly dividend."

"With regard to customer solutions, we continue to develop stylish products that offer great value to the consumer. The Spring introductions of our Tuscany and Leather Expressions collections, as well as the Ethan Allen Kids program, which is being marketed this Summer, all serve to expand our consumer reach. Also, just last month we introduced yet another exciting new collection to our retail network. New Country by Ethan Allen, which will be available to consumers in the Fall, promises to add to the line of our recent product successes. We are updating the design, and continually re-evaluating the location, of Ethan Allen stores with the intention of making the shopping experience more enjoyable. To assist consumers in the home decorating process, we strengthened our design assistance program through the introduction of the Ethan Allen Style book and our on-line room planning resource which is available through the Company's website. Lastly, we continued efforts to make our products more accessible by simplifying and improving our consumer financing options. All of these solutions help to make the home decorating process fun and easy."

Commenting on expected future business results, Mr. Kathwari stated, "The initiatives we have undertaken in the last twelve months have positioned us well to respond to an anticipated economic recovery. While it is difficult to predict when such an

2

economic recovery will occur, we are working under the assumption that positive trends will begin to emerge during our second fiscal quarter and that fiscal year increases in sales and earnings per share of approximately 5-7% and 10-12%, respectively, are attainable."

Ethan Allen Interiors Inc. is a leading manufacturer and retailer of quality home furnishings. The Company sells a full range of furniture products and decorative accessories through an exclusive network of 309 retail locations in the United States and abroad, of which 119 are Company-owned. Ethan Allen has 14 manufacturing facilities, which include 3 sawmills, located throughout the

United States.

The Company will conduct a Conference Call at 11:00 AM (Eastern) on Thursday, July 31st to be broadcast live over the Internet through the Company's website at www.ethanallen.com (click on Investor Information under the "About Us" tab).

The information contained in this press release should be read in conjunction with the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 and other reports filed with the Securities and Exchange Commission, including the Company's Report of Form 10-K for the year ended June 30, 2002. Management's discussion in this release contains forward-looking statements relating to future results of the Company. These forward-looking statements are subject to various assumptions, risk and uncertainties, and accordingly, actual results could differ materially from those contemplated by the forward-looking statements.

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3

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ETHAN ALLEN INTERIORS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

<CAPTION>

	THREE MONTHS ENDED JUNE 30,		FISCAL YEAR ENDED JUNE 30,	
	2003	2002	2003	2002
	-----	-----	-----	-----

<S>	<C>	<C>	<C>	<C>
Net sales	\$236,448	\$234,789	\$907,264	
\$892,288				
Cost of sales	121,533	119,261	457,880	
470,975	-----	-----	-----	-----

Gross profit	114,915	115,528	449,384	
421,313				
Operating expenses:				
Selling	46,586	42,937	178,608	
163,122				
General and administrative	35,622	33,311	136,970	
123,168				
Restructuring and impairment charge	--	5,123	13,223	
5,123	-----	-----	-----	-----

Total operating expenses	82,208	81,371	328,801	
291,413	-----	-----	-----	-----

Operating income	32,707	34,157	120,583	
129,900				
Interest and other miscellaneous income	455	363	1,254	
2,984				
Interest and other related financing costs	138	178	645	
640	-----	-----	-----	-----

Income before income tax expense	33,024	34,342	121,192	
132,244				
Income tax expense	12,483	12,981	45,811	
49,988	-----	-----	-----	-----

Net income	\$ 20,541	\$ 21,361	\$ 75,381	\$
82,256	=====	=====	=====	

Earnings per basic share	\$ 0.55	\$ 0.55	\$ 2.00	\$
2.12	=====	=====	=====	

Basic weighted average shares outstanding	37,117	38,674	37,607	
38,828				
Earnings per diluted share	\$ 0.54	\$ 0.54	\$ 1.95	\$
2.06	=====	=====	=====	

Diluted weighted average shares outstanding	38,033	39,816	38,569	
39,942				

RECONCILIATION OF GAAP TO NON-GAAP INFORMATION:

Net income	\$ 20,541	\$ 21,361	\$ 75,381	\$
82,256				
Add: Restructuring and impairment charge,				
net of related tax effect	--	3,187	8,225	
3,187	-----	-----	-----	-----

Net income (excluding restructuring and	\$ 20,541	\$ 24,548	\$ 83,606	\$
impairment charge)	=====	=====	=====	
85,443				

Earnings per basic share (excluding	\$ 0.55	\$ 0.63	\$ 2.22	\$
restructuring and impairment charge)	=====	=====	=====	
2.20				

Basic weighted average shares outstanding	37,117	38,674	37,607	
38,828				
Earnings per diluted share (excluding	\$ 0.54	\$ 0.62	\$ 2.17	\$
restructuring and impairment charge)	=====	=====	=====	
2.14				

Diluted weighted average shares outstanding	38,033	39,816	38,569	
39,942				

</TABLE>

4

<TABLE>

ETHAN ALLEN INTERIORS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

<CAPTION>

	June 30, 2003	June 30, 2002
	-----	-----
	(unaudited)	
<S>	<C>	<C>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 81,856	\$ 75,688
Accounts receivable, net	26,439	32,845
Inventories, net	198,212	174,147
Prepaid expenses and other current assets	53,755	37,921
	-----	-----
Total current assets	360,262	320,601
Property, plant, and equipment, net	289,423	293,626
Intangible assets, net	78,939	69,708
Other assets	2,944	4,820
	-----	-----
Total Assets	\$ 731,568	\$ 688,755
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:

Current maturities of long-term debt and capital lease obligations	\$ 996	\$ 107
Customer deposits	55,939	42,966
Accounts payable	25,375	38,027
Accrued expenses and other current liabilities	52,116	48,028
	-----	-----
Total current liabilities	134,426	129,128
Long-term debt	9,222	9,214
Other long-term liabilities	2,682	2,066
Deferred income taxes	47,539	37,158
Total shareholders' equity	537,699	511,189
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 731,568	\$ 688,755
	=====	=====

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ETHAN ALLEN INTERIORS INC.
GAAP RECONCILIATION
THREE AND TWELVE MONTHS ENDED JUNE 30, 2003 AND 2002
(in thousands, except per share amounts)
<CAPTION>

	THREE MONTHS ENDED JUNE 30,		TWELVE MONTHS ENDED JUNE 30,	
	2003	2002	2003	2002
<S>	<C>	<C>	<C>	<C>
NET INCOME / EARNINGS PER SHARE				

Net income	\$ 20,541	\$ 21,361	\$ 75,381	\$ 82,256
Add: restructuring and impairment charge, net of related tax effect	--	3,187	8,225	3,187
	-----	-----	-----	-----
Net income (excluding restructuring and impairment charge)	\$ 20,541	\$ 24,548	\$ 83,606	\$ 85,443
	=====	=====	=====	=====
Earnings per basic share	\$ 0.55	\$ 0.55	\$ 2.00	\$ 2.12
	=====	=====	=====	=====
Earnings per basic share (excluding restructuring and impairment charge)	\$ 0.55	\$ 0.63	\$ 2.22	\$ 2.20
	=====	=====	=====	=====
Basic weighted average shares outstanding	37,117	38,674	37,607	38,828
Earnings per diluted share	\$ 0.54	\$ 0.54	\$ 1.95	\$ 2.06
	=====	=====	=====	=====
Earnings per diluted share (excluding restructuring and impairment charge)	\$ 0.54	\$ 0.62	\$ 2.17	\$ 2.14
	=====	=====	=====	=====
Diluted weighted average shares outstanding	38,033	39,816	38,569	39,942
CONSOLIDATED OPERATING INCOME / OPERATING MARGIN				

Operating income	\$ 32,707	\$ 34,157	\$120,583	\$129,900
Add: restructuring and impairment charge	--	5,123	13,223	5,123
	-----	-----	-----	-----
Operating income (excluding restructuring and impairment charge)	\$ 32,707	\$ 39,280	\$133,806	\$135,023
	=====	=====	=====	=====
Net sales	\$236,448	\$234,789	\$907,264	\$892,288
	=====	=====	=====	=====
Operating margin	13.8%	14.5%	13.3%	14.6%
	=====	=====	=====	=====
Operating margin (excluding restructuring and impairment charge)	13.8%	16.7%	14.7%	15.1%
	=====	=====	=====	=====
WHOLESALE OPERATING INCOME / OPERATING MARGIN				

Wholesale operating income	\$ 31,443	\$ 30,046	\$109,281	\$110,078
Add: restructuring and impairment charge	--	5,123	13,223	5,123
	-----	-----	-----	-----
Wholesale operating income (excluding restructuring and impairment charge)	\$ 31,443	\$ 35,169	\$122,504	\$115,201
	=====	=====	=====	=====
Wholesale net sales	\$170,888	\$175,339	\$660,986	\$660,818
	=====	=====	=====	=====
Wholesale operating margin	18.4%	17.1%	16.5%	16.7%
	=====	=====	=====	=====
Wholesale operating margin (excluding restructuring and impairment charge)	18.4%	20.1%	18.5%	17.4%
	=====	=====	=====	=====
EBITDA				

Net income	\$ 20,541	\$ 21,361	\$ 75,381	\$ 82,256
Add: interest expense	102	144	504	500
Add: income tax expense	12,483	12,981	45,811	49,988
Add: depreciation and amortization	5,435	5,043	21,296	19,314
	-----	-----	-----	-----

EBITDA	\$ 38,561	\$ 39,529	\$142,992	\$152,058
	=====	=====	=====	=====
Net sales	\$236,448	\$234,789	\$907,264	\$892,288
	=====	=====	=====	=====
EBITDA as % of net sales	16.3%	16.8%	15.8%	17.0%
	=====	=====	=====	=====
EBITDA	\$ 38,561	\$ 39,529	\$142,992	\$152,058
Add: restructuring and impairment charge	--	5,123	13,223	5,123
	-----	-----	-----	-----
EBITDA (excluding restructuring and impairment charge)	\$ 38,561	\$ 44,652	\$156,215	\$157,181
	=====	=====	=====	=====
Net sales	\$236,448	\$234,789	\$907,264	\$892,288
	=====	=====	=====	=====
EBITDA as % of net sales	16.3%	19.0%	17.2%	17.6%
	=====	=====	=====	=====

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