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 March 31, 1997

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: 1-11806

Ethan Allen Interiors Inc.; Ethan Allen Inc.; Ethan Allen Finance Corporation; Ethan Allen Manufacturing Corporation; Andover Wood 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.

14,403,804 at March 31, 1997

ETHAN ALLEN INTERIORS INC.
AND SUBSIDIARY

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

ASSETS	March 31, 1997 (unaudited)	June 30, 1996
Current assets:		
Cash	$ 32,270	$ 9,078
Accounts receivable, less allowances of $2,134 and $2,564 at March 31, 1997 and June 30, 1996, respectively	34,890	33,984
Notes receivable, current portion, less allowances of $80 and $314 at March 31, 1997 and June 30, 1996, respectively	1,355	1,314
Inventories (note 3)	102,222	107,224
Prepaid expenses and other current assets	7,990	7,377
Deferred income taxes	7,194	9,305
Total current assets	185,921	168,282
Property, plant and equipment, net	165,673	159,634
Property, plant and equipment for sale (note 4)	1,135	4,233
Notes receivable, net of current portion, less allowance of $176 and $97 at March 31, 1997 and June 30, 1996, respectively	2,290	2,561
Intangibles, net of amortization of $13,003 and $11,768 at March 31, 1997 and June 30, 1996, respectively	52,830	54,065
Deferred financing costs, net of amortization of $1,813 and $1,426 at March 31, 1997 and June 30, 1996, respectively	1,663	1,877
Other assets	4,463	5,329
Total assets	$413,975	$395,981

	=======	=======
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt and capital lease obligations	$ 1,127	$ 2,498
Accounts payable	41,287	36,742
Accrued expenses	5,967	6,956
Accrued compensation and benefits	13,161	12,939
	-------	-------
Total current liabilities	61,542	59,135
	-------	-------
Long-term debt, less current maturities	64,176	79,929
Obligations under capital leases, less current maturities	3,126	2,752
Other long-term liabilities, principally long-term compensation, environmental and legal reserves	832	1,036
Deferred income taxes	31,880	32,836
	-------	-------
Total liabilities	161,556	175,688
	-------	-------
Commitments and contingencies (note 5)	-	-
Shareholders' equity:		
Class A common stock, par value $.01, 35,000,000 shares authorized, 14,710,627 and 14,568,731 shares issued and outstanding at March 31, 1997 and June 30, 1996, respectively	147	146
Preferred stock, par value $.01, 1,055,000 shares authorized, no shares issued and outstanding at March 31, 1997 and June 30, 1996, respectively	-	-
Additional paid-in capital	255,389	254,971
	-------	-------
	255,536	255,117
Less: Notes receivable from officer and employees	-	(51)
Treasury stock (at cost) 306,823 and 256,480 shares at March 31, 1997 and June 30, 1996, respectively	(7,569)	(5,371)
	-------	-------
	247,967	249,695
Retained earnings (accumulated deficit)	4,452	(29,402)
	-------	-------
Total shareholders' equity	252,419	220,293
	-------	-------
Total liabilities and shareholders' equity	$413,975	$395,981
	=======	=======

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Net sales	$144,719	$134,631	$415,404	$378,784
Cost of sales	81,411	80,490	237,597	227,817
	--------	--------	--------	--------
Gross profit	63,308	54,141	177,807	150,967
Operating expenses:				
Selling	22,965	19,055	61,000	54,681
General and administrative	17,792	19,148	56,204	55,234
	--------	--------	--------	--------
Operating income	22,551	15,938	60,603	41,052

Interest and other miscellaneous income, net	577	270	921	860
Interest expense	1,595	2,136	4,606	7,030
Amortization of deferred financing costs	102	105	459	319
Income before income taxes	21,431	13,967	56,459	34,563
Income tax expense	8,582	5,619	22,60	13,874
Net income	$ 12,849	$ 8,348	$ 33,859	$ 20,689
Per share data:				
Net income per common share	$ 0.88	$ 0.57	$ 2.32	$1.42
Dividend declared per common share	$ 0.04	$ 0.04	$ 0.12	$0.04
Weighted average common shares outstanding (in thousands)	14,631	14,544	14,635	14,538

See accompanying notes to consolidated financial statements.
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ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in thousands)

	Nine Months Ended March 31, 1997	1996
<S>	<C>	<C>
Operating activities:		
Net income	$ 33,859	$ 20,689
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,725	13,014
Provision for deferred income taxes	1,824	775
Other non-cash benefit (charge)	421	(124)
Change in:		
Accounts receivable	(798)	(4,876)
Inventories	5,002	6,397
Prepaid and other current assets	(613)	(731)
Other assets	(114)	19
Accounts payable	4,545	4,950
Accrued expenses	(630)	(547)
Other long-term liabilities	(204)	(20)
Net cash provided by operating activities	56,017	39,546
Investing activities:		
Proceeds from the disposal of property, plant and equipment	110	96
Proceeds from the disposal of property, plant and equipment, held for sale	1,945	--
Capital expenditures	(15,108)	(9,924)
Payments received on long-term notes receivable	949	1,313
Disbursements made for long-term notes receivable	(777)	(400)
Net cash used by investing activities	(12,881)	(8,915)

Financing activities:		
Payments on revolving credit facilities	(21,500)	(69,000)
Borrowings on revolving credit facilities	14,500	44,000
Other long-term borrowings	794	--
Redemption of senior notes	(9,384)	--
Payments on long-term debt, including current maturities ...	(118)	(58)
Payments under capital leases	(1,547)	(1,239)
Issuance of capital stock	1,407	321
Payments to acquire Treasury stock	(2,198)	(2,755)
Increase in deferred financing costs	(173)	(101)
Payment of dividends	(1,725)	--
Net cash used by financing activities	(19,944)	(28,832)
Net increase in cash	23,192	1,799
Cash at beginning of period	9,078	7,546
Cash at end of period	$ 32,270	$ 9,345

See accompanying notes to consolidated financial statements.

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ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY
Consolidated Statements of Shareholders' Equity
Nine Months Ended March 31, 1997
(Unaudited)
(Dollars in thousands)

	Common Stock	Additional Paid-in Capital	Notes Receivable	Treasury Stock	Retained Earnings	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at June 30, 1996	$ 146	$ 254,971	$ (51)	$ (5,371)	$ (29,402)	$ 220,293
Issuance of capital stock	1	1,407	-	-	-	1,408
Payments received on notes receivable	-	-	51	-	-	51
Increase in management warrants	-	71	-	-	-	71
Purchase of 50,343 shares of treasury stock	-	-	-	(2,198)	-	(2,198)
Tax benefit associated with the exercise of employee options and warrants	-	669	-	-	-	669
Dividends declared	-	(1,729)	-	-	-	(1,729)
Foreign currency adjustment ...	-	-	-	-	(5)	(5)
Net income	-	-	-	-	33,859	33,859
Balance at March 31, 1997	$ 147	$ 255,389	$ -	$ (7,569)	$ 4,452	$ 252,419

See accompanying notes to consolidated financial statements.

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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 intercompany accounts and transactions have been eliminated in the consolidated financial statements. 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 nine months ended March 31, 1997, are not necessarily indicative of results for the fiscal year.

(3) Inventories

Inventories at March 31, 1997 and June 30, 1996 are summarized as follows (dollars in thousands):

	March 31, 1997	June 30, 1996
Retail merchandise	$ 30,203	$ 28,695
Finished products	31,085	39,146
Work in process	12,969	12,803
Raw materials	27,965	26,580
	$102,222	$107,224

(4) Property, Plant and Equipment Held for Sale

Property and plants held for resale are recorded at the lower of cost or net realizable values. As of July 1, 1996, the Company adopted FAS 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets To Be Disposed Of". The adoption of this standard did not have a material impact on the Company's financial position or its results of operations.

(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

ETHAN ALLEN INTERIORS INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

(Unaudited)

other parties have been identified as PRP's at these sites, and the Company believes its share of waste contributed to these sites is small in relation to the total; however, liability under CERCLA may be joint and several. The Company has total reserves of $500,000 applicable to these sites. With respect to all of these sites, 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 total volume at the site. For three of the sites, the site assessment is at a very early state and there has been no allocation of responsibility among the parties. Environmental assessment activity with respect to these sites is expected to continue over the next few years. With respect to the fourth site, final allocation is in the process of being negotiated.

(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 obligations under its Credit Agreement and Senior Notes 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 March 31, 1997 and June 30, 1996 are as follows (dollars in thousands):

	March 31, 1997	June 30, 1996
Assets		
Current assets	$185,914	$168,261
Non-current assets	234,543	231,163
Total assets	$420,457	$399,424
Liabilities		
Current liabilities	$ 60,913	$ 58,517
Non-current liabilities ..	100,014	116,553
Total liabilities	$160,927	$175,070

A summary of Ethan Allen's operating activity for the three and nine months ended March 31, 1997 and 1996, is as follows (dollars in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	1997	1996	1997	1996
Net sales	$144,719	$134,631	$415,404	$378,784
Gross profit	63,308	54,141	177,807	150,967
Operating income	22,577	15,967	60,665	41,138
Interest expense	1,595	2,136	4,606	7,030
Amortization of deferred financing costs	102	105	459	319

Income before income tax expense	21,457	13,994	56,520	34,644
Net income	$ 12,875	$ 8,375	$ 33,920	$ 20,770

(7) Business Reorganization

The Company implemented a business reorganization ("Reorganization") effective July 1, 1995, which permitted a separation of manufacturing operations from distribution and store operations. This has given the Company additional flexibility to permit it to reduce its aggregate state corporate income tax liability by allocating income to the operations responsible for generating such income thereby reducing the Company's effective tax rate. The Company believes that the separation of manufacturing operations from distribution and store operations also provides for improved measures of performance, including profitability of operations and return on assets, by allowing the Company to more easily allocate income, expenses and assets to the separate operations of the Company's business. The Reorganization consists principally of the following elements: (i) the contribution of Ethan Allen's manufacturing equipment to Ethan Allen manufacturing Corporation ("EAMC"), which is a newly formed, wholly-owned subsidiary of Ethan Allen (ii) the execution of operating lease arrangements between EAMC and Ethan Allen for real property used in manufacturing operations (iii) the contribution by Ethan Allen of certain of Ethan Allen's trademarks and service marks, design patents and related assets to Ethan Allen Finance Corporation ("EAFC") which is a newly formed, wholly-owned subsidiary of Ethan Allen, (iv) the full and unconditional guarantee on a senior unsecured basis of Ethan Allen's obligations under its Credit Agreement and 8-3/4% Senior Notes due 2001 by each of EAMC, EAFC and Andover Wood Products Inc. ("Andover", a wholly-owned subsidiary of the Company) (collectively, "Guarantor Subsidiaries"), (v) the amendment of the Company's existing guarantee of Ethan Allen's obligations under the Senior Notes and the related indenture to include a guarantee of each Guarantor Subsidiary's obligations under its Subsidiary Guarantee, (vi) the execution of a management agreement and a service mark licensing agreement and a trademark licensing agreement between EAMC and EAFC, (vii) the execution of a management agreement between Ethan Allen and EAFC and (viii) the execution of a manufacturing agreement between Ethan Allen and EAMC. Ethan Allen continues to own its

headquarters building in Danbury, Connecticut, the real property associated with EAMC's manufacturing operations and the assets and liabilities associated with the Ethan Allen-owned retail operations and Ethan Allen's distribution, service and home delivery operations.

The summarized historical combined balance sheet information for the Guarantor Subsidiaries at March 31, 1997 and at June 30, 1996 is as follows (dollars in thousands):

Assets	March 31, 1997	June 30, 1996
Current assets	$ 73,658	$ 46,394
Non-current assets	167,005	164,602
Total assets	$240,663	$210,996
Liabilities		
Current liabilities	$ 27,185	$ 21,346
Non-current liabilities	17,186	17,939
Total liabilities	$ 44,371	$ 39,285

Summarized historical combined operating activity of the Guarantor Subsidiaries for the three and nine months ended March 31, 1997 and 1996 is as follows (dollars in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	1997	1996	1997	1996
Net sales	$93,110	$85,780	$255,292	$233,374
Gross profit	18,980	15,727	50,836	40,933
Operating income	14,502	11,295	37,310	28,422
Income before income taxes	15,613	12,404	40,630	31,643
Net income	$ 9,446	$ 7,504	$ 24,581	$ 19,144

The summarized historical financial information for the Guarantor Subsidiaries above, has been derived from the financial statements of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	1997	1996	1997	1996
Revenues:				
Net wholesale sales to dealer-owned stores	$100.9	$ 89.1	$275.4	$247.1
Net retail sales of Ethan Allen-owned stores	39.1	38.1	123.5	114.4
Other revenues	4.7	7.4	16.5	17.3
Total	$144.7	$134.6	$415.4	$378.8

Three Months Ended March 31, 1997 Compared to Three Months Ended March 31, 1996

Sales for the three months ended March 31, 1997 increased by $10.1 million, or 7.5%, over the corresponding period in the prior year to $144.7 million. Net sales to dealer-owned stores increased by 13.2% to $100.9 million, and net retail sales by Ethan Allen-owned stores increased by 2.6% to $39.1 million. The increase in sales to dealer-owned stores has resulted from a 3.5% wholesale price increase effective January 1, 1997, increased sales from relocated and new stores, improved effectiveness of existing stores, new product offerings, and expanded national television advertising. At March 31, 1997, there were 295 total stores, of which 230 were dealer-owned stores, as compared to 297 total stores, of which 236 were dealer-owned, at March 31, 1996. The net decrease in the number of stores is due primarily to the closing of 14 smaller, underperforming stores in Japan, which were replaced by five larger, high volume stores.

The increase in retail sales by Ethan Allen-owned stores is attributable to a 4.9%, or $1.8 million, increase in comparable store sales, and an increase in sales generated by newly opened or acquired stores of $0.6 million, partially offset by closed stores, which generated $1.4 million less in sales in the three months ended March 31, 1997, as compared to the three months ended March 31, 1996. The retail sales increase is partially the result of the expanded national television campaign. The number of Ethan Allen-owned stores has increased to 65 at March 31, 1997, as compared to 61 at March 31, 1996.

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 galleries. 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 March 31, 1997 increased by $9.2 million or 16.9% from the three months ended March 31, 1996 to $63.3 million. This increase is attributable to higher sales volume, combined with an increase in gross margin from 40.2% in the three months ended March 31, 1996 to 43.7% in the three months ended March 31, 1997. The improvement in gross margins is the result of greater manufacturing efficiencies and full benefit of the recent price increase, partially offset by higher raw material costs.

Selling, general and administrative expenses increased $2.6 million from $38.2 million, or 28.4% of net sales in the three months ended March 31, 1996 to $40.8 million, or 28.2% of net sales in the three months ended March 31, 1997. The increase in operating expenses in the current year quarter is primarily attributable to a $4.2 million increase in television advertising expenses. The Company expanded its national television coverage effective January 1, 1997. This increase is partially offset by lower employee benefit and related costs.

Operating income for the three months ended March 31, 1997 was $22.6 million, as compared to $15.9 million in the prior year quarter. Wholesale operating income was $24.0 million for the three months ended March 31, 1997, compared to $16.4 million in the prior year quarter. For wholesale operations, higher sales combined with higher gross margins favorably impacted operating income. Wholesale operating expenses in the quarter ended March 31, 1997 increased $2.1 million as compared to the prior year quarter primarily due to the increase in national advertising costs. Retail operating income was $0.6 million in the three months ended March 31, 1997, a decrease of $0.2 million from the corresponding period in the prior year. The decrease in retail operating income is primarily due to lower gross margin in the current quarter which is the result of the wholesale price increase and higher operating expenses.

Interest expense, including the amortization of deferred financing costs, for the three months ended March 31, 1997 decreased by $0.5 million to $1.7 million from $2.2 million in the three months ended March 31, 1996. The lower interest expense reflects lower debt balances outstanding.

Income tax expense of $8.6 million or an effective tax rate of 40.0%, was recorded for the three months ended March 31, 1997, compared to $5.6 million or an effective tax rate of 40.2%, in the prior year quarter.

For the three months ended March 31, 1997, the Company reported net income of $12.8 million, as compared to net income for the three months ended March 31, 1996 of $8.3 million.

Nine Months Ended March 31, 1997 Compared to Nine Months Ended March 31, 1996

Sales for the nine months ended March 31, 1997 increased by $36.6 million, or 9.7%, over the nine months ended March 31, 1996 to $415.4 million. Net sales to dealer-owned stores increased by $28.3 million to $275.4 million or 11.4%, and net retail sales by Ethan Allen-owned stores increased by $9.1 million or 8.0% to $123.5 million. The increase in sales to dealer-owned stores has resulted from a 3.5% wholesale price increase effective January 1, 1997, increased distribution through new and relocated stores, increased effectiveness of existing stores, new product offerings, and expanded national television advertising.

The increase in retail sales by Ethan Allen-owned stores is attributable to an 8.4% or $8.8 million increase in comparable store sales, and an increase in sales generated by newly opened or acquired stores of $4.2 million, partially offset by closed stores which generated $3.9 million less in sales in the nine months ended March 31, 1997 as compared to the nine months ended March 31, 1996.

Gross profit for the nine months ended March 31, 1997 increased by $26.8 million from the nine months ended March 31, 1996 to $177.8 million. This increase is attributable to higher sales volume and an improvement in gross margin from 39.9% in the nine months ended March 31, 1996 to 42.8% in the nine months ended March 31, 1997. The gross margin percentage improved due to greater manufacturing efficiencies, higher sales volume and the benefit of recent price increases.

Selling, general and administrative expenses increased $7.3 million from $109.9 million, or 29.0% of net sales, in the fiscal 1996 period to $117.2

million or 28.2% of net sales in the fiscal 1997 period. This increase is attributable principally to an increase in operating expenses in the Company's retail division of $2.3 million, due to higher sales volumes and an increase in the number of Ethan Allen-owned stores, and a $4.8 million increase in the Company's advertising expenses due to the expanded national television campaign effective January 1, 1997.

Operating income for the nine months ended March 31, 1997 was $60.6 million or 14.6% of sales, as compared to $41.1 million or 10.8% of sales for the nine months ended March 31, 1996. Wholesale operating income was $58.4 million for the nine months ended March 31, 1997, an increase of $18.3 million or 45.6% as compared to the prior year. This increase is attributable to higher sales volumes and improved gross margins partially offset by higher operating expenses. Retail operating income was $4.8 million for the nine months ended March 31, 1997 as compared to $2.6 million for the nine months ended March 31, 1996.

Interest expense, including the amortization of deferred financing costs, for the nine months ended March 31, 1997 decreased by $2.2 million to $5.1 million from $7.3 million in the fiscal 1996 period, due to lower debt balances outstanding.

Income tax expense of $22.6 million or an effective rate of 40.0%, was recorded for the nine months ended March 31, 1997 as compared to $13.9 million, or an effective rate of 40.1%, in the prior year period.

For the nine months ended March 31, 1997, the Company recorded net income of $33.9 million, compared to net income for the nine months ended March 31, 1996 of $20.7 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 $56.1 million for the nine months ended March 31, 1997, as compared to $39.5 million in the nine months ended March 31, 1996. The increase is due principally to a higher net income of $13.2 million and lower increases in accounts receivable by $4.1 million. At March 31, 1997, the Company had working capital of $124.4 million and a current ratio of 3.02 to 1.

During the nine months ended March 31, 1997, capital spending totaled $15.1 million as compared to $9.9 million in the nine months ended March 31, 1996. Capital expenditures in fiscal 1997 are anticipated to be approximately $22.0 million. The Company anticipates that cash from operations will be sufficient to fund this level of capital expenditures. The current level of anticipated capital spending, which is attributable primarily to manufacturing efficiency improvements and new store openings, is expected to continue for the foreseeable future.

Total debt outstanding at March 31, 1997 is $68.4 million. At March 31, 1997, there are no outstanding revolving loans under the Credit Agreement. Trade and standby letters of credit of $14.8 million were outstanding as of March 31, 1997. During the current fiscal year, the Company amended its Credit Agreement with Chase Manhattan Bank as agent. Amendments to the Credit Agreement include: (1) the reduction of the commitment of senior secured debt under a revolving credit facility to $100.0 million; (2) reduction of interest rates to adjusted LIBOR plus .45% which is subject to adjustment arising from changes in the credit rating of Ethan Allen's senior secured debt or Fixed Charge Ratio; (3) elimination of a lien on certain fixed assets as collateral and (4) amendment of certain additional debt and restricted payment limitations. In connection with the Amended and Restated Credit Agreement, $173,000 in additional deferred financing fees were incurred. These charges will be amortized over the remaining life of the credit agreement.

Other debt includes $52.6 million of outstanding Senior Notes which have a final maturity in 2001, with no scheduled amortization prior to final maturity. On April 16, 1997, Standard and Poors upgraded the rating on the Senior Notes to BBB from BB+. The Company's Senior Secured Debt was also upgraded to BBB from BBB-. The Senior Notes may not be redeemed at the option of the Company until March 15, 1998. Therefore, the Company does not anticipate that any Senior Notes will be repaid until this date; however, the Company may from time to time, either directly or through agents, repurchase its Senior Notes in the open market, through negotiated purchases or otherwise, at prices and on terms satisfactory to the Company. During the nine months ended March 31, 1997, $9.4 million principal amount was repurchased. The Company may also, 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. Depending on market prices and other conditions relevant to the Company, such purchases may be discontinued at any time. During the nine months ended March 31, 1997, the Company purchased 50,343 shares of its stock at an average price of $43.65 per share.

As of March 31, 1997, aggregate scheduled maturities of long-term debt for each of the next five fiscal years are $.1 million, $.4 million, $.1 million, $52.8 million and $.2 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.

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 27, 1996.

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 27, 1996, except that pursuant to the November 4, 1996 Annual Meeting, the shareholders approved an Amendment to the 1992 Stock Option Plan to increase by 600,000 the authorized shares reserved for use in connection with the Stock Option Plan.

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

11. Statement RE Computation of Per Share Earnings.

27. 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: 5/15/97

BY: /s/ M. Farooq Kathwari

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

(Principal Executive Officer)

DATE: 5/15/97 BY: /s/ Edward P. Schade

Edward P. Schade
Vice President &
Treasurer
(Principal Financial Officer)

DATE: 5/15/97 BY: /s/ Gerardo Burdo

Gerardo Burdo
Corporate Controller
(Principal Accounting Officer)

INDEX TO EXHIBITS

<TABLE>
<CAPTION>

ETHAN ALLEN INTERIORS INC.
Computation of Per Share Earnings

	Three Months Ended March 31, 1997	Three Months Ended March 31, 1996	Nine months ended March 31, 1997	Nine months ended March 31, 1996
<S>	<C>	<C>	<C>	<C>
Primary Earnings Per Share:				
Average number of shares outstanding	14,402,000	14,402,000	14,373,000	14,384,000
Treasury stock	(513,000)	(134,000)	(517,000)	(134,000)
Net effect of common stock equivalents	742,000	276,000	779,000	288,000
Average number of shares - primary	14,631,000	14,544,000	14,635,000	14,538,000
Net income	$ 12,849,000	$ 8,348,000	$ 33,859,000	$ 20,689,000
Per Share Data:				
Net income per common share	$ 0.88	$ 0.57	$ 2.32	$ 1.42

</TABLE>

Earnings Per Common Share:

Earnings per common share are computed by dividing net earnings by the weighted average number of shares of common stock and common stock equivalents outstanding during each period. The Company has issued stock options and warrants which are the Company's only common stock equivalents.

Fully Diluted Earnings Per Share:

Fully diluted earnings per share is within 3% of primary earnings per share for all periods presented.

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

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         This Schedule Contains Summary Financial Information Extracted From The
Consolidated Financial Statements Of Ethan Allen Interiors, Inc. For The Quarter
Ended March  31,1997 And Is  Qualified  In Its  Entirety  By  Reference  To Such
Financial Statements.
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 <F1>    Not applicable

 <F2>    Not applicable. All figures for Ethan Allen Interiors, Inc. are in U.S.
         dollars.

 <F3>    Figure for  receivables is net of allowances  for doubtful  accounts of
         $2,134.

 <F4>    Includes prepaid expenses of $7,990.

 <F5>    Includes goodwill of $9,113 (net of amortization).

 <F6>    Includes  current  portion of long-term  debt of $1,127 as of March 31,
         1997.

 <F7>    Includes  long-term  debt of  $64,176  (net of the  current  portion of
         long-term  debt) and  capitalized  leases of $3,126 (net of the current
         portion of capitalized  leases). As of March 31, 1997 outstanding long-
         term debt of Ethan Allen on a consolidated basis consisted of (i) 8.75%
         senior  notes of $52,616,  (ii) 9.75%  mortgage  note of $1,565 (net of
         current portion),  (iii) industrial  revenue bonds of $8,455,  and (iv)
         other of $1,540  (net of current  portion).  For a  description  of the
         terms of Ethan Allen's  long-term debt, see Footnote 8 to Ethan Allen's
         fiscal 1996 Consolidated Financial Statements.

 <F8>    As of March 31,  1997,  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, 1996, see Ethan Allen's fiscal
         1996 Consolidated  Statement of Stockholders' Equity and Footnote 10 to
         Ethan Allen's fiscal 1996 Notes to Consolidated Financial Statements.
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<F9> As of March 31, 1997, Ethan Allen had 14,710,627 shares of common stock, $.01 par value per share, issued. For a description of Ethan Allen's common stock as of June 30, 1996, see Ethan Allen's fiscal 1996 Consolidated Statement of Stockholders' Equity and Footnote 10 of Ethan Allen's fiscal 1996 Consolidated Financial Statements.

<F10> Consists of $255,389 of additional paid in capital, $4,452 of retained earnings, and ($7,569) of treasury stock.

<F11> In the quarter ended March 31,1997, Ethan Allen's revenues were derived from sales generated by its wholesale and retail operations.

<F12> -

<F13> -

<F14> Consists of $1,595 of interest expense and $102 of amortization of deferred costs during fiscal 1996.

<F15> Earnings per share for the quarter ended March 31, 1997, was $0.88. For information on Ethan Allen's earnings per share, see Ethan Allen's Consolidated Financial Statements for the quarter ended March 31, 1997.

<F16> Earnings per share on a fully diluted basis for the quarter ended March 31, 1997, were $0.88.
</FN>

</TABLE>