

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 29, 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. Employee
Identification Number)

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 July 29, 2004
99.2	Reconciliation of unaudited, non-GAAP financial information disclosed in July 29, 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 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 29, 2004, Ethan Allen Interiors Inc. ("Ethan Allen" or the "Company") issued a press release setting forth its operating results for the three and twelve months ended June 30, 2004. A copy of the press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

Also on July 29, 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 twelve months ended June 30, 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 June 30, 2004 and March 31, 2003 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 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 facility.

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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: July 29, 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.
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**ETHAN ALLEN REPORTS RECORD ANNUAL SALES;
 RESULTS FOR THE QUARTER AND FISCAL YEAR ENDED JUNE 30, 2004**

DANBURY, CT., July 29, 2004 -- Ethan Allen Interiors Inc. (NYSE:ETH) today reported sales and earnings for the fourth quarter and fiscal year ended June 30, 2004.

As was previously announced in April 2004, the Company recorded a pre-tax restructuring and impairment charge of \$12.8 million (or \$0.21 per share) during its fourth quarter ended June 30, 2004 related to the consolidation of two manufacturing facilities.

Year Ended June 30, 2004

For the fiscal year ended June 30, 2004, the Company achieved record annual sales totaling \$955.1 million, an increase of 5.3%, from \$907.3 million in the prior fiscal year. Annual net delivered sales for the Company's Retail division increased 9.5% to \$576.2 million, while Wholesale sales increased 1.9% to \$673.8 million during that same period. Year-to-date, comparable Ethan Allen store delivered sales increased 4.6%.

On a full-year basis, total written orders increased 4.4% as compared to the prior year. Within that same period, Wholesale net orders booked increased 3.2%, while Retail written sales increased 7.7% and comparable store written sales increased 2.6%.

Fiscal year earnings per share, including pre-tax restructuring and impairment charges of \$12.5 million, amounted to \$2.10 on net income of \$80.3 million. This compares to earnings per share and net income of \$1.95 and \$75.4 million, respectively, for the prior fiscal year, which included pre-tax restructuring and impairment charges of \$13.1 million. Excluding the impact of the restructuring and impairment charges in both periods, earnings per share and net income amounted to \$2.30 and \$88.0 million, respectively, for the current year as compared to \$2.17 and \$83.5 million, respectively, for the prior year.

Three Months Ended June 30, 2004

Net delivered sales for the fourth quarter ended June 30, 2004 increased 4.3% to \$246.6 million from \$236.4 million in the prior year quarter. Net delivered sales for the Company's Retail division increased 7.6% to \$149.9 million, while Wholesale sales increased 0.8% to \$172.3 million during that same period. For the quarter, comparable Ethan Allen store delivered sales increased 6.1%.

Total written orders decreased 7.6% as compared to the prior year quarter. At the Wholesale level, net orders booked decreased 10.2%, while at the Retail level, written sales decreased 0.9% and comparable store written sales decreased 2.6%. The decline in Wholesale orders was partially due to the timing of new product introductions and a leveling of incoming orders resulting from full implementation of the "everyday pricing" program.

For the fourth quarter ended June 30, 2004, earnings per share, including the aforementioned pre-tax restructuring and impairment charge of \$12.8 million, amounted to \$0.36 on net income of \$13.6 million as compared to \$0.54 and \$20.5 million, respectively, in the prior year quarter. Excluding the impact of the restructuring and impairment charge, earnings per share for the current quarter amounted to \$0.57 on net income of \$21.5 million.

Farooq Kathwari, Chairman and CEO, commented: "We are pleased with our results for the year. Despite a challenging economic environment we achieved record annual sales of \$955 million and increased net income, excluding restructuring and impairment charges in both periods, by 5.4%. In addition, during the fourth quarter, we utilized over \$150 million of available cash to pay a special cash dividend of \$3.00 per share, repurchase our stock, and also pay our regular quarterly cash dividend."

Mr. Kathwari further stated: "The last twelve months have provided us an opportunity to make major improvements to our products, our marketing programs, our retail network and all aspects of our operations, including product sourcing. We believe we are in a very good position to take advantage of expected improvements in the economy and the consumer's continued interest in home decorating. Also, through the introduction of our latest solution – "everyday pricing" – on all of our products, we expect to benefit further from greater productivity of our approximately 3,000 design consultants, increased credibility with the consumer, and an overall improvement in service."

On the question of business trends, Mr. Kathwari stated: "During the last two weeks, we have seen increased traffic in our stores. Consumers appear cautiously optimistic about the state of the economy and we share that view for this coming quarter. For fiscal 2005, barring any unexpected deterioration in the economy or consumer confidence, we believe we have the opportunity to generate sales and earnings per share growth of approximately 8% and 11%, 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 311 retail stores in the United States and abroad, of which 127 are Company-owned. Ethan Allen has 12 manufacturing facilities, which include 2 sawmills, located throughout the United States.

The Company will conduct a Conference Call at 11:00 AM (Eastern) on Thursday, July 29th. 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		Twelve Months Ended	
6/30/04	6/30/03	6/30/04	6/30/03

Net Sales	\$ 246.6	\$ 236.4	\$ 955.1	\$ 907.3
Gross Margin	47.5%	48.6%	48.3%	49.5%
Operating Margin	9.0%	13.8%	13.4%	13.3%
Operating Margin (ex restructuring & impairment charge)	14.2%	13.8%	14.7%	14.7%
Net Income	\$ 13.6	\$ 20.5	\$ 80.3	\$ 75.4
Net Income (ex restructuring & impairment charge)	\$ 21.5	\$ 20.5	\$ 88.0	\$ 83.5
Operating Cash Flow	\$ 13.0	\$ 26.3	\$ 125.5	\$ 100.1
Capital Expenditures	\$ 9.1	\$ 3.9	\$ 23.0	\$ 27.2
Treasury Stock Repurchases (settlement date basis)	\$ 38.3	\$ 2.4	\$ 38.3	\$ 50.7
EBITDA	\$ 27.8	\$ 38.6	\$ 152.3	\$ 143.0
EBITDA as % of Net Sales	11.3%	16.3%	15.9%	15.8%
EBITDA (ex restructuring & impairment charge)	\$ 40.6	\$ 38.6	\$ 164.8	\$ 156.1
EBITDA as % of Net Sales (ex restructuring & impairment charge)	16.5%	16.3%	17.3%	17.2%

Selected Financial Data by Business Segment:

	Three Months Ended		Twelve Months Ended	
	6/30/04	6/30/03	6/30/04	6/30/03
Retail				
Net Sales	\$ 149.9	\$ 139.3	\$ 576.2	\$ 526.4
Operating Margin	1.9%	0.9%	2.3%	2.8%
	Three Months Ended		Twelve Months Ended	
	6/30/04	6/30/03	6/30/04	6/30/03
Wholesale				
Net Sales	\$ 172.3	\$ 170.9	\$ 673.8	\$ 661.0
Operating Margin	9.7%	18.4%	16.0%	16.5%
Operating Margin (ex restructuring & impairment charge)	17.1%	18.4%	17.9%	18.5%

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

	Three Months Ended June 30,		Twelve Months Ended June 30,	
	2004 (unaudited)	2003 (unaudited)	2004 (unaudited)	2003 (unaudited)
Net sales	\$246,600	\$236,448	\$955,107	\$907,264
Cost of sales	129,515	121,533	494,027	457,880
Gross profit	117,085	114,915	461,080	449,384
Operating expenses:				
Selling	45,966	46,586	176,841	178,608
General and administrative	36,155	35,622	143,914	136,970
Restructuring and impairment charges	12,784	-	12,520	13,131
Total operating expenses	94,905	82,208	333,275	328,709
Operating income	22,180	32,707	127,805	120,675
Interest and other miscellaneous income	161	455	3,332	1,162
Interest and other related financing costs	154	138	641	645
Income before income tax expense	22,187	33,024	130,496	121,192
Income tax expense	8,542	12,483	50,156	45,811
Net income	\$ 13,645	\$ 20,541	\$ 80,340	\$ 75,381
Basic earnings per share:				
Net income per share	\$ 0.37	\$ 0.55	\$ 2.16	\$ 2.00
Basic weighted average shares outstanding	36,919	37,117	37,179	37,607
Diluted earnings per share:				
Net income per share	\$ 0.36	\$ 0.54	\$ 2.10	\$ 1.95
Diluted weighted average shares outstanding	37,963	38,033	38,295	38,569

Reconciliation of GAAP to Non-GAAP Information

Net income	\$ 13,645	\$ 20,541	\$ 80,340	\$ 75,381
Add: restructuring & impairment charge, net of related tax effect	7,862	-	7,708	8,168
Net income (ex restructuring & impairment charge)	\$ 21,507	\$ 20,541	\$ 88,048	\$ 83,549
Earnings per basic share (ex restructuring & impairment charge)	\$ 0.58	\$ 0.55	\$ 2.37	\$ 2.22
Basic weighted average shares outstanding	36,919	37,117	37,179	37,607
Earnings per diluted share (ex restructuring & impairment charge)	\$ 0.57	\$ 0.54	\$ 2.30	\$ 2.17
Diluted weighted average shares outstanding	37,963	38,033	38,295	38,569

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

	June 30, 2004	June 30, 2003
	(unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 27,528	\$ 81,856
Accounts receivable, net	26,967	26,439
Inventories	186,895	198,212
Prepaid expenses and other current assets	54,192	53,755
Total current assets	295,582	360,262
Property, plant, and equipment, net	277,021	289,423
Intangible assets, net	80,038	78,939
Other assets	1,790	2,944
Total Assets	\$ 654,431	\$ 731,568
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current maturities of long-term debt and capital lease obligations	\$ 4,712	\$ 996
Customer deposits	56,026	55,939
Accounts payable	22,222	25,375
Accrued expenses	53,729	52,116
Total current liabilities	136,689	134,426
Long-term debt	4,509	9,222
Other long-term liabilities	1,205	2,682
Deferred income taxes	51,248	47,539
Total liabilities	193,651	193,869
Shareholders' equity	460,780	537,699
Total Liabilities and Shareholders' Equity	\$ 654,431	\$ 731,568

Ethan Allen Interiors Inc.
GAAP Reconciliation
Three and Twelve Months Ended June 30, 2004 and 2003
(in thousands, except per share amounts)

	Three Months Ended June 30		Twelve Months Ended June 30	
	2004	2003	2004	2003
Net Income / Earnings Per Share				
Net income	\$ 13,645	\$ 20,541	\$ 80,340	\$ 75,381
Add: restructuring and impairment charge, net of related tax effect	7,862	-	7,708	8,168
Net income (excluding restructuring and impairment charge)	\$ 21,507	\$ 20,541	\$ 88,048	\$ 83,549
Earnings per basic share	\$ 0.37	\$ 0.55	\$ 2.16	\$ 2.00
Earnings per basic share (excluding restructuring and impairment charge)	\$ 0.58	\$ 0.55	\$ 2.37	\$ 2.22
Basic weighted average shares outstanding	36,919	37,117	37,179	37,607
Earnings per diluted share	\$ 0.36	\$ 0.54	\$ 2.10	\$ 1.95
Earnings per diluted share (excluding restructuring and impairment charge)	\$ 0.57	\$ 0.54	\$ 2.30	\$ 2.17
Diluted weighted average shares outstanding	37,963	38,033	38,295	38,569
Consolidated Operating Income / Operating Margin				
Operating income	\$ 22,180	\$ 32,707	\$ 127,805	\$ 120,675
Add: restructuring and impairment charge	12,784	-	12,520	13,131
Operating income (excluding restructuring and impairment charge)	\$ 34,964	\$ 32,707	\$ 140,325	\$ 133,806
Net sales	\$ 246,600	\$ 236,448	\$ 955,107	\$ 907,264
Operating margin	9.0%	13.8%	13.4%	13.3%
Operating margin (excluding restructuring and impairment charge)	14.2%	13.8%	14.7%	14.7%
Wholesale Operating Income / Operating Margin				
Wholesale operating income	\$ 16,745	\$ 31,443	\$ 108,069	\$ 109,373
Add: restructuring and impairment charge	12,784	-	12,520	13,131
Wholesale operating income (excluding restructuring and impairment charge)	\$ 29,529	\$ 31,443	\$ 120,589	\$ 122,504
Wholesale net sales	\$ 172,254	\$ 170,888	\$ 673,771	\$ 660,986
Wholesale operating margin	9.7%	18.4%	16.0%	16.5%
Wholesale operating margin (excluding restructuring and impairment charge)	17.1%	18.4%	17.9%	18.5%
EBITDA				
Net income	\$ 13,645	\$ 20,541	\$ 80,340	\$ 75,381
Add: interest expense	119	102	500	504
Add: income tax expense	8,542	12,483	50,156	45,811
Add: depreciation and amortization	5,522	5,435	21,277	21,296
EBITDA	\$ 27,828	\$ 38,561	\$ 152,273	\$ 142,992
Net sales	\$ 246,600	\$ 236,448	\$ 955,107	\$ 907,264
EBITDA as % of net sales	11.3%	16.3%	15.9%	15.8%
EBITDA	\$ 27,828	\$ 38,561	\$ 152,273	\$ 142,992
Add: restructuring and impairment charge	12,784	-	12,520	13,131

EBITDA (excluding restructuring and impairment charge)	\$ 40,612	\$ 38,561	\$ 164,793	\$ 156,123
Net sales	\$ 246,600	\$ 236,448	\$ 955,107	\$ 907,264
EBITDA as % of net sales	16.5%	16.3%	17.3%	17.2%