

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 29, 2009

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))
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Item 2.02 Results of Operations and Financial Condition.

On July 29, 2009, Brookstone, Inc. issued a press release reporting its financial results for its second quarter ended July 4, 2009. 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 Press Release dated July 29, 2009 announcing financial results for Brookstone, Inc.’s second quarter ended July 4, 2009.

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 29, 2009

By: /s/ Thomas F. Moynihan

Thomas F. Moynihan
Vice President, Finance
(Principal Financial Officer and duly
authorized to sign on behalf of registrant)

Brookstone Announces Second Quarter and Year-to-Date 2009 Financial Results

MERRIMACK, N.H. July 29, 2009 -- Innovative product development company and specialty lifestyle retailer Brookstone, Inc. today announced financial results for the second quarter ended July 4, 2009.

For the 13-week period ended July 4, 2009, Brookstone reported total net sales of \$73.0 million, a 25.1% decrease from the comparable 13-week period of 2008. Same-store sales decreased 18.6% as compared to the comparable 13-week period last year.

For the 13-week period ended July 4, 2009, Brookstone reported a loss from operations of \$10.5 million, compared to a loss from operations of \$7.7 million for the comparable 13-week period last year.

For the 26-week period ended July 4, 2009, Brookstone reported total net sales of \$134.4 million, a 28.2% decrease from the comparable 26-week period of 2008. Same-store sales decreased 21.6% as compared to the comparable 26-week period last year.

For the 26-week period ended July 4, 2009, Brookstone reported a loss from operations of \$31.3 million, compared to a loss from operations of \$20.7 million for the comparable 26-week period last year.

Philip Roizin, Brookstone Chief Executive Officer, said, "Second quarter top line results, while below last year's levels, met our internal financial plans and showed an improvement over the first quarter's rate of decline. At the beginning of the year, we responded to the economic environment and declining mall traffic by identifying over \$30 million in annualized expense reductions, and reducing both capital expenditures and working capital requirements. I am pleased to report that year to date, we have reduced operating expenses by \$16.5 million, and are on track to meet, if not exceed, our expense reduction goals. Additionally, we managed down our inventory levels by 28% during the second quarter as compared to last year."

"As a result of successfully restructuring our operations, Brookstone ended the second quarter with an encouraging liquidity position, our short term net borrowings increased by only \$6.5 million compared with last year"

Brookstone remains cautious about full-year 2009 results. "Although we are guarded, our top and bottom line results year to date are ahead of our operating plan. We are assuming continuing negative same store sales, albeit at a lower rate during the third quarter, and slightly positive sales in the fourth quarter. This, combined with our previously mentioned reductions in operating expenses and improved working capital management, leave us with sufficient liquidity to support our sales program through the balance of 2009."

"We have seen improvement in sales and customer count throughout the second quarter. This trend has been helped by the roll-out of new innovative Brookstone products, several of which have been very successful. This improvement has been offset by sales decreases in big ticket items, but these items represent a significantly smaller proportion of sales in the fourth quarter."

About Brookstone:

Brookstone, Inc. is an innovative product development and specialty lifestyle retail company that operates 310 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 the Brookstone catalog and an e-commerce website at <http://www.brookstone.com>.

Brookstone is principally owned by three sponsors, Osim International, J.W. Childs, and Temasek Holdings. In accordance with the terms governing its publicly-held debt, the Company issues quarterly and annual reports under SEC guidelines.

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 posted to the Company's website. Words such as "estimate", "project", "plan", "believe", "feel", "anticipate", "assume", "may", "will", "should" and similar words and phrases may identify forward-looking statements. 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 BALANCE SHEETS

(In thousands, except share data)

	<u>July 4, 2009</u>	<u>January 3, 2009</u>	<u>June 28, 2008</u>
	(Unaudited)		(Unaudited)
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 2,024	\$ 22,530	\$ 1,566
Receivables, net	6,628	9,839	8,683
Merchandise inventories	66,242	82,095	92,122
Deferred income taxes, net	---	---	16,802
Prepaid expenses	2,583	16,379	11,071
Total current assets	77,477	130,843	130,244
Property, plant and equipment, net	61,755	66,456	70,363
Intangible assets, net	105,000	105,000	129,167
Goodwill	99,734	99,734	189,524
Other assets	7,090	8,565	10,257
Total assets	<u>\$ 351,056</u>	<u>\$ 410,598</u>	<u>\$ 529,555</u>
<u>Liabilities and Shareholder's Equity</u>			
Current liabilities:			
Accounts payable	\$ 10,483	\$ 17,033	\$ 14,947
Other current liabilities	25,709	41,179	29,983
Short-term borrowings	7,000	---	---
Total current liabilities	43,192	58,212	44,930
Other long-term liabilities	21,474	21,370	19,934
Long-term debt, net of current portion	173,779	174,089	174,466
Deferred income taxes	38,020	38,430	43,052
Total liabilities	276,465	292,101	282,382
Commitments and contingencies	---	---	---
Equity:			
Brookstone Shareholder's equity:			
Common Stock – \$0.01 par value, 1,000 shares authorized, one share issued and outstanding	---	---	---
Additional paid-in capital	241,546	241,205	240,797
Accumulated other comprehensive income (loss)	(542)	(532)	575
Retained earnings (deficit)	(167,305)	(123,216)	4,693
Total Brookstone Shareholder's equity	73,699	117,457	246,065
Noncontrolling interests	892	1,040	1,108
Total equity	74,591	118,497	247,173
Total liabilities and equity	<u>\$ 351,056</u>	<u>\$ 410,598</u>	<u>\$ 529,555</u>

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

	<u>Thirteen weeks ended</u>		<u>Twenty-six weeks ended</u>	
	<u>July 4, 2009</u>	<u>June 28, 2008</u>	<u>July 4, 2009</u>	<u>June 28, 2008</u>
Net sales	\$ 72,972	\$ 97,390	\$ 134,431	\$ 187,191
Cost of sales	<u>58,387</u>	<u>70,876</u>	<u>113,278</u>	<u>138,892</u>
Gross profit	14,585	26,514	21,153	48,299
Selling, general and administrative expenses	<u>25,069</u>	<u>34,232</u>	<u>52,421</u>	<u>68,967</u>
Loss from operations	(10,484)	(7,718)	(31,268)	(20,668)
Interest expense, net	<u>5,995</u>	<u>5,902</u>	<u>11,975</u>	<u>11,524</u>
Loss before income taxes	(16,479)	(13,620)	(43,243)	(32,192)
Income tax provision (benefit)	<u>91</u>	<u>(5,328)</u>	<u>564</u>	<u>(12,435)</u>
Consolidated net loss	(16,570)	(8,292)	(43,807)	(19,757)
Less: Net income attributable to noncontrolling interests	<u>169</u>	<u>370</u>	<u>282</u>	<u>636</u>
Net loss attributable to Brookstone	<u>\$ (16,739)</u>	<u>\$ (8,662)</u>	<u>\$ (44,089)</u>	<u>\$ (20,393)</u>

Contact:

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