

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): April 20, 2004

ETHAN ALLEN INTERIORS INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

1-11692
(Commission File Number)

06-1275288
(I.R.S. Employer
Identification No.)

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

06811
(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

<u>Exhibit</u>	<u>Description</u>
99.1	Press release dated April 20, 2004
99.2	Reconciliation of unaudited, non-GAAP financial information disclosed in April 20, 2004 press release and conference call to the most directly comparable GAAP financial measure

Item 12. Disclosure of Results of Operations and Financial Condition.

The information in this Form 8-K and the Exhibit 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 April 20, 2004, Ethan Allen Interiors Inc. ("Ethan Allen" or the "Company") issued a press release setting forth its operating results for the three and nine months ended March 31, 2004. A copy of the press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

Also on April 20, 2004, Ethan Allen conducted a conference call during which certain unaudited, non-GAAP financial information related to the Company's operations for the three and nine months ended March 31, 2004 was disclosed. This information is set forth in the attached Exhibit 99.2.

Exhibits 99.1 and 99.2 include 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 three months ended March 31, 2003 as a result of the Company's decision to consolidate selected manufacturing facilities during that period. A reconciliation of these financial measures to the most directly comparable GAAP financial measure is also provided in Exhibit 99.2.

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.

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.

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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: April 20, 2004

By: /s/ M. Farooq Kathwari
M. Farooq Kathwari
*Chairman, President and
Chief Executive Officer*

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EXHIBIT INDEX

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FOR IMMEDIATE RELEASE

Ethan Allen Interiors Inc.
 Investor Contact: Peg Lupton
 (203) 743-8234
 Media Contact: Kelly Maicon
 (203) 743-8575

**ETHAN ALLEN ANNOUNCES THIRD QUARTER RESULTS;
 SALES INCREASE 9%; EARNINGS PER SHARE INCREASE 17%**

DANBURY, CT., APRIL 20, 2004 — Ethan Allen Interiors Inc. (NYSE:ETH) (“Ethan Allen” or the “Company”) today reported sales and earnings for the three and nine months ended March 31, 2004.

Net sales for the quarter ended March 31, 2004 increased 8.9% to \$244.6 million from \$224.6 million in the prior year quarter. Net delivered sales for the Company’s Retail division increased 13.1% to \$144.1 million, while Wholesale sales increased 2.9% to \$178.9 million during that same period. For the quarter, comparable Ethan Allen store delivered sales increased 9.7%. Ethan Allen sells through an exclusive network of 312 retail locations, of which 124 are Company-owned.

For the nine months ended March 31, 2004, net sales increased 5.6% to \$708.5 million from \$670.8 million in the prior year. Net delivered sales for the Company’s Retail division increased 10.1% to \$426.3 million, while Wholesale sales increased 2.3% to \$501.5 million during that same period. Year-to-date, comparable Ethan Allen store delivered sales increased 4.0%.

Earnings per share for the current quarter amounted to \$0.61 on net income of \$23.4 million. This compares to earnings per share and net income of \$0.30 and \$11.7 million, respectively, recorded in the prior year quarter, which includes pre-tax restructuring and impairment charges of \$13.2 million. Excluding the impact of these restructuring and impairment charges, earnings per share increased \$0.09, or 17.3%, while net income increased \$3.5 million, or 17.4%.

Earnings per share for the nine month period totaled \$1.74 on net income of \$66.7 million. This compares to earnings per share and net income of \$1.42 and \$54.8 million, respectively, recorded in the prior year period, which includes pre-tax restructuring and impairment charges of \$13.1 million. Excluding the impact of these restructuring and impairment charges, earnings per share increased \$0.10, or 6.1%, while net income increased \$3.5 million, or 5.6%.

Total written orders increased 14.0% as compared to the prior year quarter. At the Wholesale level, net orders booked increased 13.6%, while at the Retail level, written sales increased 15.2% and comparable store written sales increased 11.6%.

On a year-to-date basis, total written orders increased 8.2% as compared to the prior year. Within that same period, Wholesale net orders booked increased 7.4%, while Retail written sales increased 10.6% and comparable store written sales increased 4.4%.

Farooq Kathwari, Chairman and CEO, commented: “We are pleased with our results for the quarter. Encouraging signs noted in recent periods, which appear to indicate an increasing level of consumer confidence and a further strengthening of the U.S. economy, have continued. The sustainability of such trends continues to have a positive effect on the Company’s incoming order rate and backlog.”

Mr. Kathwari continued: “Strategic initiatives undertaken during the past year to help position the Company for this next phase of economic growth are already providing benefits. The objective of such initiatives was to ensure that Ethan Allen remained well-positioned to provide customers with a comprehensive complement of home furnishing solutions while, at the same time, remaining competitive in the global market. Stronger marketing programs, more efficient U.S. manufacturing operations, and better sourcing capacity, both domestically and abroad, have enabled us to increase sales, improve profitability, and continue generating healthy levels of operating cash which has been, and will continue to be, utilized to grow our business and increase shareholder value.”

On the question of business trends, Mr. Kathwari stated: “We continue to work under the assumption that the positive trends noted in recent months will continue. As such, we remain optimistic that the business growth we have experienced is indicative of further economic expansion for the remainder of 2004. As we have previously stated, assuming no unexpected deterioration in the economy or consumer confidence, we continue to believe we have the opportunity to generate fiscal year sales and earnings per share increases of approximately 5% and 10%, respectively.”

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 312 retail stores (310 full-line and 2 Ethan Allen Kids) in the United States and abroad. 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 Tuesday, April 20, 2004. The live webcast and replay are accessible via the Company’s website at www.ethanallen.com/investors.

This press release should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended June 30, 2003 and other reports filed with the Securities and Exchange Commission. 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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Ethan Allen Interiors Inc.
Selected Financial Information
Unaudited
(In millions)

Selected Consolidated Financial Data:

	Three Months Ended		Nine Months Ended	
	3/31/04	3/31/03	3/31/04	3/31/03
Net Sales	\$ 244.6	\$ 224.6	\$ 708.5	\$ 670.8
Gross Margin	48.8%	49.8%	48.6%	49.9%
Operating Margin	15.5%	8.4%	14.9%	13.1%
Operating Margin (ex restructuring & impairment charge)	15.5%	14.3%	14.9%	15.1%
Net Income	\$ 23.4	\$ 11.7	\$ 66.7	\$ 54.8
Net Income (ex restructuring & impairment charge)	\$ 23.4	\$ 19.9	\$ 66.5	\$ 63.0

Operating Cash Flow	\$ 36.1	\$ 18.0	\$ 112.6	\$ 74.0
Capital Expenditures	\$ 4.7	\$ 6.4	\$ 14.0	\$ 23.3
Treasury Stock Repurchases	\$ -	\$ 18.7	\$ -	\$ 48.3
EBITDA	\$ 43.4	\$ 24.4	\$ 124.4	\$ 104.4
EBITDA as % of Net Sales	17.7%	10.8%	17.6%	15.6%
EBITDA (ex restructuring & impairment charge)	\$ 43.4	\$ 37.6	\$ 124.2	\$ 117.6
EBITDA as % of Net Sales (ex restructuring & impairment charge)	17.7%	16.7%	17.5%	17.5%

Selected Financial Data by Business Segment

	Three Months Ended		Nine Months Ended	
	3/31/04	3/31/03	3/31/04	3/31/03
Retail				
Net Sales	\$ 144.1	\$ 127.3	\$ 426.3	\$ 387.1
Operating Margin	2.8%	1.7%	2.4%	3.4%

	Three Months Ended		Nine Months Ended	
	3/31/04	3/31/03	3/31/04	3/31/03
Wholesale				
Net Sales	\$ 178.9	\$ 173.9	\$ 501.5	\$ 490.1
Operating Margin	19.1%	12.0%	18.2%	15.9%
Operating Margin (ex restructuring & impairment charge)	19.1%	19.7%	18.2%	18.6%

Ethan Allen Interiors Inc.
Condensed Consolidated Statements of Operations
Unaudited
(In thousands, except per share amounts)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2004	2003	2004	2003
Net sales	\$ 244,592	\$ 224,574	\$ 708,507	\$ 670,816
Cost of sales	125,319	112,624	364,512	336,347
Gross profit	119,273	111,950	343,995	334,469
Operating expenses:				
Selling	45,045	45,257	130,875	132,022
General and administrative	36,291	34,632	107,759	101,348
Restructuring and impairment charges	-	13,223	(264)	13,131
Total operating expenses	81,336	93,112	238,370	246,501
Operating income	37,937	18,838	105,625	87,968
Interest and other miscellaneous income	223	58	3,171	707
Interest and other related financing costs	179	130	487	507
Income before income tax expense	37,981	18,766	108,309	88,168
Income tax expense	14,623	7,094	41,614	33,328
Net income	\$ 23,358	\$ 11,672	\$ 66,695	\$ 54,840
Basic earnings per share:				
Net income per share	\$ 0.63	\$ 0.31	\$ 1.79	\$ 1.45
Basic weighted average shares outstanding	37,300	37,560	37,265	37,771
Diluted earnings per share:				
Net income per share	\$ 0.61	\$ 0.30	\$ 1.74	\$ 1.42
Diluted weighted average shares outstanding	38,551	38,546	38,406	38,751
Reconciliation of GAAP to Non-GAAP Information:				
Net income	\$ 23,358	\$ 11,672	\$ 66,695	\$ 54,840
Add: restructuring & impairment charge, net of related tax effect	-	8,225	(163)	8,167
Net income (ex restructuring & impairment charge)	\$ 23,358	\$ 19,897	\$ 66,532	\$ 63,007
Earnings per basic share (ex restructuring & impairment charge)	\$ 0.63	\$ 0.53	\$ 1.79	\$ 1.67
Basic weighted average shares outstanding	37,300	37,560	37,265	37,771
Earnings per diluted share (ex restructuring & impairment charge)	\$ 0.61	\$ 0.52	\$ 1.73	\$ 1.63
Diluted weighted average shares outstanding	38,551	38,546	38,406	38,751

Ethan Allen Interiors Inc.
Condensed Consolidated Balance Sheets
(In thousands)

	March 31, 2004 (unaudited)	June 30, 2003
Assets		
Current Assets:		
Cash and cash equivalents	\$ 177,018	\$ 81,856
Accounts receivable, net	26,257	26,439
Inventories, net	185,794	198,212
Prepaid expenses and other current assets	50,201	53,755
Total current assets	439,270	360,262
Property, plant, and equipment, net	281,640	289,423
Intangible assets, net	79,099	78,939
Other assets	1,826	2,944
Total Assets	\$ 801,835	\$ 731,568
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current maturities of long-term debt and capital lease obligations	\$ 4,758	\$ 996
Customer deposits	61,622	55,939
Accounts payable	32,301	25,375
Accrued expenses	51,652	52,116
Total current liabilities	150,333	134,426
Long-term debt	4,525	9,222
Deferred income taxes	50,289	47,539
Other long-term liabilities	1,817	2,682
Total shareholders' equity	594,871	537,699
Total Liabilities and Shareholders' Equity	\$ 801,835	\$ 731,568

Ethan Allen Interiors Inc.
GAAP Reconciliation
Three and Nine Months Ended March 31, 2004 & 2003
(in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2004	2003	2004	2003
Net Income / Earnings Per Share				
Net income	\$ 23,358	\$ 11,672	\$ 66,695	\$ 54,840
Add: restructuring and impairment charge, net of related tax effect	–	8,225	(163)	8,167
Net income (excluding restructuring and impairment charge)	\$ 23,358	\$ 19,897	\$ 66,532	\$ 63,007
Earnings per basic share	\$ 0.63	\$ 0.31	\$ 1.79	\$ 1.45
Earnings per basic share (excluding restructuring and impairment charge)	\$ 0.63	\$ 0.53	\$ 1.79	\$ 1.67
Basic weighted average shares outstanding	37,300	37,560	37,265	37,771
Earnings per diluted share	\$ 0.61	\$ 0.30	\$ 1.74	\$ 1.42
Earnings per diluted share (excluding restructuring and impairment charge)	\$ 0.61	\$ 0.52	\$ 1.73	\$ 1.63
Diluted weighted average shares outstanding	38,551	38,546	38,406	38,751
Consolidated Operating Income / Operating Margin				
Operating income	\$ 37,937	\$ 18,838	\$ 105,625	\$ 87,968
Add: restructuring and impairment charge	–	13,223	(264)	13,131
Operating income (excluding restructuring and impairment charge)	\$ 37,937	\$ 32,061	\$ 105,361	\$ 101,099
Net sales	\$ 244,592	\$ 224,574	\$ 708,507	\$ 670,816
Operating margin	15.5%	8.4%	14.9%	13.1%
Operating margin (excluding restructuring and impairment charge)	15.5%	14.3%	14.9%	15.1%
Wholesale Operating Income / Operating Margin				
Wholesale operating income	\$ 34,106	\$ 20,949	\$ 91,324	\$ 77,930
Add: restructuring and impairment charge	–	13,223	(264)	13,131
Wholesale operating income (excluding restructuring and impairment charge)	\$ 34,106	\$ 34,172	\$ 91,060	\$ 91,061
Wholesale net sales	\$ 178,894	\$ 173,890	\$ 501,517	\$ 490,098
Wholesale operating margin	19.1%	12.0%	18.2%	15.9%
Wholesale operating margin (excluding restructuring and impairment charge)	19.1%	19.7%	18.2%	18.6%
EBITDA				
Net income	\$ 23,358	\$ 11,672	\$ 66,695	\$ 54,840
Add: interest expense	143	95	381	402
Add: income tax expense	14,623	7,094	41,614	33,328
Add: depreciation and amortization	5,250	5,494	15,755	15,861
EBITDA	\$ 43,374	\$ 24,355	\$ 124,445	\$ 104,431
Net sales	\$ 244,592	\$ 224,574	\$ 708,507	\$ 670,816
EBITDA as % of net sales	17.7%	10.8%	17.6%	15.6%
EBITDA	\$ 43,374	\$ 24,355	\$ 124,445	\$ 104,431
Add: restructuring and impairment charge	–	13,223	(264)	13,131
EBITDA (excluding restructuring and impairment charge)	\$ 43,374	\$ 37,578	\$ 124,181	\$ 117,562
Net sales	\$ 244,592	\$ 224,574	\$ 708,507	\$ 670,816
EBITDA as % of net sales	17.7%	16.7%	17.5%	17.5%