

Note: This form was not filed with the
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

**[X] CURRENT REPORT PURSUANT TO THE INDENTURE, DATED AS OF
OCTOBER 4, 2005 AMONG BROOKSTONE, INC., A DELAWARE
CORPORATION, BROOKSTONE COMPANY, INC., THE GUARANTORS (AS
DEFINED THEREIN) AND WELLS FARGO BANK, N.A., AS TRUSTEE**

Date of report (Date of earliest event reported): July 25, 2007

BROOKSTONE, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation)

06-1182895
(IRS Employer
Identification No.)

ONE INNOVATION WAY, MERRIMACK, NH
(Address of principal executive offices)

03054
(Zip Code)

Telephone number, including area code 603-880-9500.

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02 Results of Operations and Financial Condition.

On July 25, 2007, Brookstone, Inc. issued a press release reporting its earnings results for its first fiscal quarter ended June 30, 2007. A copy of the press release is set forth as Exhibit 99.1 and is incorporated by reference herein.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 2.02, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 June 30, 2007 Earnings Release

SIGNATURE

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 hereunto duly authorized.

July 30, 2007

By: /s/ Philip W. Roizin

Philip W. Roizin
Executive Vice President, Finance
and Administration,
Treasurer and Secretary
(Principal Financial Officer and duly
authorized to sign on behalf of registrant)

Exhibit 99.1

FOR IMMEDIATE RELEASE

Contact:
Philip Roizin
EVP of Finance and Administration
(603) 880-9500

Brookstone Announces Second Quarter and Year to Date 2007 Financial Results

MERRIMACK, N.H., July 25, 2007 -- Innovative product development company and specialty lifestyle retailer Brookstone, Inc. today announced financial results for the second quarter ended June 30, 2007.

For the 13-week period ended June 30, 2007, Brookstone reported total net sales of \$99.9 million, a 9.4% increase from the comparable 13-week period of 2006. Same-store sales increased 2.1% as compared to the comparable 13-week period last year.

For the 13-week period ending June 30, 2007 Brookstone reported a loss from continuing operations of \$3.6 million, compared to a loss from continuing operations of \$6.2 million for the comparable 13-week period last year.

For the 26-week period ended June 30, 2007, Brookstone reported total net sales of \$183.1 million, a 8.9% increase from the comparable 26-week period of 2006. Same-store sales increased 5.1% as compared to the comparable 26-week period last year.

For the 26-week period ending June 30, 2007 Brookstone reported a loss from continuing operations of \$15.3 million, compared to a loss from continuing operations of \$20.8 million for the comparable 26-week period last year.

Brookstone ended the second quarter with approximately \$11.9 million in cash and no cash borrowings under its asset-backed lending agreement.

Lou Mancini, Brookstone Chief Executive Officer, said: "We are pleased with our second quarter and year to date results. This quarter marks our fifth consecutive quarter of same-store sales increases. In addition, our Direct to Customer business continues to drive increases in both sales and profitability. Our improved results are due to continuing improvements in our product and selling strategies. In the third quarter, we will continue to launch new merchandise, including exclusive OSIM healthy lifestyle products, which we believe will continue to contribute positively to our performance."

Brookstone, Inc. is an innovative product development and specialty lifestyle retail company that operates 312 Brookstone Brand stores nationwide and in Puerto Rico. Typically located in high-traffic regional shopping malls and airports, the stores feature unique and innovative consumer products. The Company also operates a Direct Marketing business that includes an e-commerce website at <http://www.brookstone.com>.

Statements in this release which are not historical facts, including statements about the Company's confidence or expectations, earnings, anticipated operations of its e-commerce sites and those of third-party service providers, and other statements about the Company's operational outlook are forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 ("Reform Act") and are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in such forward-looking statements. Such risks and uncertainties include, without limitation, risks of changing market conditions in the overall economy and the retail industry, consumer demand, the effectiveness of e-commerce technology and marketing efforts, availability of products, availability of adequate transportation of such products, and other factors detailed from time to time in the Company's annual and other reports filed with the Securities and Exchange Commission. Words such as "estimate", "project", "plan", "believe", "feel", "anticipate", "assume", "may", "will", "should" and similar words and phrases may identify forward-looking statements. The Company may not be able to complete a divestiture on

acceptable terms because of a number of factors, including failure to reach agreement with a purchaser. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date thereof. The Company undertakes no obligations to publicly release any revisions to these forward-looking statements or reflect events or circumstances after the date hereof.

BROOKSTONE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands)
(Unaudited)

	Thirteen-weeks Ended		Twenty-six-weeks Ended	
	June 30, 2007	July 1, 2006	June 30, 2007	July 1, 2006
Net sales	\$ 99,925	\$ 91,322	\$ 183,065	\$ 168,031
Cost of sales	<u>71,362</u>	<u>66,410</u>	<u>135,502</u>	<u>127,351</u>
Gross profit	28,563	24,912	47,563	40,680
Selling, general and administrative expenses	<u>32,196</u>	<u>31,120</u>	<u>62,868</u>	<u>61,478</u>
Loss from continuing operations	(3,633)	(6,208)	(15,305)	(20,798)
Interest expense, net	<u>6,235</u>	<u>6,178</u>	<u>12,166</u>	<u>11,977</u>
Loss before taxes, other party interests in consolidated entities and discontinued operations	(9,868)	(12,386)	(27,471)	(32,775)
Other party interests in consolidated entities	<u>379</u>	<u>359</u>	<u>686</u>	<u>646</u>
Loss before taxes and discontinued operations	(10,247)	(12,745)	(28,157)	(33,421)
Income tax benefit	(3,855)	(1,859)	(10,663)	(11,513)
Loss on discontinued operations, net of tax benefit of \$39, \$37, \$79 and \$173	<u>(70)</u>	<u>(76)</u>	<u>(141)</u>	<u>(318)</u>
Net loss	<u>\$ (6,462)</u>	<u>\$ (10,962)</u>	<u>\$ (17,635)</u>	<u>\$ (22,226)</u>

BROOKSTONE, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	<u>June 30, 2007</u> (Unaudited)	<u>December 30, 2006</u>	<u>July 1, 2006</u> (Unaudited)
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 11,937	\$ 71,738	\$ 23,604
Receivables, net	8,453	12,472	9,663
Merchandise inventories	99,570	95,253	73,776
Deferred income taxes, net	15,427	3,841	16,704
Prepaid expenses	9,364	7,478	9,003
Total current assets	144,751	190,782	132,750
Property, plant and equipment, net	70,170	72,638	74,631
Intangible assets, net	130,896	131,354	131,813
Goodwill	190,329	190,329	192,453
Other assets	14,767	16,080	17,300
Total assets	<u>\$ 550,913</u>	<u>\$ 601,183</u>	<u>\$ 548,947</u>
<u>Liabilities and Shareholder's Equity</u>			
Current liabilities:			
Accounts payable	\$ 17,986	\$ 23,410	\$ 12,562
Other current liabilities	33,694	56,240	41,098
Total current liabilities	51,680	79,650	53,660
Other long-term liabilities	21,664	20,954	19,700
Long-term debt	189,955	190,253	190,551
Deferred income taxes	45,355	45,317	43,430
Commitments and contingencies	---	---	---
Other party interests in consolidated entities	1,045	1,114	1,296
Shareholder's equity:			
Common Stock – \$0.01 par value 1,000 shares authorized, one share issued and outstanding	---	---	---
Additional paid-in capital	240,009	245,071	245,310
Accumulated other comprehensive income	174	158	192
Retained earnings (deficit)	1,031	18,666	(5,192)
Total shareholder's equity	<u>241,214</u>	<u>263,895</u>	<u>240,310</u>
Total liabilities and shareholder's equity	<u>\$ 550,913</u>	<u>\$ 601,183</u>	<u>\$ 548,947</u>