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 December 31, 2001

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.
(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.

38,728,462 at December 31, 2001

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY

INDEX

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

<TABLE>
<CAPTION>

<S>	December 31, 2001 (unaudited) <C>	June 30, 2001 <C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 63,818	$ 48,112
Accounts receivable, less allowances of $2,509 and $2,679 at December 31, 2001 and June 30, 2001, respectively	22,495	33,055
Inventories	157,850	176,036
Prepaid expenses and other current assets	17,874	18,085
Deferred income taxes	14,847	14,789
Total current assets	276,884	290,077
Property, plant and equipment, net	277,734	268,659
Intangibles, net	60,666	52,863
Other assets	6,377	7,519
Total assets	$ 621,661	$ 619,118

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Current maturities of long-term debt	$ 152	$ 131
Accounts payable	54,621	63,788
Accrued compensation and benefits	28,040	27,766
Accrued expenses	13,899	16,169
Total current liabilities	96,712	107,854
Long-term debt	9,267	9,356
Other long-term liabilities	2,093	2,712
Deferred income taxes	33,039	34,413
Total liabilities	141,111	154,335
Shareholders' equity:		
Class A common stock, par value $.01, 150,000,000 shares authorized, 45,215,961 and 45,138,046 shares issued at December 31, 2001 and June 30, 2001, respectively	452	451
Preferred stock, par value $.01, 1,055,000 shares authorized, no shares issued and outstanding at December 31, 2001 and June 30, 2001	-	-
Additional paid-in capital	276,352	274,645
	276,804	275,096
Less: Treasury stock (at cost), 6,487,501 shares at December 31, 2001 and 5,735,284 shares at June 30, 2001	(150,343)	(129,562)
Retained earnings	354,089	319,249
Total shareholders' equity	480,550	464,783
Total liabilities and shareholders' equity	$ 621,661	$ 619,118

See accompanying notes to consolidated financial statements.
</TABLE>

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

<TABLE>
<CAPTION>

	Three Months Ended December 31,		Six Months Ended December 31,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Net sales	$ 222,857	$ 232,667	$ 429,582	$ 443,898
Cost of sales	119,477	124,930	232,233	236,452
Gross profit	103,380	107,737	197,349	207,446
Operating expenses:				
Selling	39,886	41,478	78,724	79,383
General and administrative	30,288	29,388	58,884	57,890
Total operating expenses	70,174	70,866	137,608	137,273
Operating income	33,206	36,871	59,741	70,173
Interest and other miscellaneous income, net	1,046	468	1,558	641
Interest and other related financing costs	176	189	325	385

Income before income taxes	34,076	37,150	60,974	70,429
Income tax expense	12,881	14,043	23,048	26,622
Net income	$ 21,195	$ 23,107	$ 37,926	$ 43,807
PER SHARE DATA:				
Basic earnings per common share:				
Net income per basic share	$ 0.55	$ 0.59	$ 0.98	$ 1.11
Basic weighted average common shares outstanding	38,728	39,371	38,699	39,380
Diluted earnings per common share:				
Net income per diluted share	$ 0.53	$ 0.58	$ 0.95	$ 1.09
Diluted weighted average common shares outstanding	39,781	40,181	40,026	40,179

</TABLE>

See accompanying notes to consolidated financial statements.

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

<TABLE>
<CAPTION>

	Six Months Ended December 31,	
	2001	2000
<S>	<C>	<C>
Operating activities:		
Net income	$ 37,926	$ 43,807
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,455	9,476
Compensation (income) expense related to restricted stock award	(223)	52
Provision for deferred income taxes	(1,432)	(1,790)
Other non-cash (income) expense	(542)	(800)
Change in assets and liabilities, net of the effects from acquired and divested companies:		
Accounts receivable	8,495	3,065
Inventories	23,838	(4,122)
Prepaid and other current assets	1,120	(3,174)
Other assets	438	(620)
Accounts payable	(15,380)	(1,108)
Income taxes payable	3,423	1,434
Accrued expenses	(2,197)	1,786
Other liabilities	(619)	721

Net cash provided by operating activities	64,302	48,727
	--------	--------
Investing activities:		
Proceeds from the disposal of property, plant and equipment	2,307	4,313
Capital expenditures	(17,709)	(21,589)
Acquisitions	(10,484)	(9,710)
Other	81	207
	--------	--------
Net cash used in investing activities	(25,805)	(26,779)
	--------	--------
Financing activities:		
Borrowings on revolving credit facilities	-	1,500
Payments on revolving credit facilities	-	(9,500)
Other payments on long-term debt and capital leases	(68)	(183)
Net proceeds from issuance of common stock	1,171	190
Dividends paid	(3,113)	(3,139)
Payments to acquire treasury stock	(20,781)	(383)
	--------	--------
Net cash used in financing activities	(22,791)	(11,515)
	--------	--------
Net increase in cash and cash equivalents	15,706	10,433
Cash and cash equivalents at beginning of period	48,112	14,024
	--------	--------
Cash and cash equivalents at end of period	$ 63,818	$ 24,457
	========	========

</TABLE>

See accompanying notes to consolidated financial statements.

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
Consolidated Statements of Shareholders' Equity
Six Months Ended December 31, 2001
(Unaudited)
(Dollars in thousands)

<TABLE>
<CAPTION>

<S>	Common Stock <C>	Additional Paid-in Capital <C>	Treasury Stock <C>	Retained Earnings <C>	Total <C>
Balance at June 30, 2001	$ 451	$274,645	$(129,562)	$319,249	$464,783

Issuance of 77,915 shares of common stock upon the exercise of stock options	1	947	-	-	948
Purchase of 752,217 shares of treasury stock	-	-	(20,781)	-	(20,781)
Tax benefit associated with the exercise of employee stock options	-	675	-	-	675
Charge for early vesting of stock options	-	85	-	-	85
Dividends declared on common stock	-	-	-	(3,086)	(3,086)
Net income	-	-	-	37,926	37,926
Balance at December 31, 2001	$ 452	$276,352	$(150,343)	$354,089	$480,550

</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. 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 and six months ended December 31, 2001, are not necessarily indicative of results for the fiscal year. It is suggested that the interim consolidated financial statements are read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended June 30, 2001.

Certain reclassifications have been made to prior year financial information in order to conform to the current year's presentation. These changes were made for disclosure purposes only and did not have an impact on previously reported results of operations or shareholders' equity.

(3) Inventories

Inventories at December 31, 2001 and June 30, 2001 are summarized as follows (dollars in thousands):

	December 31, 2001	June 30, 2001

Finished goods	$105,845	$115,661
Work in process	15,766	19,521
Raw materials	36,239	40,854
	$157,850	$176,036

(4) Goodwill and Other Intangible Assets

On July 1, 2001, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets". As of December 31, 2001 the Company had goodwill (net of accumulated amortization) of $22.8 million and intangible assets (net of accumulated amortization) of $37.9 million. Goodwill in the wholesale and retail segments was $9.4 million and $13.4 million, respectively. The wholesale segment includes intangible assets of $37.9 million. These assets include Ethan Allen trade names and product technology, which were formerly being amortized over 40 years. The Company has re-assessed the useful lives of goodwill and intangible assets and both were deemed to have indefinite useful lives. Amortization of these assets ceased on July 1, 2001. No impairment losses were recorded on these intangible assets due to the adoption.

(4) Goodwill and Other Intangible Assets (continued)

The following table reconciles the Company's reported net income and earnings per share with pro forma balances from previous periods adjusted to exclude goodwill amortization, which is no longer recorded under SFAS No. 142. The current quarter's net income and earnings per share are presented for comparative purposes only.

<TABLE>
<CAPTION>

	Three Months Ended December 31,		Six Months Ended December 31,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Net Income:				
Reported net income	$21,195	$23,107	$37,926	$43,807
Add back: Goodwill amortization after-tax	-	72	-	144
Add back: Intangible asset amortization after-tax	-	211	-	421
Adjusted net income	$21,195	$23,390	$37,926	$44,372
Basic Earnings per Share:				
Reported earnings per share	$ 0.55	$ 0.59	$ 0.98	$ 1.11
Goodwill amortization	-	-	-	-
Intangible asset amortization	-	-	-	0.01
Adjusted earnings per share	$ 0.55	$ 0.59	$ 0.98	$ 1.12
Diluted Earnings per Share:				
Reported earnings per share	$ 0.53	$ 0.58	$ 0.95	$ 1.09
Goodwill amortization	-	-	-	

-

Intangible asset amortization	-	-	-	0.01
Adjusted earnings per share	$ 0.53	$ 0.58	$ 0.95	$ 1.10

</TABLE>

(5) Restructuring and Impairment Charge

In the fourth quarter of fiscal year 2001, the Company announced the closure of three of its manufacturing facilities and the elimination of approximately 350 employees effective August 6, 2001. A pre-tax restructuring and impairment charge of $6.9 million was recorded in the fourth quarter of the prior year for costs associated with the plant closings, of which $3.3 million principally related to employee severance, benefits costs and plant exit costs, and $3.6 million related to a fixed asset impairment charge for real estate and machinery and equipment of the closed facilities. As of December 31, 2001, the remaining restructuring reserve of $0.2 million was included in the Consolidated Balance Sheets as an accrued expense in current liabilities.

(5) Restructuring and Impairment Charge (continued)

Activity in the Company's restructuring reserve is summarized as follows (dollars in thousands):

<TABLE>
<CAPTION>

<S>	Original Charges <C>	Cash Payments <C>	Non-cash Utilized <C>	Total <C>
Employee severance and other related payroll and benefit costs	$ 2,974	$(2,916)	$ -	$ 58
Plant exit costs and other	332	(236)	-	96
Write-down of long-term assets	3,600	-	(3,600)	-
Balance as of December 31, 2001	$ 6,906	$(3,152)	$(3,600)	$ 154

</TABLE>

(6) 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"). The Company has resolved its liability at two of these sites by completing remedial action activities or through legal settlement. With regards to the third site, the Company does not anticipate incurring significant cost. The Company believes it is not a major contributor based on the very small volume of waste generated by the Company in relation to total volume at the site; however, liability under CERCLA may be joint and several. In relation to the fourth site, the Company has been notified that it may be a potentially responsible party for a disposal site to which waste material was sent. The extent of any financial impact upon the Company cannot be reasonably estimated at this time.

(7) Earnings Per Share

Basic and diluted earnings per share are calculated using the following share data (amounts in thousands):

<TABLE>

<CAPTION>

	Three Months Ended December 31, 2001	Three Months Ended December 31, 2000	Six Months Ended December 31, 2001	Six Months Ended December 31, 2000
Weighted average common shares outstanding for basic calculation	38,728	39,371	38,699	39,380
Add: Effect of stock options	1,053	810	1,327	799
Weighted average common shares outstanding for diluted calculation	39,781	40,181	40,026	40,179

</TABLE>

(7) Earnings Per Share (continued)

As of December 31, 2001 and 2000, stock options to purchase 26,500 shares and 142,425 shares of common stock, respectively, had an exercise price in excess of the average market price. These options have been excluded from the diluted earnings per share calculation since their effect is anti-dilutive.

(8) Segment Information

The Company's reportable segments are strategic business areas that are managed separately and offer different products and services. The Company's operations are classified into two main segments: wholesale and retail home furnishings.

The wholesale home furnishings segment is principally involved in the manufacture, sale and distribution of home furnishing products to a network of independently owned and Ethan Allen-owned stores. Wholesale profitability includes the wholesale gross margin, which is earned on wholesale sales to all retail stores, including Ethan Allen-owned stores.

The retail home furnishings segment sells home furnishing products through a network of Ethan Allen-owned stores. Retail profitability includes the retail gross margin, which is earned based on purchases from the wholesale segment.

The operating segments follow the same accounting policies. The Company evaluates performance of the respective segments based upon revenues and operating income. Inter-segment eliminations primarily comprise the wholesale sales and profit on the transfer of inventory between segments. Inter-segment eliminations also include items not allocated to reportable segments.

The following table presents segment information for the three and six months ended December 31, 2001 and 2000 (dollars in thousands):

<TABLE>
<CAPTION>

	Three Months Ended December 31, 2001	Three Months Ended December 31, 2000	Six Months Ended December 31, 2001	Six Months Ended December 31, 2000
NET SALES:				
Wholesale segment	$158,206	$179,378	$313,090	$341,333
Retail segment	116,915	108,733	215,755	207,259
Elimination of inter-company sales	(52,264)	(55,444)	(99,263)	(104,694)
Consolidated Total	$222,857	$232,667	$429,582	$443,898
OPERATING INCOME:				
Wholesale segment	$ 24,473	$ 28,158	$ 47,737	$ 54,392

Retail segment	7,727	6,603	10,729	12,638
Elimination (1)	1,006	2,110	1,275	3,143
Consolidated Total	$ 33,206	$ 36,871	$ 59,741	$ 70,173

</TABLE>

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements
(unaudited)

(8) Segment Information (continued)

<TABLE>
<CAPTION>

	Three Months Ended December 31,		Six Months Ended December 31,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
CAPITAL EXPENDITURES:				
Wholesale segment	$ 2,493	$ 5,900	$ 6,747	$ 11,627
Retail segment	7,085	6,504	10,962	9,962
Acquisitions	118	9,710	10,484	9,710
Consolidated Total	$ 9,696	$ 22,114	$ 28,193	$ 31,299
TOTAL ASSETS:				
Wholesale segment	$439,617	$421,324		
Retail segment	206,214	181,492		
Inventory profit elimination (2)	(24,170)	(23,882)		
Consolidated Total	$621,661	$578,934		

(1) The adjustment reflects the change in the elimination entry for profit in ending inventory.

(2) Inventory profit elimination reflects the embedded wholesale profit in the Company-owned store inventory that has not been realized. These profits will be recorded when shipped to the retail customer.

</TABLE>

There are 29 independent retail stores located outside the United States. As of December 31, 2001 and 2000, approximately 2.0% and 2.3% of the Company's net sales are derived from sales to these retail stores.

MANAGEMENT'S 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, 2001. 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, risk and uncertainties, including but not limited to, changes in political and economic conditions, demand for the Company's products, acceptance of new products, conditions in the various geographical markets where the Company does business, 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 and company-owned retail stores and retail sales of company-owned stores. See Note 8 to the Company's Consolidated Financial Statements for the three and six months ended December 31, 2001 and 2000. The components of consolidated revenues and operating income are as follows (dollars in millions):

<TABLE>
<CAPTION>

	Three Months Ended December 31, 2001	Three Months Ended December 31, 2000	Six Months Ended December 31, 2001	Six Months Ended December 31, 2000
<S>	<C>	<C>	<C>	<C>
Revenue:				
Wholesale segment	$158.2	$179.4	$313.1	$341.3
Retail segment	116.9	108.7	215.8	207.3
Elimination of inter-segment sales	(52.2)	(55.4)	(99.3)	(104.7)
Consolidated Revenue	$222.9	$232.7	$429.6	$443.9
Operating Income:				
Wholesale segment	$ 24.5	$ 28.2	$ 47.7	$ 54.4
Retail segment	7.7	6.6	10.7	12.6
Eliminations	1.0	2.1	1.3	3.2
Consolidated Operating Income	$ 33.2	$ 36.9	$ 59.7	$ 70.2

</TABLE>

THREE MONTHS ENDED DECEMBER 31, 2001 COMPARED TO THREE MONTHS ENDED DECEMBER 31, 2000

Consolidated revenue for the three months ended December 31, 2001 decreased by $9.8 million or 4.2% to $222.9 million from $232.7 million for the three months ended December 31, 2000. Similar to the first quarter, sales were negatively impacted during the last three months from slowing demand caused by a weaker economy.

Total wholesale revenue for the second quarter of fiscal year 2002 decreased by $21.2 million or 11.8% to $158.2 million from $179.4 million in the prior year period due to softening demand.

Total retail revenue from Ethan Allen-owned stores for the three months ended December 31, 2001 increased by $8.2 million or 7.5% to $116.9 million from $108.7 million for the three months ended December 31, 2000. Higher retail sales were attributable to an increase in sales generated by newly opened or acquired stores of $16.5 million, partially offset by a decrease in comparable store sales of $6.8 million, or 6.4%, and by a decrease from closed stores, which generated $1.5 million less sales in fiscal year 2002 as compared to fiscal year 2001. The number of Ethan Allen-owned stores increased to 93 as of December 31, 2001 as compared to 84 as of December 31, 2000. The Company acquired 10 stores from independent dealers, sold 1 company-owned store to an independent dealer, relocated 3 stores, closed 1 store, and opened 1 new store.

Comparable stores are those which have been operating for at least 15 months. Minimal net sales, derived from the delivery of customer ordered product, 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 13th full month of Ethan Allen-owned operations.

Booked orders for the quarter were 0.2% higher than the prior year quarter. Booked orders include wholesale orders and written business of company-owned retail stores. Wholesale orders for the thirteen-week period were down 2.5% compared to a twelve-week period in the prior year. Orders for company-owned stores were up 12.2% and comparable Ethan Allen-owned store orders were down 1.0% using the twelve-week period in both the current year and prior year second quarter.

Gross profit for the quarter was $103.4 million as compared to $107.7 million in the second quarter of the prior year. The decrease of $4.3 million in gross profit was attributable to lower wholesale sales volume, partially offset by higher retail volume and a price increase effective April 2001. Consolidated gross margin increased to 46.4% in the second quarter of fiscal year 2002 from 46.3% in the prior year second quarter principally from an increase in retail sales and from a higher proportionate share of retail sales to total sales. Wholesale production was curtailed this quarter through temporary plant shutdowns and costs associated with the shutdowns negatively impacted gross profit.

Operating expenses decreased $0.7 million or 1.0% to $70.2 million or 31.5% of net sales in the current quarter as compared to $70.9 million or 30.5%

of net sales for the second quarter of fiscal year 2001. This decrease was attributable to a reduction in advertising expenditures and lower distribution costs resulting from lower wholesale production, partially offset by an increase in healthcare costs and higher occupancy, delivery, and warehousing costs associated with the addition of 9 new Ethan Allen-owned stores since December of 2000.

Operating income for the three months ended December 31, 2001 was $33.2 million or 14.9% of net sales compared to $36.9 million or 15.8% of net sales for the three months ended December 31, 2000. Operating income decreased $3.7 million or 10.0% primarily due to lower wholesale sales volume, partially offset by higher retail volume and a price increase effective April 2001 combined with a reduction in operating expenses noted above.

Total wholesale operating income for the second quarter of fiscal year 2002 was $24.5 million or 15.5% of net sales compared to $28.2 million or 15.7% of net sales in the second quarter of fiscal year 2001. Wholesale operating income decreased $3.7 million or 13.1% this quarter due to lower wholesale sales caused by softening demand, partially offset by a price increase effective April 2001, reduced advertising expenditures, and lower distribution costs.

Operating income for the retail segment increased by $1.1 million for the three months ended December 31, 2001 to $7.7 million or 6.6% of net sales from $6.6 million or 6.1% of net sales for the three months ended December 31, 2000. The increase in retail operating income was primarily attributable to the addition of 9 new stores since December 2000 and to a reduction in operating costs at existing retail locations.

Interest and other miscellaneous income of $1.0 million increased $0.6 million over the prior year second quarter primarily due to proceeds received from the sale of real property.

Income tax expense of $12.9 million was recorded for the three months ended December 31, 2001 as compared to $14.0 million for the same period in the prior year. The Company's effective tax rate was 37.8% in the current year and prior year second quarter.

For the three months ended December 31, 2001, the Company recorded net income of $21.2 million, a decrease of 8.2%, compared to $23.1 million for the three months ended December 31, 2000. Earnings per diluted share of $0.53 decreased 8.6% or $0.05 per diluted share in the quarter from $0.58 per diluted share in the prior year quarter.

SIX MONTHS ENDED DECEMBER 31, 2001 COMPARED TO SIX MONTHS ENDED DECEMBER 31, 2000

Consolidated revenue for the six months ended December 31, 2001 decreased by $14.3 million or 3.2% to $429.6 million from $443.9 million for the six months ended December 31, 2000. Sales were negatively impacted during the last six months from slowing demand caused by a weaker economy.

Wholesale revenue for the six month period in fiscal year 2002 decreased by $28.2 million or 8.3% to $313.1 million from $341.3 million in the six month period of fiscal year 2001 due to softening demand.

Total retail revenue from Ethan Allen-owned stores for the six months ended December 31, 2001 increased by $8.5 million or 4.1% to $215.8 million from $207.3 million for the six months ended December 31, 2000. The increase in retail sales was attributable to greater sales generated by newly opened or acquired stores of $21.3 million, partially offset by a decrease in comparable store sales of $9.9 million, or 4.8%, and by a decrease from closed stores, which generated $2.1 million less sales in fiscal year 2002 as compared to fiscal year 2001. The prior year six months ended December 2000 also included a gain of $0.8 million on the sale of a company-owned retail store to an independent dealer. Of the stores acquired during the six months ended December 31, 2001, 6 stores were purchased from Mr. Edward Teplitz, who subsequently joined the Company as Vice President of Finance (see Part II, Item 5 of the Form 10-Q filed on November 15, 2001).

Booked orders for the first half of fiscal year 2002 were lower than the prior year by 3.9%. Booked orders include wholesale orders and written business of company-owned retail stores. Wholesale orders for the twenty seven-week period were down 5.4% compared to a twenty six-week period in the prior year. Orders for company-owned stores were up 2.1% and comparable Ethan Allen-owned store orders were down 7.0% using the six-month period in the current and prior year.

For the first half of fiscal year 2002, gross profit decreased $10.1 million to $197.3 million from $207.4 million in the first half of the prior fiscal year. Gross profit decreased from lower wholesale sales volume, partially offset by a price increase effective April 2001. Consolidated gross margin was

45.9% for the six months ending December 31, 2001 compared to 46.7% in the comparable prior year period principally from lower wholesale production caused by softening demand. Wholesale gross margin was also impacted by the production of more affordably priced products manufactured at lower margins.

Operating expenses increased $0.3 million or 0.2% to $137.6 million or 32.0% of net sales in the current six months as compared to $137.3 million or 30.9% of net sales for the first six months of fiscal year 2001. This increase was attributable to greater healthcare costs and higher occupancy, delivery and warehousing costs associated with the addition of 9 new Ethan Allen-owned stores since December of 2000, partially offset by a reduction in advertising expenditures and lower distribution costs resulting from lower wholesale production.

Operating income for the six months ended December 31, 2001 was $59.7 million or 13.9% of net sales compared to $70.2 million or 15.8% of net sales for the six months ended December 31, 2000. Operating income decreased $10.5 million or 15.0% primarily due to lower wholesale sales volume, partially offset by the price increase effective April 2001, the production of more affordably priced products at lower margins, and higher operating costs due to the growth of the retail segment.

Total wholesale operating income for the first half of fiscal year 2002 was $47.7 million or 15.2% of net sales compared to $54.4 million or 15.9% of net sales in the first half of fiscal year 2001. Wholesale operating income decreased $6.7 million or 12.3% in the last six months primarily from lower sales volume and the production of more affordably priced products manufactured at lower margins, partially offset by a price increase effective April 2001.

Operating income for the retail segment decreased by $1.9 million for the six months ended December 31, 2001 to $10.7 million or 5.0% of net sales from $12.6 million or 6.1% of net sales for the six months ended December 31, 2000. The decrease in retail operating income was principally due to higher retail operating expenses related to the addition of 9 new stores since December 2000, partially offset by a reduction in operating costs at existing retail locations.

Interest and other miscellaneous income of $1.6 million increased $0.9 million over the prior year first half primarily due to proceeds received from the sale of real property and from an increase in interest income from higher cash investments.

Income tax expense of $23.0 million was recorded for the six months ended December 31, 2001 as compared to $26.6 million for the same period in the prior year. The Company's effective tax rate was 37.8% in both the current and prior year.

For the six months ended December 31, 2001, the Company recorded net income of $37.9 million, a decrease of 13.5%, compared to $43.8 million for the six months ended December 31, 2000. Earnings per diluted share of $0.95 decreased 12.8% or $0.14 per diluted share in the current six months from $1.09 per diluted share in the prior year.

FINANCIAL CONDITION AND LIQUIDITY

The Company's principal sources of liquidity are cash flow from operations and borrowing capacity under a revolving credit facility. Net cash provided by operating activities totaled $64.3 million for the six months ended December 31, 2001 as compared to $48.7 million for the six months ended December 31, 2000. The increase of $15.6 million in net cash provided by operating activities principally resulted from lower inventory and accounts receivable balances during the six months ended December 31, 2001 as compared to the same period in the prior year. Temporary plant shutdowns during the last six months helped to manage inventory levels.

During the six months ended December 31, 2001, capital spending, exclusive of acquisitions, totaled $17.7 million as compared to $21.6 million for the six months ended December 31, 2000. Capital expenditures made during the current six months primarily included (i) new retail store construction and store interior redesigns, (ii) manufacturing capital equipment purchases and upgrades, and (iii) plant expansion projects. Capital expenditures for fiscal year 2002, exclusive of acquisitions, are anticipated to be approximately $35.0 million. The Company expects to incur expenditures for retail and other acquisitions during this fiscal year and anticipates that cash from operations will be sufficient to fund this level of capital expenditures and acquisitions.

Net cash used in financing activities of $22.8 million increased by $11.3 million due to the repurchase of the Company's common stock during the six months ended December 31, 2001. Total debt outstanding at December 31, 2001 was $9.4 million. At December 31, 2001, there were no revolving loans outstanding. The Company had $19.2 million of trade and standby letters of credit outstanding, leaving $105.8 million available under its revolving credit facility at December 31, 2001.

The Company has been authorized by its Board of Directors to repurchase its common stock from time to time, either directly or through agents, in the open market at prices and on terms satisfactory to the Company. The Company also repurchases shares of common stock from terminated or retiring employee's accounts in the Ethan Allen Retirement Saving Plan and the Company retires shares of unvested restricted stock. The Company's common stock repurchases are recorded as treasury stock and result in a reduction of shareholders' equity. For the six months ended December 31, 2001 and 2000, the Company repurchased the following shares of its common stock (excluding retirements):

	Six Months Ended December 31, 2001	2000
Cost to repurchase common shares	$20,780,785	$428,689
Common shares repurchased	734,217	15,689
Average price per share	$28.30	$27.32

The Company funded its common stock repurchases through available cash and cash from operations. As of December 31, 2001, the Company had a remaining Board authorization to purchase 2,000,000 shares of common stock.

As of December 31, 2001, aggregate scheduled maturities of long-term debt for each of the next five fiscal years were $0.1 million, $0.1 million, $4.7 million, $0.1 million and $0.1 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 acquisitions and to fund working capital and other cash requirements over the next twelve months. As of December 31, 2001, the Company had working capital of $180.2 million and a current ratio of 2.86 to 1.

ITEM 3. 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. Although the Company did not have any revolving loans outstanding under the Credit Agreement as of December 31, 2001, the Company had $0.1 million of short term debt outstanding and $9.3 million of total long term debt outstanding.

The Company has one long term debt instrument outstanding with a variable interest rate. This debt instrument has a principal balance of $4.6 million, which matures in 2004. Based on the principal balance outstanding, a one percentage point increase in the variable interest rate would not have had a significant impact on the Company's interest expense.

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 17, 2001.

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 17, 2001.

ITEM 3. - DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the annual shareholders' meeting held on November 15, 2001, the following proposals were submitted to a vote:

1. The election of three directors to a term expiring in 2003; Clinton A. Clark (votes for 35,814,880, votes against -0-, withheld 293,373), Kristin Gamble (votes for 35,826,285, votes against -0-, withheld 281,968), and Edward H. Meyer (votes for 34,978,627, votes against -0-, withheld 1,129,626). The terms of M. Farooq Kathwari and Horace G. McDonell will continue until the annual shareholders meeting in 2002. The terms of William B. Sprague and Frank G. Wisner will continue until the annual shareholders meeting in 2003.

2. Ratification of the appointment of KPMG LLP as independent auditors for fiscal year 2002 (votes for 35,909,221, votes against 163,456, withheld 35,576).

ITEM 5. - OTHER INFORMATION

None.

ITEM 6. - EXHIBITS AND REPORTS ON FORM 8-K

None.

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: 02/07/02 BY: /s/ M. Farooq Kathwari

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

DATE: 02/07/02 BY: /s/ Edward D. Teplitz

Edward D. Teplitz
Vice President, Finance
(Principal Financial Officer)

DATE: 02/07/02 BY: /s/ Michele Bateson

Michele Bateson
Corporate Controller
(Principal Accounting Officer)