

Brookstone Announces First Quarter 2006 Financial Results

MERRIMACK, N.H., April 24, 2006 -- Innovative product development company and specialty lifestyle retailer Brookstone, Inc. today announced financial results for the first quarter ended April 1, 2006. Results in this release relating to the Company's Gardeners Eden brand are reflected as discontinued operations.

For the 13-week period ended April 1, 2006, Brookstone reported total net sales of \$76.7 million, which is flat compared to the 13-week period ending April 30, 2005. Same-store sales for the 13-week period ended April 1, 2006 decreased 14.7 percent from the comparable 13-week period ending April 2, 2005.

Lou Mancini, Chief Executive Officer of Brookstone, said: "The results for the quarter as a whole were below our expectations; however, our results began to improve in March and have continued to improve into April. We have several important launches planned for the second quarter, including the launch of certain exclusive OSIM healthy lifestyle products, and we believe these new introductions will contribute positively to the Company's overall operations and financial performance."

Mr. Mancini added: "Brookstone is a dynamic specialty retailing company. At this point, the primary need – as well as opportunity – is to increase productivity in the retail stores. We believe that we already have the infrastructure and product culture necessary to take it to the next level."

The Company ended the first quarter with approximately \$38 million in cash and no cash borrowings under our asset-backed lending agreement.

In November of 2005, the Company changed its fiscal year end from the Saturday closest to the end of January to the Saturday closest to the end of December. As a result of this change, our presentations through the fourth quarter of 2006 will compare the new quarter end results with the historical results from the old quarter ends. We believe these period-to-period comparisons will be informative given the fact that while the seasonality of the business is skewed towards the Holiday selling season, both the old and new fiscal fourth-quarter periods will encompass the Holiday selling season.

On October 4, 2005, Brookstone, Inc. was acquired through a merger transaction with Brookstone Acquisition Corp., a Delaware corporation formed by OSIM International Ltd and affiliates of J.W. Childs Equity Partners III, L.P. and Temasek (Private) Capital Limited. As a result of the acquisition, Brookstone, Inc. became a privately held, wholly owned subsidiary of OSIM Brookstone Holdings, L.P., the general partner of which is OSIM Brookstone Holdings, Inc. and the majority shareholder of which is OSIM International Ltd.

On June 29, 2005, the Company announced its plans to sell its Gardeners Eden business, which currently consists of one Gardeners Eden store. As a result, commencing with the second quarter of Fiscal 2005, the Company began reflecting the results of operations from the Gardeners Eden business as a discontinued operation.

Brookstone, Inc. is an innovative product development and specialty lifestyle retail Company that operates 303 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 one store under the Gardeners Eden Brand, and a Direct Marketing business that includes the Brookstone and Hard-to-Find Tools catalogs and 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. Words such as "estimate", "project", "plan", "believe", "feel", "anticipate", "assume", "may", "will", "should" and similar words and phrases may identify forward-looking statements. Statements about a possible sale or divestiture of its Gardeners Eden business constitute 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.

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

	(Unaudited) April 1, 2006	December 31, 2005	(Unaudited) April 30, 2005
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 38,202	\$ 76,326	\$ 49,257
Receivables, net	9,920	10,906	9,348
Merchandise inventories	76,650	75,716	81,162
Deferred income taxes, net	14,790	4,947	8,314
Prepaid expenses	6,233	9,117	6,953
Total current assets	145,795	177,012	155,034
Deferred income taxes, net	---	---	5,240
Property, plant and equipment, net	75,045	76,328	73,214
Intangible assets, net	132,042	132,271	3,785
Goodwill	192,453	192,453	---
Other assets	20,248	19,363	2,853
Total assets	<u>\$ 565,583</u>	<u>\$ 597,427</u>	<u>\$ 240,126</u>
<u>Liabilities and Shareholders' Equity</u>			
Current liabilities:			
Accounts payable	\$ 12,733	\$ 22,012	\$ 13,972
Other current liabilities	42,883	54,714	29,576
Total current liabilities	55,616	76,726	43,548
Other long-term liabilities	19,232	18,962	22,396
Long-term debt	190,700	190,849	8,534
Deferred income taxes	43,397	43,392	---
Commitments and contingencies	---	---	---
Other party interests in consolidated entities	1,259	1,176	1,349
Total shareholders' equity	255,379	266,322	164,299
Total liabilities and shareholders' equity	<u>\$ 565,583</u>	<u>\$ 597,427</u>	<u>\$ 240,126</u>

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

	Thirteen-Weeks Ended	
	April 1, 2006	April 30, 2005
Net sales	\$ 76,709	\$ 76,787
Cost of sales	60,941	57,627
Gross profit	15,768	19,160
Selling, general and administrative expenses	30,358	29,012
Loss from continuing operations	(14,590)	(9,852)
Interest expense, net	5,799	(17)
Loss before taxes, other party interests in consolidated entities and discontinued operations	(20,389)	(9,835)
Other party interests in consolidated entities	287	259
Loss before taxes and discontinued operations	(20,676)	(10,094)
Income tax benefit	(9,654)	(3,895)
Loss from continuing operations	(11,022)	(6,199)
Loss on discontinued operations, net of tax benefit of \$136 and \$403	(242)	(580)
Net loss	\$ (11,264)	\$ (6,779)

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are financial measures used by management of the Company and which management believes provide useful information to investors regarding the Company's results of operations because such measures assist in analyzing the operating performance of the Company and its ability to service debt. We define EBITDA as net income (loss) plus interest expense, depreciation, amortization and income taxes. Other companies may define EBITDA differently, and as a result, our measure of EBITDA may not be directly comparable to EBITDA of other companies. We define Adjusted EBITDA as EBITDA adjusted to exclude the items described in the table below which are not considered by management of the Company to be indicative of the Company's underlying financial results. EBITDA and Adjusted EBITDA should not be considered alternatives to net income, operating income or any other measure of performance or liquidity presented in accordance with GAAP. For the thirteen week periods ended April 1, 2006 and April 30, 2005, EBITDA, reconciled to our reported net income for such periods, and Adjusted EBITDA, reconciled to our EBITDA for such periods, are as follows:

	<u>Successor</u>	<u>Predecessor</u>
	<u>Thirteen weeks ended April 1, 2006</u>	<u>Thirteen weeks ended April 30, 2005</u>
Net loss – as reported	\$ (11,264)	\$ (6,779)
Add: Income tax benefit	(9,790)	(4,298)
Add: Interest expense	6,444	445
Add: Depreciation and amortization	3,447	3,526
EBITDA	(11,163)	(7,106)
SERP	10	92
Non-cash Stock Compensation Expense	314	512
Gardeners Eden Negative EBITDA	378	734
Adjusted EBITDA	<u>\$ (10,461)</u>	<u>\$ (5,768)</u>