UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1998

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 1-11692

Ethan Allen Interiors Inc.; Ethan Allen Inc.; Ethan Allen Finance Corporation; Ethan Allen Manufacturing Corporation; Andover Woods Products Inc.
(Exact name of registrant as specified in its charter)

Delaware	06-1275288
(State or other jurisdiction of incorporation or organization)	(I.R.S.Employer ID No.)

Ethan Allen Drive, Danbury, Connecticut 06811
(Address of principal executive offices)

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

N/A
(Former name, former address and former fiscal year, if changed since last report)

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. [X] Yes [ ] No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. [ ] Yes [ ] No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

27,560,032 at September 30, 1998

ETHAN ALLEN INTERIORS INC.
AND SUBSIDIARY

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Part I. Financial Information:

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
Consolidated Balance Sheets
(Dollars in thousands)

ASSETS	September 30, 1998 (unaudited)	June 30, 1998
Current assets:		
Cash and cash equivalents	$ 12,028	$ 19,380
Accounts receivable, less allowances of $1,931 and $2,022 at September 30 and June 30, 1998, respectively	35,850	35,640
Notes receivable, current portion, less allowances of $24 and $27 at September 30 and June 30, 1998, respectively	651	686
Inventories (note 3)	126,349	114,364
Prepaid expenses and other current assets	14,454	10,735
Deferred income taxes	7,470	7,094
Total current assets	196,802	187,899
Property, plant and equipment, net	195,998	188,171
Property held for sale (note 4)	746	1,129
Notes receivable, net of current portion, less allowance of $214 and $259 at September 30 and June 30, 1998, respectively	1,730	1,790
Intangibles, net of amortization of $16,028 and $15,060 at September 30 and June 30, 1998, respectively	51,851	50,773
Deferred financing costs, net of amortization of $2,338 and $2,280 at September 30 and June 30, 1998, respectively	574	632
Other assets	2,931	2,729
Total assets	$450,632	$433,123

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Current maturities of long-term debt and capital lease obligations	$ 1,115	$ 879
Accounts payable	61,774	51,135
Accrued expenses	8,198	5,863
Accrued compensation and benefits	12,614	15,735
Total current liabilities	83,701	73,612
Long-term debt, less current maturities	34,187	11,480
Obligations under capital leases, less current maturities	781	1,016
Other long-term liabilities, principally long-term compensation and environmental	799	812
Deferred income taxes	32,324	31,883
Total liabilities	151,792	118,803
Commitments and contingencies (note 5)	-	-
Shareholders' equity:		
Class A common stock, par value $.01, 70,000,000 shares authorized, 29,680,646 and 29,669,470 shares issued at September 30 and June 30, 1998, respectively	296	296
Preferred stock, par value $.01, 1,055,000 shares authorized, no shares issued and outstanding at September 30 and June 30, 1998, respectively	-	-
Additional paid-in capital	264,097	262,462
	264,393	262,758
Less:		
Treasury stock (at cost) 2,120,621 and 1,216,096 shares at September 30 and June 30, 1998, respectively	(65,967)	(33,750)
	198,426	229,008
Retained earnings	100,414	85,312
Total shareholders' equity	298,840	314,320
Total liabilities and shareholders' equity	$450,632	$433,123

See accompanying notes to consolidated financial statements.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
Consolidated Statements of Operations
(Unaudited)
(Dollars in thousands, except per share data)

	Three Months Ended September 30,	
	1998	1997
Net sales	$166,226	$152,494
Cost of sales	89,222	81,728
Gross profit	77,004	70,766
Operating expenses:		

Selling	27,824	26,327
General and administrative	22,592	20,479
Operating income	26,588	23,960
Interest and other miscellaneous income, net	470	788
Interest and related expense:		
Interest expense	296	1,404
Amortization of deferred financing costs	58	109
	354	1,513
Income before income taxes	26,704	23,235
Income tax expense	10,495	9,201
Net income	$ 16,209	$ 14,034
Per share data:		
Net income per basic share	$ 0.58	$ 0.49
Basic weighted average common shares outstanding	28,007	28,740
Net income per diluted share	$ 0.57	$ 0.48
Diluted weighted average common shares outstanding	28,663	29,296
Dividends declared per common share	$ 0.04	$ 0.03

See accompanying notes to consolidated financial statements.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in thousands)

	Three Months Ended September 30, 1998	1997
Operating activities:		
Net income	$ 16,209	$14,034
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,897	3,814
Provision for deferred income taxes	65	(634)
Other non-cash charges	8	107
Change in:		
Accounts receivable	(259)	(1,350)
Inventories	(9,902)	(3,222)
Prepaid and other current assets	(3,719)	(2,014)
Other assets	(446)	(1,237)
Accounts payable	12,028	11,314
Accrued expenses	(755)	(1,817)
Other long-term liabilities	(13)	(18)
Net cash provided by operating activities	17,113	18,977

Investing activities:		
Proceeds from the disposal of property, plant and equipment	-	18
Capital expenditures	(10,625)	(8,116)
Payments received on long-term notes receivable	142	498
Disbursements made for long-term notes receivable	-	(62)
Acquisition of business - Inventory	(2,083)	-
- Excess of purchase price over cost	(1,500)	-
Redemptions of short term securities	-	1,503
Net cash used by investing activities	(14,066)	(6,159)
Financing activities:		
Payments to acquire treasury stock	(32,217)	(3,393)
Borrowings on revolving credit facility	23,000	-
Redemption of Senior Notes	-	(139)
Payments on long-term debt, including current maturities	(37)	(39)
Issuance of common stock	246	434
Payments under capital leases	(253)	(409)
Payments of dividends	(1,138)	(864)
Net cash used by financing activities	(10,399)	(4,410)
Net (decrease) increase in cash	(7,352)	8,408
Cash at beginning of period	19,380	21,866
Cash at end of period	$ 12,028	$ 30,274

See accompanying notes to consolidated financial statements.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
Consolidated Statements of Shareholders' Equity
Three Months Ended September 30, 1998
(Unaudited)
(Dollars in thousands)

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	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total
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Balance at June 30, 1998	$ 296	$262,462	$ (33,750)	$ 85,312	$314,320
Issuance of common stock	-	246	-	-	246
Purchase of treasury stock	-	-	(32,217)	-	(32,217)
Tax benefit associated with the exercise of employee options and warrants	-	1,389	-	-	1,389
Dividends declared	-	-	-	(1,107)	(1,107)
Net income	-	-	-	16,209	16,209
Balance at September 30, 1998	$ 296	$264,097	$ (65,967)	$ 100,414	$298,840

</TABLE>

See accompanying notes to consolidated financial statements.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

(Unaudited)

(1) Basis of Presentation

Ethan Allen Interiors Inc. (the "Company") is a Delaware corporation incorporated on May 25, 1989. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Ethan Allen Inc. ("Ethan Allen") and Ethan Allen's subsidiaries. All of Ethan Allen's capital stock is owned by the Company. The Company has no other assets or operating results other than those associated with its investment in Ethan Allen.

(2) Interim Financial Presentation

All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

The accompanying quarterly consolidated financial statements are unaudited. However, in the opinion of the Company, all adjustments, consisting only of normal recurring accruals necessary for fair presentation, have been included in the financial statements. The results of operations for the three months ended September 30, 1998, are not necessarily indicative of results for the fiscal year.

(3) Inventories

Inventories at September 30 and June 30, 1998 are summarized as follows (dollars in thousands):

	September 30, 1998	June 30, 1998
Retail merchandise	$ 43,365	$ 38,329
Finished products	32,106	28,931
Work in process	16,115	15,707
Raw materials	34,763	31,397
	$126,349	$114,364

(4) Property Held for Sale

Property held for sale is recorded at lower of cost or net realizable values.

(5) Contingencies

The Company has been named as a potentially responsible party ("PRP") for the cleanup of four sites currently listed or proposed for inclusion on the National Priorities List ("NPL") under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"). Numerous other parties have been identified as PRP's at these sites. Liability under CERCLA is joint and several. The Company has total reserves of $500,000 applicable for these sites, which the Company believes is sufficient to cover any resulting liability with respect to all of these sites. The Company has concluded its involvement with one site and settled as a de-minimis party. For two of the sites, the remedial investigation is ongoing. The Company believes that it is not a major contributor based on the very small volume of waste generated by the Company in relation to the total volume at the site. A volume based allocation of responsibility among the parties has been prepared. With respect to the fourth site, a consent decree to finally resolve the matter with the EPA has been signed and the Company has entered upon a program to design and construct a landfill cap of the Parker Landfill site. The cap will be funded be a number of parties including the Federal Government, the State of Vermont and other companies who contributed hazardous materials to the site. Another company is responsible for the ground water remediation and still another is responsible for operation and maintenance.

(6) Wholly-Owned Subsidiary

The Company owns all of the outstanding stock of Ethan Allen, has no material assets other than its ownership of Ethan Allen stock, and conducts all significant operating transactions through Ethan Allen. The Company has guaranteed Ethan Allen's obligation under the Credit Agreement and has pledged all the outstanding capital stock of Ethan Allen to secure its guarantee under its Credit Agreement.

The condensed balance sheets of Ethan Allen as of September 30 and June 30, 1998 are as follows (dollars in thousands):

	September 30, 1998	June 30, 1998
Assets		
Current assets	$196,659	$187,677
Non-current assets	324,658	282,874
Total assets	$521,317	$470,551
Liabilities		
Current liabilities	$82,487	$72,380
Non-current liabilities	68,091	45,191
Total liabilities	$150,578	$117,571

A summary of Ethan Allen's operating activity for the three months ended September 30, 1998 and 1997 is as follows (dollars in thousands):

	Three Months Ended September 30, 1998	1997
Net sales	$166,226	$152,494
Gross profit	77,004	70,766
Operating income	26,623	23,980
Interest expense	296	1,404
Amortization of deferred financing costs	58	109
Income before income tax expense	26,739	23,255
Net income	$ 16,244	$ 14,054

Notes to Consolidated Financial Statements

(Unaudited)

7) Earnings Per Share:

Basic and diluted earnings per share are calculated based upon the provisions of SFAS 128, using the following share data (in thousands):

	September 30, 1998	September 30, 1997
Weighted average common shares outstanding for basic calculation	28,007	28,740
Add: Effect of stock options	656	556
Weighted average common shares outstanding, adjusted for diluted calculation	28,663	29,296

8) Segment Information

The Company's operations are classified into two business segments: wholesale and retail home furnishings. The wholesale home furnishings segment is principally involved in the manufacture, sale and distribution of home furnishings products to a network of independently-owned and Ethan Allen-owned stores. The retail home furnishings segment sells home furnishing products through a network of Ethan Allen-owned stores. These products consist of case goods (wood furniture), upholstered products, home accessories and indoor/outdoor furniture.

Wholesale profitability includes the wholesale gross margin which is earned on wholesale sales to all retail stores, including Ethan Allen-owned stores. Retail profitability includes the retail gross margin which is earned based on purchases from the wholesale business. Inter-segment eliminations primarily comprise the wholesale sales and profit on the transfer of inventory between segments. Operating earnings by business segment are defined as sales less operating costs and expenses. Income and expense items, such as corporate operating expenses, are included in the applicable segment. Identifiable assets are those assets used exclusively in the operations of each business segment. Corporate assets principally comprise cash, deferred financing costs, and deferred income taxes.

The following table presents revenue and operating earnings by respective business segment for the three months ended September 30, 1998 and 1997(in thousands):

September 30, 1998:

	Wholesale	Retail	Inter-Segment Elimination	Consolidated
Net sales	$141,316	$ 61,805	(36,895)	$166,226
Gross profit	51,809	27,057	(1,862)	77,004
Operating income	26,102	2,022	(1,536)	26,588
Interest and other income	363	107	-	470
Interest expense	236	60	-	296
Amortization of deferred financing costs	46	12	-	58
Income before income tax expense	26,183	2,057	(1,536)	26,704

September 30, 1997:

Inter-Segment

	Wholesale	Retail	Elimination	Consolidated
Net sales	$130,224	$ 52,486	(30,216)	$152,494
Gross profit	49,474	23,323	(2,031)	70,766
Operating income	23,011	2,536	(1,587)	23,960
Interest and other income	727	61	-	788
Interest expense	1,058	346	-	1,404
Amortization of deferred financing costs	82	27	-	109
Income before income tax expense	22,598	2,224	(1,587)	23,235

MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussions set forth in this Form 10-Q should be read in conjunction with the financial information included herein and the Company's Annual Report on Form 10-K for the year ended June 30, 1998. Management's discussion and analysis of financial condition and results of operations and other sections of this report contain forward-looking statements relating to future results of the Company. Such forward-looking statements are identified by use of forward-looking words such as "anticipates", "believes", "plans", "estimates", "expects", and "intends" or words or phrases of similar expression. These forward-looking statements are subject to various assumptions, risks and uncertainties, including but not limited to, changes in political and economic conditions, demand for the Company's products, acceptance of new products, developments affecting the Company's products and to those discussed in the Company's filings with the Securities and Exchange Commission. Accordingly, actual results could differ materially from those contemplated by the forward-looking statements.

Results of Operations

Ethan Allen's revenues are comprised of wholesale sales to dealer-owned stores and retail sales of Ethan Allen-owned stores as follows (dollars in millions):

	Three Months Ended September 30, 1998	1997
Revenues:		
Net wholesale sales to dealer-owned stores	$101.9	$ 95.0
Net retail sales of Ethan Allen-owned stores	61.8	52.5
Other revenues	2.5	5.0
Total	$166.2	$152.5

Three Months Ended September 30, 1998 Compared to Three Months Ended September 30, 1997

Sales for the three months ended September 30, 1998 increased by $13.7 million, or 9.0%, over the corresponding period in the prior year to $166.2 million. Net sales to dealer-owned stores increased by $6.9 million or 7.3% to $101.9 million, and net retail sales by Ethan Allen-owned stores increased by $9.3 million or 17.7% to $61.8 million. Sales growth has resulted from increased sales from relocated and new stores, new product offerings and expanded national television advertising. At September 30, 1998, there were 310 total stores, of which 239 were dealer-owned, as compared to 301 total stores, of which 235 were dealer-owned at September 30, 1997.

The increase in retail sales by Ethan Allen-owned stores is attributable to a 13.3% or $6.7 million, increase in comparable store sales, and an increase in sales generated by newly opened or acquired stores of $3.9 million, partially offset by closed stores, which generated $1.3 million less in sales in the three months ended September 30, 1998, as compared to the three months ended September 30, 1997.

Comparable stores are stores that, if newly opened, have been open for at least 15 months. Ethan Allen's retail business is principally special order and minimal net sales are generated during the first three months of operations of newly opened stores. Stores acquired from dealers by Ethan Allen are included in comparable store sales in their thirteenth full month of Ethan Allen-owned operations.

Gross profit for the three months ended September 30, 1998 increased by $6.2 million as compared to the three months ended September 30, 1997 to $77.0 million. Gross margin amounted to 46.3% as compared to 46.4% in the prior year quarter. Gross margins have been negatively impactd by higher lumber and other raw material costs. These cost increases have been partially offset by a higher proportion of retail business, gains in manufacturing efficiencies, higher production levels and streamlined work processes.

Selling, general and administrative expenses increased $3.6 million from $46.8 million or 30.7% of net sales, in the three months ended September 30, 1997 to $50.4 million or 30.3% of net sales, in the three months ended

September 30, 1998. This increase is principally attributable to a $4.2 million increase in operating expenses of the Company's retail division due to higher sales volumes and new stores.

Operating income for the three months ended September 30, 1998 was $26.6 million, an increase of $2.6 million as compared to the three months ended September 30, 1997. The improvement is principally a result of the higher sales volume, improvements in manufacturing efficiencies and close monitoring of expenses. Wholesale operating income was $26.1 million for the three months ended September 30, 1998, reflecting an increase of $3.1 million as compared to the prior year quarter. Retail operating income was $2.0 million in the three months ended September 30, 1998, as compared to $2.5 million in the corresponding period in the prior year. Retail operating income was negatively impacted by the acquisition of 3 stores in Connecticut and a concurrent move of the Connecticut Service Center. Exclusive of these one-time occurrences, retail operating income would have amounted to $3.3 million.

Interest expense, including amortization of deferred financing costs, for the three months ended September 30, 1998 decreased by $1.1 million to $.4 million from $1.5 million in the three months ended September 30, 1997, due to lower debt balances outstanding.

Income tax expense of $10.5 million was recorded for the three months ended September 30, 1998 as compared to $9.2 million in the prior year quarter. The Company's effective tax rate for the three months ended September 30, 1998 was 39.3%, as compared to 39.6% for the three months ended September 30, 1997.

For the three months ended September 30, 1998, the Company recorded net income of $16.2 million compared to net income for the three months ended September 30, 1997 of $14.0 million.

Financial Condition and Liquidity

Principal sources of liquidity are cash flow from operations and additional borrowing capacity under the revolving credit facility. Net cash provided by operating activities totaled $17.1 million for the three months ended September 30, 1998 as compared to $19.0 million in the three months ended September 30, 1997. Net income for the three months ended September 30, 1998 was $2.2 million higher than the net income reported for the three months ended September 30, 1997. For the quarter, inventories increased $12.0 million to $126.3 million, ($2.1 million of this increase related to the purchase of three stores in Connecticut), as compared to a $3.2 million increase in the prior year first quarter. Accounts payable and accrued expenses increased $11.3 million for the three months ended September 30, 1998 as compared to a $9.5 million increase in the prior year first quarter. At September 30, 1998, the Company had working capital of $113.1 million and a current ratio of 2.35 to 1.

During the three months ended September 30, 1998, capital spending totaled $10.6 million as compared to $8.1 million in the three months ended September 30, 1997. Capital expenditures in fiscal 1999 are anticipated to be approximately $50.0 million. The Company anticipates that cash from operations will be sufficient to fund this level of capital expenditures. The increased level of anticipated capital spending, which is attributable primarily to manufacturing efficiency improvements and scheduled new store openings, is expected to continue for the foreseeable future.

Total debt outstanding at September 30, 1998 is $36.1 million. At September 30, 1998, there was $23.0 million in outstanding revolving loans under the Credit Agreement. Trade and standby letters of credit of $13.9 million were outstanding as of September 30, 1998.

As of September 30, 1998, aggregate scheduled maturities of long-term debt for each of the next five fiscal years are $.4 million, $23.2 million, $.2 million, $.2 million and $10.5 million, respectively. Management believes that its cash flow from operations, together with its other available sources of liquidity, will be adequate to make all required payments of principal and interest on its debt, to permit anticipated capital expenditures and to fund working capital and other cash requirements.

The Company may, from time to time, either directly or through agents, repurchase its common stock in the open market through negotiated purchases or otherwise, at prices and on terms satisfactory to the Company. During the quarter ended September 30, 1998, 873,300 shares were purchased at an average price of $35.26 per share. Depending on market prices and other conditions relevant to the Company, such purchases may be discontinued at any time.

Year 2000

The Company expects to implement the systems and programming changes necessary to address Year 2000 issues and does not believe the cost of such actions will have a material effect on the Company's results of operations or financial condition. However, there is no guarantee that the Company, its suppliers or other third parties will be able to make all of the modifications necessary to address Year 2000 issues on a timely basis. This could have a material adverse effect on the Company's business, financial condition and results of operations. The Company views all of its retail, wholesale and manufacturing applications as mission critical. The Company recently converted its retail, wholesale and a portion of its manufacturing applications onto one single mid range computer, utilizing newly acquired integrated software. The newly implemented software is substantially compliant, with all date fields expanded to four digits. The Company has set up a redundant environment and has rolled the date forward to the year 2000 and is testing all of its business transactions. The testing of these recently implemented applications is expected to be completed by December 31, 1998.

Concurrently with the aforementioned project, the Company has been remediating its pre-existing manufacturing systems. This process is complete in the Company's wood manufacturing facilities. Substantial progress has been made in the Company's upholstered and accessory manufacturing systems. These systems are expected to be fully compliant by December 31, 1998.

Investments have been made in the Company's peripheral hardware. These investments were necessitated by the retail and wholesale systems conversion. The Company is currently compiling a list of hardware and associated software that has not been recently replaced. The Company expects all hardware to be remediated or replaced by June 30, 1999.

The Company's vertical integrated structure might to some degree mitigate the impact of third parties' Year 2000 issues to adversely affect the Company. However, the Company anticipates the possibility that not all of its vendors, retailers and other third parties will have taken the necessary steps to adequately address their respective Year 2000 issues on a timely basis. In order to minimize the impact on the Company, a project team has been formed to monitor the activities of third parties, including sending out inquiries and evaluating responses.

Notwithstanding the progress the Company has made thus far in remediating its existing systems and implementing new systems, the Company is

proceeding in drafting a formal contingency plan. The Company intends to continue monitoring the progress of others in order to determine whether adequate services will be provided to run the Company's operations in the Year 2000.

Quantitative and Qualitative Disclosure about Market Risk

The Company is exposed to interest rate risk primarily through its borrowing activities. The Company's policy has been to utilize United States dollar denominated borrowings to fund its working capital and investment needs.

Short term debt, if required, is used to meet working capital requirements and long term debt is generally used to finance long term investments. There is inherent roll-over risk for borrowings as they mature and are renewed at current market rates. The extent of this risk is not quantifiable or predictable because of the variability of future interest rates and the Company's future financing requirements. At June 30, 1998, the Company had no short term debt outstanding and total long term debt outstanding of $11.5 million. Currently, the Company has outstanding only one debt instrument (principal amount of $4.6 million) which has a variable interest rate. Using a yield to maturity analysis and assuming an increase in the interest rate on this debt of 36 basis points (10% fluctuation in the rate), interest rate variability on this debt would not have a material effect on the Company's financial results.

Currently, the Company does not enter into financial instruments transactions for trading or other speculative purposes or to manage interest rate exposure.

PART II. OTHER INFORMATION

Item 1. - Legal Proceedings

There has been no change to matters discussed in Business-Legal Proceedings in the Company's Form 10-K as filed with the Securities and Exchange Commission on September 18, 1998.

Item 2. - Changes in Securities

There has been no change to matters discussed in Description and Ownership of Capital Stock in the Company's Form 10-K as filed with the Securities and Exchange Commission on September 18, 1998.

Item 3. - Defaults Upon Senior Securities

None

Item 4. - Submission of Matters to a Vote of Security Holders

None

Item 5. - Other Information

None

Item 6. - Exhibits and Reports on Form 8-K

27 - Edgar Financial Data Schedule

SIGNATURES

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 thereunto duly authorized.

ETHAN ALLEN INTERIORS INC.
(Registrant)

DATE: 11/13/98

BY: /s/ M. Farooq Kathwari

M. Farooq Kathwari
Chairman of the Board
President and Chief
Executive Officer
(Principal Executive Officer)

DATE: 11/13/98 BY: /s/ Gerardo Burdo

Gerardo Burdo
Vice President &
Corporate Controller
(Principal Financial Officer)

DATE: 11/13/98 BY: /s/ Mary Beth Walsh

Mary Beth Walsh
Assistant Corporate Controller
(Principal Accounting Officer)

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<F1> Not applicable. All figures for Ethan Allen Interiors, Inc. are in U.S. dollars.

<F2> Figure for receivables is net of allowances for doubtful accounts of $1,931.

<F3> Includes prepaid expenses of $14,454.

<F4> Includes goodwill of $10,203 (net of amortization).

<F5> Includes current portion of long-term debt of $1,115 of September 30, 1998.

<F6> Includes long-term debt of $34,187 (net of the current portion of long-term debt)and capitalized leases of $781 (net of the current portion of capitalized leases). As of September 30, 1998 outstanding long-term debt of Ethan Allen on a consolidated basis consisted of (i) revolving loans under the Credit Agreement of $23,000, (ii) 9.75% mortgage note of $1,503 (net of current portion), (iii) industrial revenue bonds of $8,455, and (iv) other of $1,229 (net of current portion). For a description of the terms of Ethan Allen's long-term debt, see Footnote 5 to Ethan Allen's fiscal 1998 Consolidated Financial Statements.

<F7> As of September 30, 1998, Ethan Allen had no shares of preferred stock, $.01 par value per share, outstanding. For a description of Ethan Allen's preferred stock as of June 30, 1998, see Ethan Allen's fiscal 1998 Consolidated Statement of Stockholders' Equity and Footnote 7 to Ethan Allen's fiscal 1998 Notes to Consolidated Financial Statements.

<F8> As of September 30, 1998, Ethan Allen had 29,680,646 shares of common stock, $.01 par value per share, issued. For a description of Ethan Allen's common stock as of June 30, 1998, see Ethan Allen's fiscal 1998 Consolidated Statement of Stockholders' Equity and Footnote 7 of Ethan Allen's fiscal 1997 Consolidated Financial Statements.

<F9> Consists of $264,097 of additional paid in capital, $100,414 of retained earnings, and ($65,967) of treasury stock.

<F10> In the quarter ended September 30, 1998, Ethan Allen's revenues were derived from sales generated by its wholesale and retail operations.

<F11> Consists of $296 of interest expense and $58 of amortization of deferred costs during fiscal 1998.

<F12> Basic earnings per share for the quarter ended September 30, 1998 was $0.58. For information on Ethan Allen's earnings per share, see Ethan Allen's Consolidated Financial Statements for the quarter ended September 30, 1998.

<F13> Diluted earnings per share for the quarter ended September 30, 1998, was $0.57.
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</TABLE>